



Management Board Report

on Operations of the ING Bank Śląski S.A. Group

in 2022

Covering the Report on Operations of ING Bank Śląski S.A.





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Introduction

2022 is another period of events with huge impact, both locally and internationally. The outbreak of war in Ukraine was felt in many ways, those direct and those indirect. Many of us have taken in refugees from Ukraine under our roof. The scale and involvement of Poles in helping Ukraine is a source of pride. This conflict also has a direct impact on the economic environment in which we move. Inflationary pressures, including energy prices, cast a shadow over economic life in 2022. The banking sector was also burdened with numerous additional regulatory costs. We enter 2023 with inflation still high, a continuation of the war in Ukraine, earthquake disaster in Turkey and Syria or strained relations between the United States of America and China.

The Management Report on the ING Bank Śląski S.A. Group is our response to our stakeholders' expectations for information about us, how we operate and what the results are – including in difficult circumstances such as those cited above. We begin the report by presenting our Group, indicating where we are in the sector, identifying the trends we face and our response to them through our operating strategy and our value creation model. In the next section, we provide information about the environment in which we operate. Corporate governance is a very important element for us and we devote a significant part of the report to it. We then outline our approach to managing the security of the bank and our clients, describing the management of capital and the various risks (both financial and non-financial). In the following chapters, we present

our actions in relation to the areas that are important to us, starting with clients, then climate and environment, moving on to communities and employees.

The management report has been prepared based on the *Integrated Reporting Framework* as revised (published in January 2021) issued by the IIRC (now IFRS Foundation). It also uses *GRI Standards* and additionally introduces the UN Sustainable Development Goals (SDGs) label. They are presented next to the text in the relevant designation: **GRI** (we also use this colour for our own indicators) and **SDGs**. In addition, we use the *Greenhouse Gas Protocol – a Corporate Accounting and Reporting Standard (Revised edition)* and the *Global GHG Accounting and Reporting Standard for the Financial Industry* for the counting of our greenhouse gas emissions in the report. The audit firm for the 2022 financial statements was KPMG. In addition, the management report was verified in terms of all GRI indicators by Bureau Veritas Poland.

Following the update of the integrated reporting framework, we have updated our presentation of the value creation model. We also carried out a comprehensive materiality assessment following GRI Standards 2021. In the process, we used, among other things, the AA1000SES standard, and the survey conducted, involving a large number of our stakeholders, allowing us to identify a list of relevant topics that we address in this report. Material from this study will also feed into our other work, such as future strategic and business decisions.





Letter from the CEO

GRI [2-22]

Dear Ladies and Gentlemen,

In 2022, we were confronted with events that we did not foresee. The invasion of Ukraine, the economic war, accelerating inflation, the rapid rise in interest rates, the costs associated with new regulations – these factors have affected the bank’s financial performance. However, they have not hindered our development. This is because for years we have been building the bank to be resilient to unpredictable events and shocks, while at the same time being stable and maintaining a high quality of service. An element of stability is our strategy, which we have built around the needs of our customers, supporting them at times of major life decisions. These are the objectives we focus on regardless of market conditions. This requires us to be particularly flexible and involve all staff.

Confirmation of our long-term strategy is provided by the growth in customer numbers and commercial balances achieved last year. By the end of December 2022, the number of customers on the retail side had risen to nearly 4.38 million and in corporate banking to 533,000 companies.

We also increased loans by 7% to PLN 156.4 billion and deposits by 12% to PLN 189.2 billion. At the same time, we strengthened our market share in the corporate segment lending market to 13.15% and in the consumer lending market to 9.02%. In turn, the deposit market share increased to 11.00% for corporate customers and 10.16% in the retail part.

As a result, we achieved a consolidated net profit of PLN 1,714.4 million in 2022, compared to PLN 2,308.3 million in the previous year. The fall in profit is mainly the result of the charge to the bank’s income from the credit moratorium, which occurred in the third quarter of last year.

In 2022, we continued to implement, important for the bank’s development, long-term projects related to infrastructure replacement, changing the architecture of IT systems and banking applications. At the same time, we were successful in encouraging customers to use digital solutions. In retail banking, we saw further growth in the number of transactions and sales in digital channels. The higher number of remote operations was accompanied, in line with our strategy, by lower customer activity in bank branches. This is a trend we have been observing for many years now.

We have also seen an increase in remote channel transactions in corporate banking. We have also increased the number of online shops with an active imoje payment gateway and the number of payment terminals installed.

Social issues are always at the centre of our attention. In 2022, Russia’s brutal aggression against Ukraine triggered a huge wave of aid to our neighbours. Since the first days of the war, ING Bank Śląski and the ING for Children Foundation have been involved in various activities for Ukraine. We support charities and provide assistance to refugees in Poland.

In 2022, we implemented a new ESG Strategy for 2022-2024. Conducting business in a responsible and sustainable manner is at the heart of our

operations. At the same time, our ESG objectives are integrated into our business strategy, stemming from our bank’s mission and values.

We have also consistently implemented the provisions of the Environmental Declaration, which stipulates that the bank actively participates in climate action, including by financing investments that support customers’ environmental transformation. Promoting positive change always starts with ourselves. We have been taking environmentally friendly measures in our own operations for many years, including reducing energy or water consumption. The ING Grant Programme, which supports start-ups and young researchers working towards sustainable development, was very positively received by our stakeholders. In 2022, during the first two editions of the programme, we provided PLN 2 million for this purpose.

Our commitment to sustainability has been recognised by the market. We were the first company in Poland to be awarded an ESG rating by the rating agency Sustainable Fitch. We also became the leader of the Responsible Companies Ranking and were among the winners of the ESG Leaders competition.

I encourage you to read the report and see a detailed description of our activities.

Sincerely yours,

Brunon Bartkiewicz, President of the Bank Management Board



Summary of 2022

Environment

-25.7% **227 kWp**

Reduction of greenhouse gas emissions in scope I and II in relation to the base year

Total capacity of our photovoltaic installations

In caring for the environment, we pay great attention to the impact we ourselves have through our operational activities. One of our most important objectives is to achieve climate neutrality in Scope I and II by 2030 (*market-based approach*) We present more information on this topic in the [ING for climate](#) chapter.

PLN 1.6 billion **PLN 2 million**

Value of RES projects financed by our bank

Value of grants provided in the ING Grant Programme

We consistently implement the provisions of the new Environmental Declaration of the ING Bank Śląski Capital Group, announced in 2021. We continue activities related to the financing of RES and support in the environmental transformation of our clients. We present more on this subject in the chapter [ING for climate](#).

Social

8,399 **4,000**

Number of our employees at the end of the year

People in the Orange Team at the “Run Warsaw” event

We are committed to creating a friendly workplace where we care about the well-being of our employees. We care about well-being and health but also support employees in their development. We present more on this topic in the [ING for employees](#) chapter.

PLN 10.8 million **#1**

Total amount collected for Ukraine

Highest NPS in the retail segment (25 points)

It is hard not to see the huge commitment of our employees to helping Ukraine. We therefore refer to the [ING for community](#) chapter for detailed information in this respect.

We also pay great attention to the quality of our relationship with our clients. Details are referred to in the [ING for clients](#) chapter.

Governance

50% **96%**

Participation of women in the Management Board

Ratio of total remuneration of women to men

Diversity and gender equality are very important to us at our bank. Therefore, the policies we have adopted in this area have been implemented for many years. You can read about the details of our activities in this area in the chapter about [Corporate governance](#).

2.3 p.p. **PLN 5.30**

Share of stage 3 loans and POCI

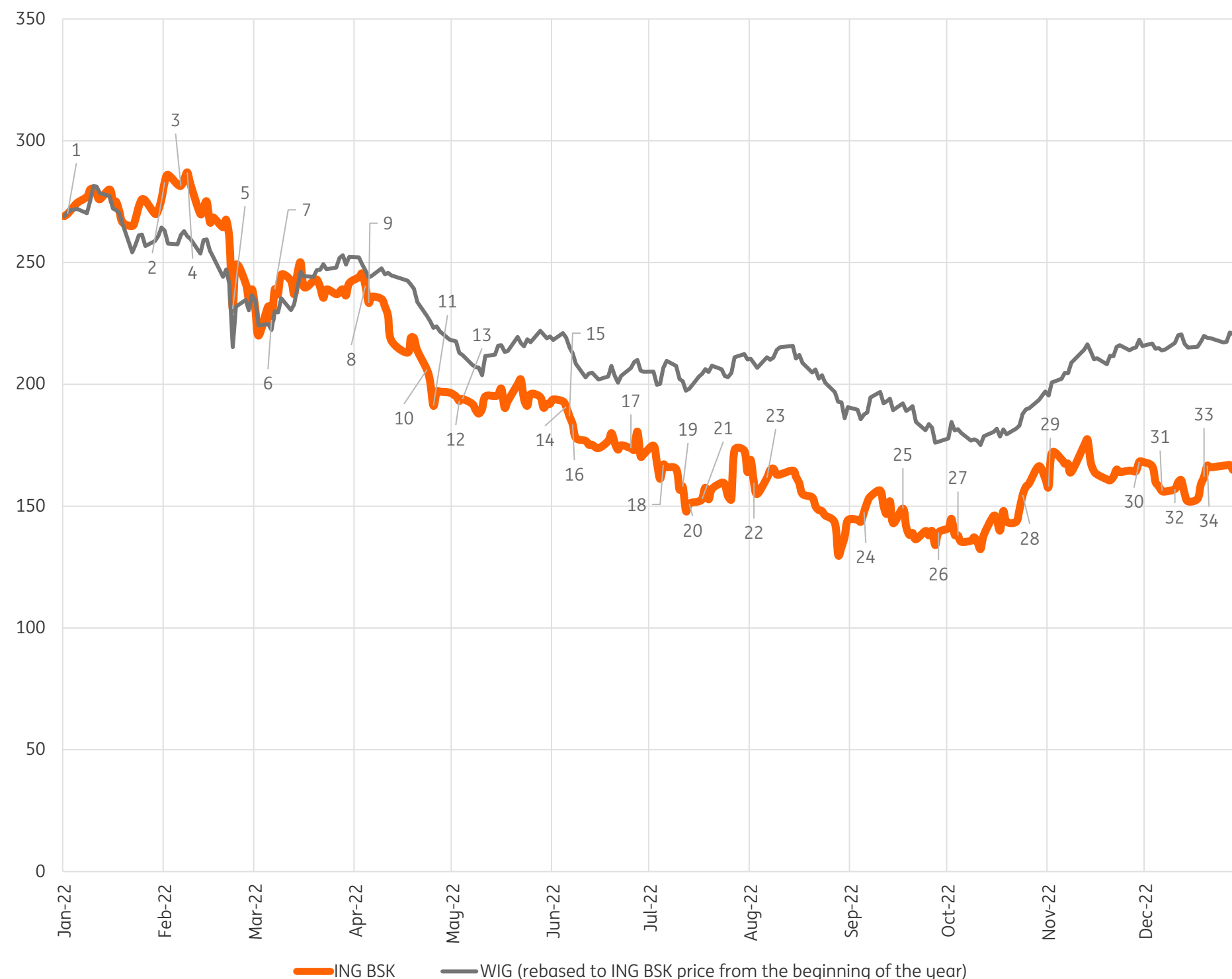
Dividend per share paid from 2021 net profit

We take the utmost care in managing the capital entrusted to us. We take care to maintain capital above regulatory minimum levels while maintaining high asset quality and profitability of our business. This allows us to share the profit with our shareholders. And all this with care and caution in protecting our clients and their data. You can read more about this in the chapter on [Bank and client security](#).



2022 events

The price of ING Bank Śląski S.A. shares in 2022 (PLN)



1. **4 January** – MPC’s decision to raise interest rates (reference rate to 2.25%; [link](#))
2. **3 February** – publication of preliminary, unaudited financial results for Q4 2021 ([link](#))
3. **8 February** – MPC’s decision to raise interest rates (reference rate to 2.75%; [link](#))
4. **10 February** – resignation of Mr Remco Nieland from the position of a member of the Bank’s Supervisory Board ([link](#))
5. **24 February** – outbreak of war in Ukraine (Polish [link](#))
6. **8 March** – MPC’s decision to raise interest rates (reference rate to 3.50%; [link](#))
7. **8 March** – decision of the Bank’s Management Board regarding the proposal to pay a dividend from the 2021 profit ([link](#))
8. **6 April** – MPC’s decision to raise interest rates (reference rate to 4.50%; [link](#))
9. **7 April** – Ordinary General Meeting of the bank’s shareholders, resolutions on, among other things, the distribution of profit for 2021, the appointment of a member of the Supervisory Board ([link](#))
10. **25 April** – Inauguration of the European Economic Congress by Prime Minister Mateusz Morawiecki (including announcement of WIBOR reform and introduction of a support programme for borrowers; Polish [link](#))
11. **27 April** – update on MREL requirement for the bank ([link](#))
12. **5 May** – MPC’s decision to raise interest rates (reference rate to 5.25%; [link](#))
13. **6 May** – publication of interim report for Q1 2022 ([link](#))
14. **7 June** – agreement to join the institutional protection system under development ([link](#))
15. **8 June** – MPC’s decision to raise interest rates (reference rate to 6.00%; [link](#))
16. **8 June** – victory in the ranking “Stars of Banking 2022” Dziennik Gazeta Prawna and PwC ([link](#))
17. **27 June** – final of the bank’s first grant programme for clean energy solutions ([link](#))
18. **7 July** – MPC’s decision to raise interest rates (reference rate to 6.50%; [link](#))
19. **13 July** – launch of the national working group on benchmark reform ([link](#))
20. **15 July** – information on the estimated amount of gross balance sheet adjustment of the PLN mortgage loan portfolio as a result of the introduction of credit holidays ([link](#))
21. **19 July** – Recognition as Best Bank in Poland in the international *Awards for Excellence* competition of the financial magazine Euromoney ([link](#))
22. **4 August** – publication of interim report for H1 2022 ([link](#))
23. **8 August** – launch of the bank’s sustainable development investment loan for medium and large companies ([link](#))
24. **7 September** – MPC’s decision to raise interest rates (reference rate to 6.75%; [link](#))
25. **19 September** – information on the level of contribution to the Borrower Support Fund ([link](#))
26. **30 September** – start of forced restructuring of Getin Noble Bank S.A. ([link](#))
27. **6 October** – launch of first business application in cloud computing ([link](#))
28. **26 October** – decision of the BGF council to reduce the target level of deposit guarantee scheme funds in banks (Polish [link](#))
29. **3 November** – publication of interim report for Q3 2022 ([link](#))
30. **1 December** – final of the second edition of the bank’s grant programme for solutions to support sustainable consumption and production ([link](#))
31. **8 December** – suspension of the bank’s offering of variable rate mortgages ([link](#))
32. **12 December** – receipt of ESG rating by Sustainable Fitch ([link](#))
33. **21 December** – the PFSA’s decision to change the buffer amount of another systemically important institution ([link](#))
34. **22 December** – conclusion of the non-privileged senior loan (NPS; [link](#))



ING Bank Śląski

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In this chapter you will learn who we are, what is the history behind us and how we operate as a group in Poland. What's more, you will also find information about the scale of our operations, market shares as well as the awards and distinctions we have received. You will also learn the answer to the question – how ING Bank Śląski creates value for its stakeholders. You will also read a description of our integrated business strategy.

Who we are

GRI [2-1] [2-6]

Our history goes back to 1988. It was in that year, exactly on 11 April, that the Council of Ministers issued a regulation on the establishment of Bank Śląski in Katowice, and this is where our head office is still located today. Less than a year later, at the beginning of February 1989, Bank Śląski began its activities. In 1992 our bank was transformed from a state-owned bank into a joint stock company. In 1993, we received approval from the Securities Commission to list our shares to the public. In January 1994, ING acquired 2.4 million shares in our bank, corresponding to 25.9% of the share capital. On 25 January 1994, the shares of Bank Śląski were quoted for the first time on the Warsaw Stock Exchange.

Since 6 September 2001 – after the merger of Bank Śląski with the ING branch – we have been operating under our current name, ING Bank Śląski S.A. At that time, ING Group became the majority shareholder in our bank (with a stake of 87.77%, which was reduced to 75.00% in March 2005).

The bank is effectively growing organically. The bank's mission is to inspire and assist clients in making the right life decisions. Achieving this requires a committed and responsive workforce. We pursue this mission through our bank, its subsidiaries and, above all, through our group of over 8,000 employees.

After more than 30 years of continuous development, we are now ranked 4th in terms of total assets and commercial balance (total deposits and loans) in the Polish commercial banking sector. Our scale of operations contributes to the development of the Polish economy, but it also brings with it an awareness of the enormous responsibility for our employees, clients, society and the environment.

We are a universal bank that serves both retail clients and businesses. The primary channel of communication with our nearly 5 million clients is the Internet, with mobile banking playing a strongly growing role. We also serve our clients through a network of 228 meeting points. These are meeting places where our clients can ask for advice and talk.

In 2022, ING is the leader in brand power (*Brand Power*) among banks for the third consecutive year (based on Kantar Polska survey). The high level of the indicator indicates the role of brand image in increasing market share, in particular the bank's fit with clients' needs, the brand's differentiation from competitors and ING's recognition among banks. In 2022, ING was the most trusted brand among consumers and a bank that continuously improves the quality of its products and services in response to changing client needs and expectations. The strong image translated into the highest preference for ING among banks when consumers chose: a savings account and a loan, and second place for: mortgages, personal accounts and a mobile app. The brand has an aspirational image: a bank for entrepreneurial people and a socially engaged brand.

How does ING Group operate in Poland

ING Bank Śląski S.A. is a parent entity of the ING Bank Śląski S.A. Group. As a group, we have established ourselves as one of the largest financial institutions in Poland over our more than 30 years of operation. Our core business is banking, which means, among other things, risking the funds entrusted to us by our clients (this is detailed in paragraph 8 of our Articles of Association). As a bank, together with our subsidiaries, we form a capital group in which we are also active in, among other things:

- leasing,
- factoring,
- payroll and accounting services.

The group members are also the founders of ING for Children Foundation and ING Polish Art Foundation.

In 2022, the bank and its subsidiaries did not conclude any transactions with related entities that would be individually or jointly significant and concluded other than on the arm's length basis.

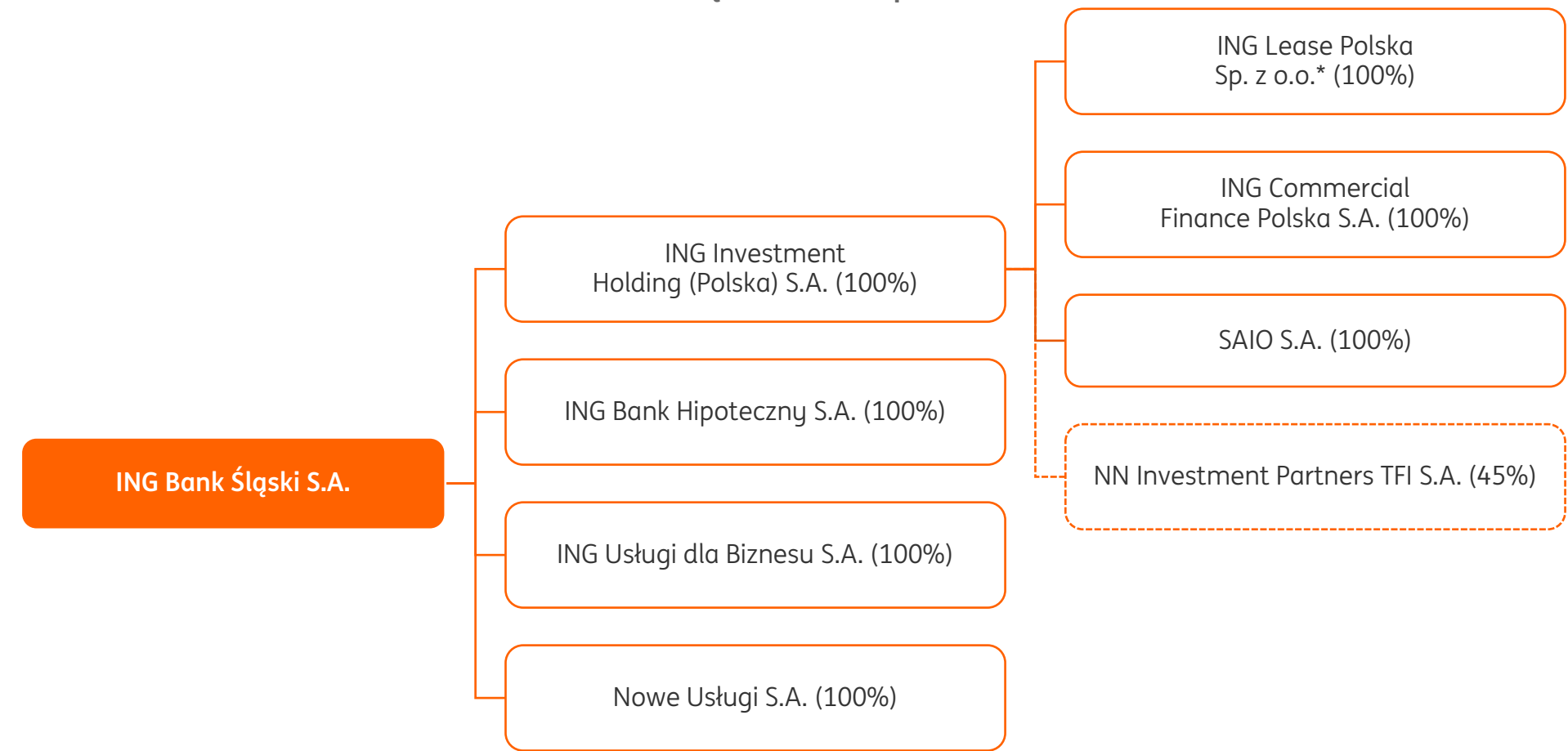
ING Bank Śląski performs operations with ING Bank N.V. and its subsidiaries on the inter-bank market. These are both short-term deposits and loans, as well as operations in derivatives. The bank also maintains the bank accounts of ING Group entities, as well as providing outsourcing and advisory services. All of the above transactions are carried out on an arm's length basis.



The operating expenses incurred by the bank for the parent entity mainly result from contracts for consultancy and advisory services, operational support, operational handling of payment cards and data processing and analysis, the purchase of IT services and the provision of software licences. In terms of costs incurred by the bank for other related parties, outsourcing contracts for the provision of system resource hosting services for various applications and IT security monitoring and penetration testing play a dominant role. You can read more about transactions with related entities in the “Related entities” note in the Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group for 2022.

ING Bank Śląski S.A. Group composition

Subsidiaries and associates within the ING Bank Śląski S.A. Group as at 31 December 2022



A solid frame line indicates a subsidiary and a dashed frame line indicates an associated company; *the ING Lease (Polska) Group comprises an additional 5 subsidiaries in which ING Lease (Polska) Sp. z o.o. holds 100% of the shares.

The Bank, through ING Investment Holding (Polska) S.A., holds 45% of shares in NN Investment Partners TFI S.A. and treats this company as an associated company. Subsidiaries are consolidated by our bank using the full method,

and the associated company (NN Investment Partners TFI S.A.) is consolidated using the equity method. In addition to its subsidiaries and associates, the bank has minority capital investments, including in the following companies:

- Biuro Informacji Kredytowej S.A. (9.0% of shares),
- Krajowa Izba Rozliczeniowa S.A. (5.7% of shares),
- Polski Standard Płatności Sp. z o.o. (14.3% of shares).

ING Investment Holding (Polska) S.A.

ING Investment Holding (Polska) S.A. is a holding company. Through it, the bank holds shares in four companies: ING Lease (Poland) (100%), ING Commercial Finance (100%), SAIO S.A. (100%) and NN IP TFI (45%).

ING Lease (Polska) Sp. z o.o.

ING Lease (Polska) has been present in the market since 1995. Since 2012, it has been a member of the Group of ING Bank Śląski S.A. ING Lease (Polska) offers all basic types of leasing which allow to finance both movables (in the form of cars, vans, heavy transport vehicles, machinery and equipment, construction, medical, equipment and IT equipment) and real estate. The ING Lease (Polska) Group is composed of 5 subsidiaries wherein ING Lease (Polska) Sp. z o.o. holds 100% of shares. The company services are targeted at all market segments: large, medium and small enterprises as well as micro clients (entrepreneurs).

In 2022, the company’s new leasing production amounted to PLN 6.4 billion (+2.5% y/y). As at 2022 yearend, the company served more than 36,400 clients (up 2% y/y) and the portfolio value was PLN 12.9 billion (+12% y/y; based on management accounting data).

ING Commercial Finance Polska S.A.

ING Commercial Finance Polska offers factoring. The company was incorporated in 1994 under the name of Handlowy Heller. Upon its incorporation into ING Group, since 2006 the company has been operative under the name of ING Commercial Finance. Since 2012, it has been the member of the ING Bank Śląski S.A. Group – like ING Lease (Polska).

In 2022, ING Commercial Finance Polska’s turnover amounted to PLN 67 billion (+26% y/y), representing 14.5% of the turnover of the entire market. In 2022, the Company served nearly 9.5 thousand clients (up by 16% y/y) and bought out 4.2 million invoices (up by 10% y/y).



SAIO S.A.

SAIO is active in the sale and implementation of RPA/RDA-class business process robotisation software. The company is developing business based on its own operations and the partner network it is building in Poland and abroad. SAIO's innovative software was ranked in the Everest Group – South Africa Products PEAK Matrix® Assessment 2022 and the SAIO brand won a Red Dot award.

ING Bank Hipoteczny S.A.

ING Bank Hipoteczny's strategic objective is to acquire and then increase the share of long-term funding in the ING Bank Śląski Group's balance sheet by issuing mortgage bonds and joining the group of major issuers of these debt instruments in the Polish market.

The achievement of the set goal will support:

- strengthening of funding stability in the ING Bank Śląski S.A. Group,
- diversification of funding sources for the existing retail mortgage portfolio,
- alignment of the term structure of assets and liabilities in the balance sheet of the ING Bank Śląski S.A. Group,
- releasing liquidity of the ING Bank Śląski S.A. Group,
- lowering the cost of financing the conducted lending activity in the part of the loan portfolio financed with other long-term instruments.

ING Bank Hipoteczny has so far issued 5-year “green” mortgage bonds in 2019 for an amount of PLN 400 million. The funds obtained from the issue will be used to refinance mortgage loans in PLN for natural persons, secured with mortgage belonging to 15% of the most energy-efficient buildings in Poland.

In recent years, due to the market situation caused by the COVID-19 pandemic and the armed conflict in Ukraine, ING Bank Hipoteczny did not issue mortgage bonds, but in order to increase the diversification of its existing funding sources, it established an own-bond programme under which it issued short-term debt securities. In addition, the above situation was also influenced by “credit moratoria”. In July 2022, ING Bank Hipoteczny recognised a credit moratoria adjustment of PLN 103.5 million in the income statement, which has a significant impact on ING Bank Hipoteczny's result in 2022 (negative net result). However, the impact of credit moratoria is regulatory and one-off. It does not affect the future ability of this bank to generate a positive result in subsequent reporting periods. In

addition, it should be noted that despite the recognition of the adjustment in question, ING Bank Hipoteczny's capital adequacy, liquidity, asset quality ratios remain at safe levels, higher than the specified regulatory limits.

ING Usługi dla Biznesu S.A.

ING Usługi dla Biznesu was founded in 2012 and offers innovative business services that go beyond traditional banking.

The company's main objective is to provide tools that make running a business easier. ING Usługi dla Biznesu currently offers the following solutions:

- ALEO.com – the largest online database of companies (registration data, financial data),
- ING Accounting – invoicing and payment management platform, as well as accounting and payroll services,
- Firmove – a service supporting would-be and existing entrepreneurs in business creation and development.

Nowe Usługi S.A.

The Nowe Usługi Company conducts educational and marketing activities. In the field of education, it runs the website [Edukacjagiieldowa.pl](#). This is a website about investing and the stock market, both for debuting and fully-fledged investors. The knowledge database and investment-related materials are published on an ongoing basis on the website.

Marketing activities are carried out to popularise Turbo certificates in the Polish market. The instruments are issued by ING Bank N.V. Amsterdam and quoted at the Warsaw Stock Exchange. The main activities of the company are the organisation of marketing campaigns, ING Turbo helpline service or technical support while running the [ingturbo.pl](#) website.

NN Investment Partners TFI S.A.

NN Investment Partners TFI S.A. has been present in Poland since 1997. It is the second largest TFI on the Polish market in terms of assets in capital market funds. The Company manages PLN 30.5 billion (data from NN Investment Partners TFI S.A. as at the end of December 2022) placed in funds and portfolios for a wide range of clients. It supports over 500 thousand clients by offering them a wide range of investment products. NN Investment Partners TFI S.A. is part of the international Goldman Sachs Group Inc. It successfully combines global and local expertise to provide clients with investment solutions of the highest standard.



On 11 April 2022, Goldman Sachs Group Inc. announced the completion of its acquisition of NN Investment Partners Group. The combination of NN Investment Partners and Goldman Sachs Asset Management creates an asset management entity with around USD 2.8 trillion in assets under management (NN Investment Partners Group and Goldman Sachs Asset Management data as at the end of December 2021). The combination of NN Investment Partners’ strong European responsible investment capabilities and Goldman Sachs Asset Management’s position in the top five providers of alternative solutions strengthens an entity that will offer a full portfolio of products to clients. The aim of the merger is to provide investment solutions on a broad scale and to accelerate the development of offerings across multiple asset classes. In addition, this transaction and the long-term partnership agreement between the institutions for further asset management makes Goldman Sachs Asset Management one of the world’s largest managers of non-group insurance assets.

Changes in the structure of the ING Bank Śląski Group

Establishment of SAIO S.A.

SAIO was established on 2 August 2022 as a 100% subsidiary of ING Investment Holding Polska (which was its founder). The company, after a period of organising (awaiting registration in the National Court Register), became an assignee of the business previously carried out at ING Usługi dla Biznesu. The business assignment was made on 1 October 2022. At that time, all relationships with clients, vendors, partners and ING Bank Śląski (licence with sub-licensing rights for SAIO software) were transferred to the new company. Thus, the entire *robotics* business (software licences, implementation services) has been concentrated in a dedicated entity under a new brand.

Liquidation of SOLVER Sp. z o.o.

On 18 May 2022, the liquidation of the Bank’s subsidiary SOLVER Sp. z o.o. was closed. On 25 August 2022, the District Court in Katowice issued a decision on the deletion of the company from the National Court Register (effective date of the decision: 9 September 2022).

The scale of our activity

GRI [2-6]

Our clients

New client acquisition remained at a satisfactory level relative to previous years, with 322,000 new individual clients acquired in 2022 (309,000 in 2021), 56,000 businesses (62,000 in 2021) and 15,000 corporate clients (13,000 in 2021).

Throughout the year, the Bank’s client base increased by 65 thousand, versus growth of 128 thousand the year before. The relatively lower growth in the number of total clients relative to the number of new clients was due to the continuation of regulatory obligations and the closure of relationships with inactive clients (this effect was also evident in previous years, including in 2019).

As at the end of December 2022, the number of clients was 4.92 million and it was broken down into the following business segments:

- 4.38 million individual clients (up by 35 thousand clients y/y),
- 533 thousand corporate clients (up by 30 thousand y/y), including:
 - 436 thousand entrepreneurs (up by 16 thousand),
 - 93 thousand medium-sized and large companies (up by 14 thousand),
 - 3.4 thousand strategic clients (flat y/y).

The growth of our client base is better described by the number of *primary* clients, i.e. those for whom we are the first choice bank and who hold several (specific) products. As at 2022 yearend, we had 2.32 million such clients in total, i.e. 102 thousand more than as at 2021 yearend, including:

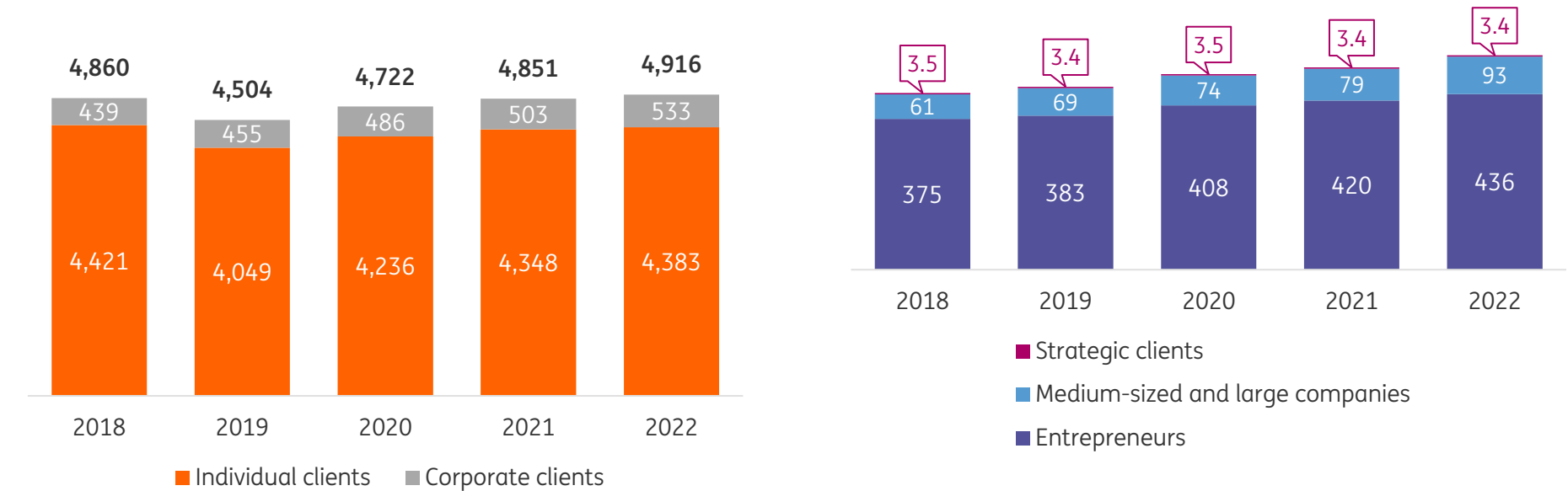
- 2.11 million individual clients (up by 91 thousand clients y/y),
- 157 thousand entrepreneurs (up by 2 thousand y/y), and
- 48 thousand corporate clients (excluding strategic clients; up by 9 thousand y/y).

Primary clients accounted for 47% of our total clients as at 2022 yearend (46% as at 2021 yearend).

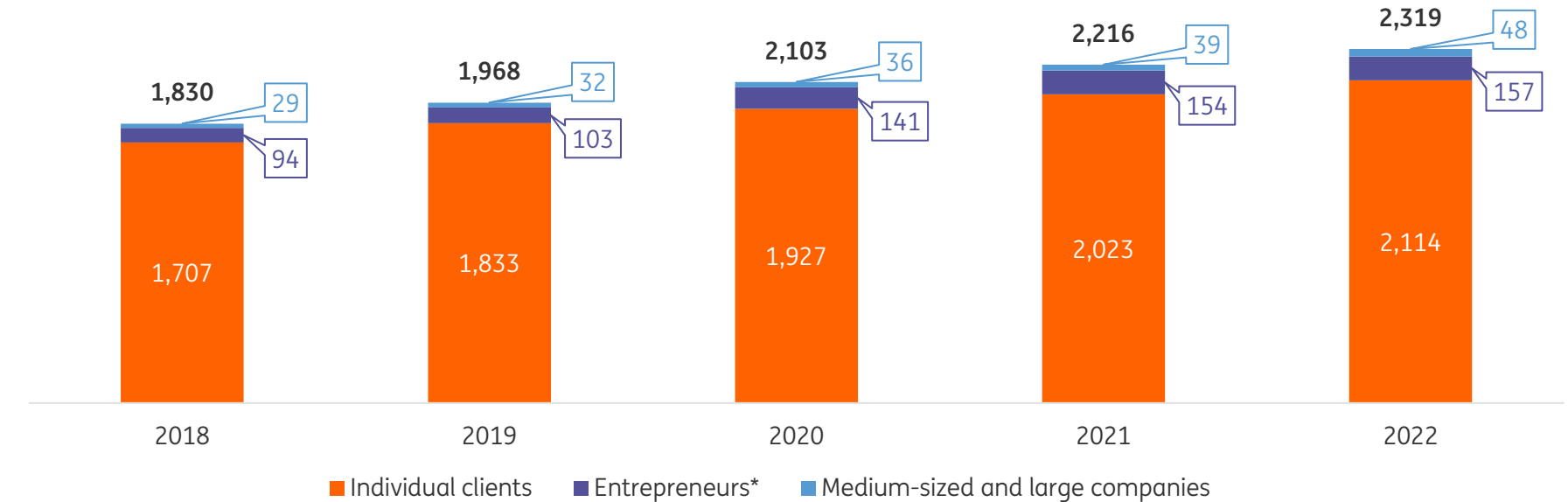


The constantly growing number of clients is the result of the activities pursued by us to foster long-term relationships with clients. These relationships are based on the trusted brand, transparent and flexible product offer and a continuously developed modern distribution and customer service system.

Number of clients of the ING Bank Śląski S.A. Group (thousands, end of year)



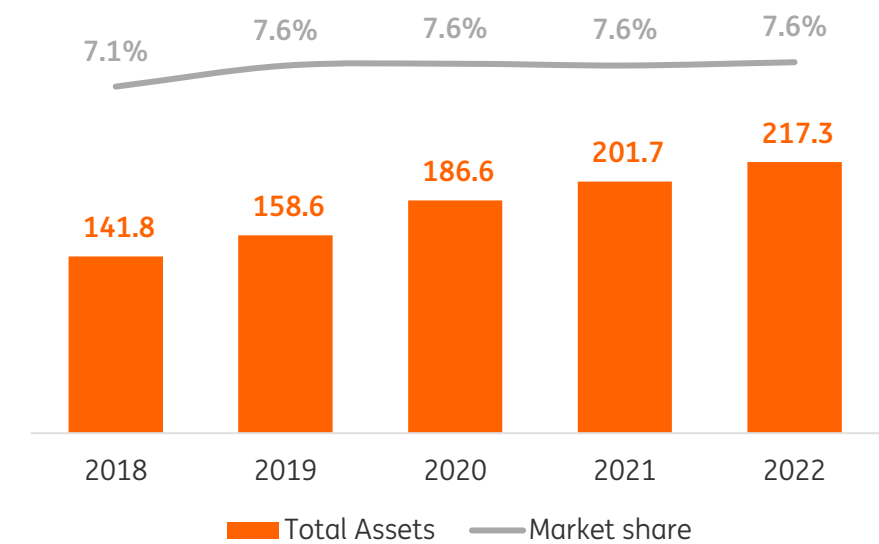
Primary clients (thousand)



*In the area of entrepreneurs, from 2020 we use an updated definition, data for 2018-2019 based on the previous definition

Asset value and market share

The value of the assets of the ING Bank Śląski S.A. Group (PLN billion) and the market share in the sector's assets



Source: Market data – NBP (Aggregate balance sheet of other monetary financial institutions)

Value of amounts due from clients and market share

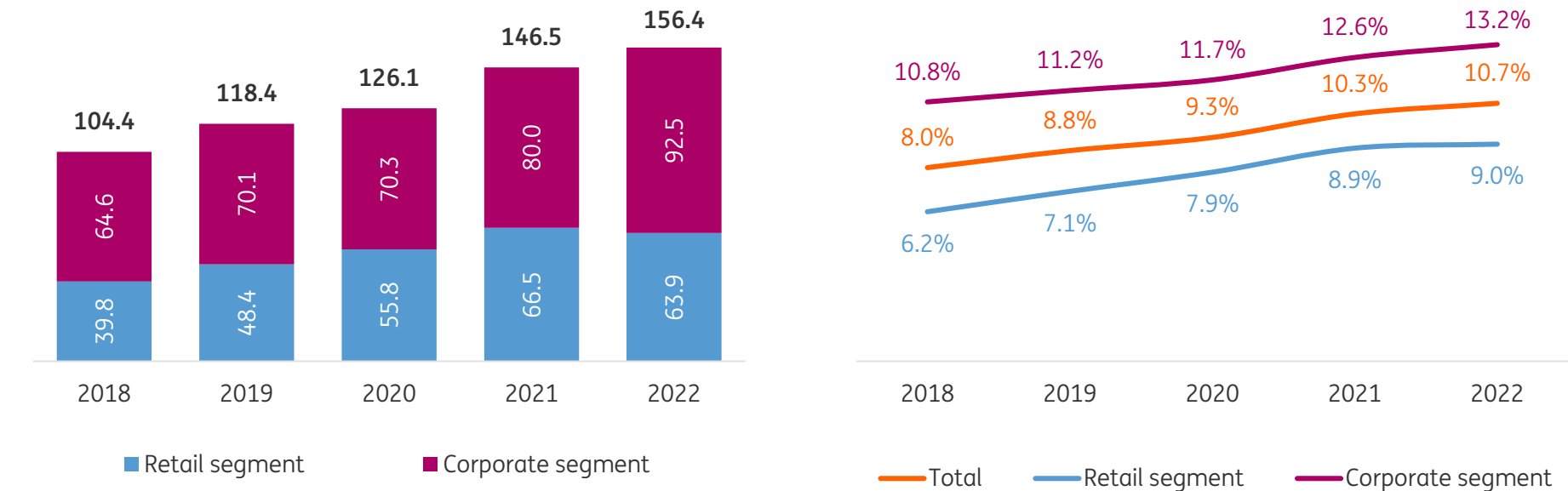
The volume of gross receivables (including loans measured at fair value) from our clients as at 2022 yearend amounted to PLN 156.4 billion and was by 6.8% higher than as at 2021 yearend. The above was translated into an increase of our market share in loans up to 10.7% or by 0.4 p.p. more than as at 2021 yearend.

The most significant part of the gross receivables portfolio continues to be receivables from corporate clients, their share of the structure having increased in the past year from 55% as at 2021 yearend to 59% as at 2022 yearend.

In terms of the size of the total client receivables portfolio, we were the third bank in the market as at 2022 yearend.



Gross receivables from clients in the ING Bank Śląski S.A. Market share in gross receivables Group (PLN billion)



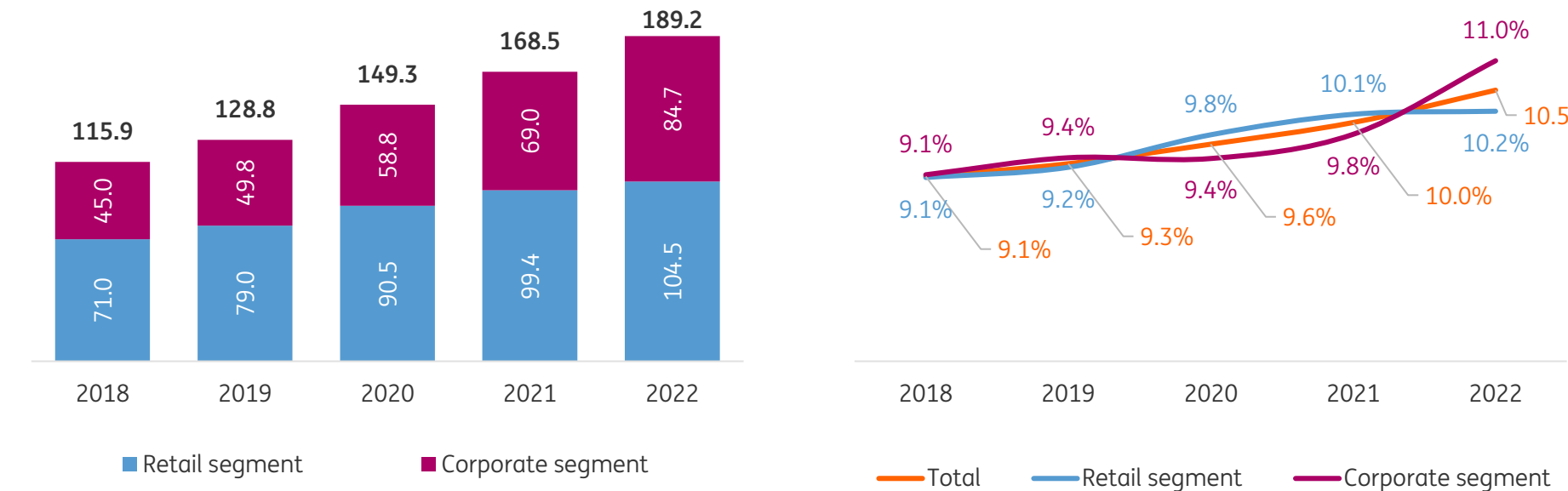
Deposits value and market share

The savings of our clients (including off-balance sheet assets of the retail Banking segment) as at 2022 yearend amounted to PLN 189.2 billion and were higher by 12.3% y/y. This allowed us to increase our market share in deposits by 0.5 p.p. over 2021 (to 10.5% as at 2022 yearend).

Liabilities to the retail segment remain the major part of the balance sheet savings of our clients' savings (they accounted for 55% of all deposits as at 2022 yearend).

In terms of the size of the client liabilities portfolio, we were the fourth bank on the market as at 2022 yearend.

Amounts due to clients of the ING Bank Śląski S.A. Group Market share in deposits (PLN billion)



Our market position

We are the fourth bank in Poland based on the size of assets, deposits, and the third in terms of client receivables – on a consolidated basis at the end of Q4 2022. In terms of profitability – among Polish banks listed on the WSE – we are in second place based on MCFH-adjusted return on equity. We were also the fourth largest bank in terms of market capitalisation (PLN 21.4 billion) as at 2022 yearend, with our Price to Book Value ratio being the highest at 2.3x.

Our competitive position			
Metric	Value	Value date	Market position
Number of clients (million)	4.92	31 December 2022	4
Total assets (PLN billion)	217.3	31 December 2022	4
Client deposit portfolio (PLN billion)	189.2	31 December 2022	4
Gross loans and advances to clients (PLN billion)	156.4	31 December 2022	3
Commercial balance (PLN billion)	347.7	31 December 2022	4
Return on equity (ROE)*	10.2%	2022	2
Capitalization (PLN billion)	21.4	30 December 2022	4
P/BV ratio	2.3x	30 December 2022**	1

*calculated as the sum of net profit for 2022 to the average equity (MCFH-adjusted) for the five consecutive quarters ending Q4 2022; **ratio calculated based on the share price as at 2022 yearend.



Awards and distinctions

Our daily efforts in offering attractive products to our clients, attention to high service quality, sustainability actions and practices as well as outstanding commercial and financial results are honoured by the market. Below please find selected 2022 awards. Their full list is available on [our website](#).

For overall performance

- ING Bank Śląski wins the “Stars of Banking” ranking for overall performance for the seventh consecutive year. The bank also achieved first places in the categories summarising efficiency, innovation, stability and client relations. The ranking is organised by Dziennik Gazeta Prawna and the consulting firm PwC.
- ING Bank Śląski was awarded two main prizes in the 27th edition of the BANK 2022 Ranking of Banks of the Financial Monthly – 1st place in the category “Leaders of banking sector efficiency” and 1st place in the category “Leaders of popularity among bank clients”.
- ING Bank Śląski stood on the podium of the Stock Exchange Company of the Year ranking organised by Puls Biznesu, taking third place.
- ING Bank Śląski was awarded the title of “Institution of the Year” and first place in as many as four categories – “Best bank in Poland”, “Best mobile app”, “Best online banking” and “Best mortgage service”.
- ING on the Golden Banker podium as many as four times. In a ranking organised by Bankier.pl and “Puls Biznesu”, ING was the leader in two categories: “Social media” and “Payment Card” – best design. The bank was also recognised in the categories: “Personal Account” and “Gold Bank”, where it came third.
- ING Bank Śląski named Best Bank in Poland for the fifth time in the international *Awards for Excellence* competition, an award from global financial magazine Euromoney.
- ING has been named Winner of the Banking and Insurance World Leaders Competition in the “Best Bank 2022” category.
- Brunon Bartkiewicz has been named Forbes magazine’s Banker of the Year 2022. This is the ninth consecutive award for ING Bank Śląski.
- The title of *Digital Shapers* was awarded to Sławomir Soszyński. It is an accolade in the Digital Transformation category, and the award was presented by the Digital Poland Foundation.

- In the fourth edition of the Cashless.pl ranking, Barbara Borgieł-Cury, Bank Director responsible for the Retail Client Operations area at ING Bank Śląski, found herself in the TOP 15 of the “Most influential women in the Polish payments industry”. At the same time, Agnieszka Lidke-Orzechowska, Director of the Daily Banking Centre at ING Bank Śląski, was ranked in TOP 3 (2nd place) of the “Rising Stars of the Polish Payments Industry”.

For the quality of client service and innovation

- ING Bank Śląski has for the third consecutive year become the leader of the individual client satisfaction ranking according to the “2021 Bank Client Satisfaction Monitor” report prepared by ARC Rynek i Opinia.
- The Moje ING mobile app won first place in the “mobile banking” category at the *Mobile Trends Awards*. In addition, it came third in the “MTA Grand Prize” category among all nominated applications.
- The Moje ING mobile app received the highest ratings among banking apps on the Polish market. It received a rating of 4.9 in the App Store and 4.8 in Google Play.
- ING recognised for its digital solutions for businesses. The jury of the *Best Digital Solutions for SMEs in the CEE region 2022* awarded ING’s Invoice Financing service *The Best Digital Factoring Solution* in CEE and the Baltics. ING was also recognised in the “*Online Banking*” category, where it placed second for its online banking system for large, medium-sized companies and corporates – ING Business. The bank took fourth place in the “*Digital SME Lending*” category for its cutting-edge lending solutions for the entrepreneurial segment and medium and large companies.
- The branding design of SAIO, the end-to-end business process robotisation platform from ING, has been recognised in an international and prestigious competition – the *Red Dot Award* – in the *Brands & Communication Design 2022* category.
- ING Lease has been awarded the Order of Finance 2021 for its ING Machinery Programme.
- ING Lease Now received the Best Product for SMEs award as part of the Turbines of the Polish Economy poll.
- The ING Lease Now platform won in the *Best e-commerce B2B tool/technology/service* category.

For ESG actions and practices:

- ING was awarded the Golden CSR Leaf by Polityka.
- ING took first place in the overall Ranking of Responsible Companies.



- ING was awarded the Consumer Golden Laurel award in the category of green strategies in business for the second time. ING’s product and service offering was highlighted.
- ING is the first company in Poland with an ESG rating from Sustainable Fitch.
- ING won first place and thus the title of Diamond Leader in the ESG Strategy category in the second edition of the ESG Leaders competition.
- ING good practices included in the report of Responsible Business Forum. As many as 10 ING Bank Śląski practices were included in the list.
- ING Lease awarded a bronze medal by EcoVadis, an international, independent rating platform that evaluates corporate social responsibility activities and practices used.
- In a report published by Gazeta Finansowa, ING Lease (Poland) was awarded the “Green Company 2022” award. The report is dedicated to modern environmentally friendly projects and the most interesting initiatives, financing and products implemented in companies in Poland.

For communication with clients, market and employees

- ING Bank Śląski was awarded the HR Highest Quality certificate for the third consecutive year for applying best practices and promoting high standards in the area of human resources management.
- ING Bank Śląski has been awarded the Top Employer Poland certificate for the thirteenth time in a row. It is the only bank in Poland to have held this title continuously since 2010.
- ING awarded the title of *Poland’s Best Employers 2022*. ING Bank Śląski was ranked first in the category “Banks and financial services” and at the same time placed in the TOP 10 of all companies included in the ranking of 300 Best Polish Employers prepared by Forbes Polska and Statista. This award went to ING for the second consecutive year.
- ING Bank Śląski was awarded the Grand Prize in the Sustainable Development Reports 2022 competition in the category “Integrated Report”.
- ING Bank Śląski has won *The Best of the Best* award for model financial reporting in *The Best Annual Report* competition organised by the Institute of Accounting and Taxation for the fifth consecutive year.
- ING Lease was awarded the “Consumer Quality Leader” distinction.

For marketing actions

- At the *Effie Awards Poland*, ING Bank Śląski received as many as three statuettes, including the only gold for the banking industry. The bank received the top prize in the “Finance” category and two bronzes in the “Business to business” and “Smart budget” categories.
- “ING City” in Roblox received a gold statuette for “Innovation in Communication” and a special award for “Innovation of *the Year*” in the Innovation 2022 competition and also two Bronze Swords in the KTR competition.
- In the Golden Clips competition, ING won silver and bronze. The bank received a silver award in the *Employer branding* category for its “I agree, I don’t agree” campaign and a 2022 Bronze Paperclip in the *Employee experience* and internal communication category – for its activities supporting work ergonomics and eco-behaviour among employees.
- ING Bank Śląski won *Best in Show*, two golds and three silvers at the MIXX Awards, in addition to which the bank was recognised as the best trend-setting advertiser in the industry.

Creating value for stakeholders

Market trends we are responding to

Market trends are factors influencing the future of the economy, society, the sector and our bank, among others, over a horizon of the next 2-3 years.

Due to the Russian invasion of Ukraine and the energy shock, 2022 has forced a review of our habits and developed patterns of action, as has the pandemic year 2020. Many traders have had to re-organise themselves to connect interrupted supply chains, cutting off suppliers from Ukraine due to hostilities and excluding suppliers from Russia due to Western sanctions. Inflationary pressures were evident in almost all regions of the global economy. Through a strong network of interconnectedness, the effects of the war in Ukraine were felt in many markets and Poland became a frontline country, which translated into the country’s risk pricing.



Multi-dimensional security and regionalisation

The pandemic and the war highlighted the risks posed by extensive trade links within supply chains, particularly in distant countries. The cost of sea freight from China to Europe or the USA has skyrocketed several times, which has translated into cost pressures. The reduction in the supply of energy resources or metals from Russia has also pushed up their prices, in the case of natural gas temporarily by up to a dozen times. Such great disruption has translated into a change of approach in international trade and in the strategies of companies, which have begun to emphasise more the role of security in many dimensions, which also entails costs.

Health security means securing reserves of pharmaceutical products, regulations to encourage production in the sector in Europe or EU-coordinated procurement of COVID-19 vaccines. Ensuring internal and external security has necessitated an increase in government spending on defence and purchases of military equipment. Energy security requires reducing dependence on fossil fuel imports by diversifying suppliers and investing in renewable energy sources and energy efficiency. Security in global supply chains pointed to the need to diversify and shorten supply chains, increase inventories and move away from a 'just in time' to a 'just in case' delivery approach. Following the re-estimation of risks in international trade, some multinationals have begun to consider moving production and investment closer to their markets or closer to their country of origin. Such regionalisation can be seen as an adjustment to globalisation. In addition to economic factors, there have also been regulatory and political pressures and even protectionism, as seen, for example, in the US package of some USD 400 billion of support for corporate energy transition. Cyber security is becoming crucial in an era of proliferation of digital channels, including in the banking sector.

Disinflation and a lengthy move towards the 2.5% inflation target

The powerful cost pressures in the energy market in 2022, may have been temporarily tamed by public intervention through reductions in indirect tax rates, but over time have started to spread to other prices of goods and services (so-called second round effects). At the same time, excessive demand during the post-pandemic recovery in the US and Europe necessitated a response from the monetary authorities. The Fed's response in raising interest rates and initiating monetary tightening was more decisive than that of the ECB, which only decided in late 2022 to raise interest rates significantly. The Fed and the ECB have announced a continuation of increases in H1 2023. Countries in our region had already started to raise interest rates from mid-2021 and the Monetary Policy Council started the monetary tightening cycle in October 2021, with increases continuing until September 2022.

ING economists expect elevated inflation to persist in Poland in 2023, although the rate of inflation will gradually decline from a peak of around 20% in February to 10% in December. The stubbornness of core inflation (excluding energy and food prices) will remain a key concern even in a downturn, limiting the room for interest rate cuts. Although the President of the NBP allows reductions when inflation falls to single-digit levels, the inflation target of 2.5% with a tolerance of +1/-1 p.p. seems a long way off. Persistent elevated inflation will mean elevated interest rates. This has the effect of increasing the banking sector's profitability from interest income. At the same time, there are growing concerns about the impact of higher interest rates on the deterioration of the quality of banks' loan portfolios.

ESG factors in corporate operations and the path towards climate neutrality

We expect an acceleration of the green transition in Poland and increased investment in renewables and energy efficiency in the face of relatively high fossil fuel prices and record volatility. This is necessary in order to get on a path that coincides with the goal of climate neutrality for our economy by 2050, in line with the Paris Agreement. As a bank, we support this trend by financing energy investments – such as photovoltaic farms – as well as on the educational side. We emphasise the importance of environmental protection or improving air quality in our marketing communications, educational campaigns for our employees, publications and participation in public debate. In addition, new regulations for the financial sector at European level require greater transparency of sustainability measures and the consideration of ESG (environmental, social and corporate governance) factors in operational activities. ESG requirements will increasingly affect the entire supply chain, both sellers of final goods and Polish sub-suppliers.

Technology that supports important change

The digitalisation of business is accelerating, despite market uncertainties. Companies are increasingly using the potential of digitalisation to create new business models, improve efficiency or optimise resources. Regulatory changes, including in the ESG area, are accelerating technological innovation. An example is companies that work with foreign contractors and need technological solutions, for example to monitor supply chains.

In banking, technology provides clients with the ability to use secure banking services on a large scale, anytime, anywhere. We are seeing the growing impact of technology on the experience of clients, employees or business partners. Of particular importance here is the automation of processes through the use of data analytics, machine learning or cloud solutions. Automated processes are efficient, consistent and more accurate. In doing so, they improve the quality of services and also free up staff time and potential for higher-value creative tasks.



The spread of hybrid working and work-life balance

The pandemic and war in Ukraine have brought new challenges to the labour market. As a new trend, the hybrid working model and the associated expectations of employees regarding the balance between work and life outside of work has permanently entered our everyday life. For employers, rising prices create a lot of pressure to attract and retain key talent and increase employee salaries. It becomes important to manage employee expectations in the long term. It is therefore important to create a safe and stable working environment for employees while taking care of the non-work-related sphere. The key aspects are to strive to reduce stress levels and take care of the psycho-physical condition of employees. All activities that make up the area of well-being, with a particular focus on mental health, and the further flexibilisation of working time, including activities that support managers in building psychological safety within the team and a sense of belonging of employees to the organisation, will gain in importance.

We are seeing an increase in the use of technology, with a particular emphasis on AI, which has created several new types of work, but is also successively eliminating entire segments of work. This implies improving the ability to quickly identify competency gaps and build new skills (re-skilling) and significantly increase the level of skills used to date (up-skilling), both at an individual and organisational level. By 2030, the first Millennials will be approaching 50 and, together with Generation Z, will make up the vast majority of the workforce. At the same time, in line with the trend of an ageing population, the earlier generations will not yet be leaving the labour market, which implies the need for cooperation based on diverse priorities and values.

Increase in social inequality and exclusion

As new technologies change business models and the way organisations work, directly affecting society as a whole, people’s sense of loneliness, opposition to change and loss of trust in the existing order is growing. And this, in turn, increases the polarisation of society and the growing popularity of populist leaders proposing simple, but sometimes harmful, solutions. The challenge for business leaders is communication that explains what these changes mean for people, entire organisations, their value chains and society, and action to prevent exclusion.

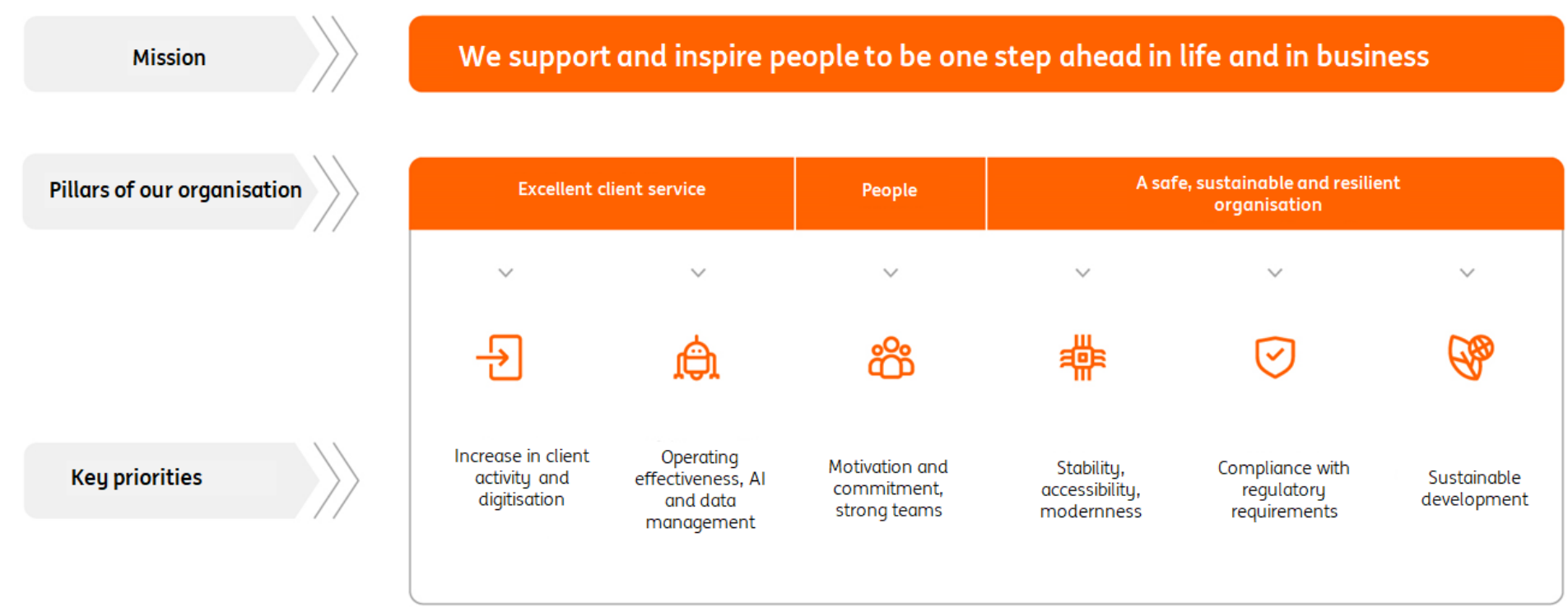
Business strategy

GRI [3-3]

Our mission remains unchanged – we support and inspire people to be one step ahead in life and business. We are building our operating strategy around this mission. In a world that is constantly changing, we are focusing our efforts on the digitalisation of processes and client relationships, as well as on sustainability activities. The implementation of our strategy is based on three key pillars:

- Excellent client service,
- People,
- Safe, sustainable and resilient organisation.

The implementation of our strategy within its three strong pillars is based on interrelated groups and mutually supportive priorities, which we explain below.





Increase in client activity and digitalisation

We are focused on continuous growth in the number of active customers and primary customers in all our business segments. We are committed to the highest quality of service and we deliver on our promises. We are building a comprehensive range of products and services, and its digitalisation and high accessibility are increasing the level of self-service by our clients. We keep optimising ourselves in order to better adapt our processes to the needs of different customer groups.

Operating effectiveness, AI and data management

We strive for fully automated processes, very high availability and error-free transactional and operational systems. We focus on a modern working environment and tools. We effectively manage and use data to support our operations and client interactions.

Motivation and commitment, strong teams

We provide a safe and healthy workplace for all our employees. We want them to be proud of their employer. We create a consistent, positive and professional corporate image.

We are building an organisational culture designed to foster responsibility, commitment and identification of employees with the company. We want our employees to build strong and motivated teams relying on their professionalism and commitment.

Stability, accessibility, modernness

We want to be a strong, flexible and continuously change-oriented organisation. We want to develop these features on the basis of integrated, state-of-the-art transactional and operational systems. We aim to standardise the tools and systems we use. We place emphasis on ensuring the stability, security and resilience of our operating systems. Our competitive advantage must be our ability to change at a faster rate than the changes taking place in our environment.

Compliance with regulatory requirements

Our activities must be characterised by total compliance with regulatory requirements. This compliance must be built into all operational layers of our business. We are committed to a high-risk culture in which each of our employees is aware of the risk factors associated with their responsibilities and our business.

Sustainable development

We are building a strong ESG culture, increasing our employees' awareness, knowledge and commitment to sustainability. We aim to be carbon neutral in scope I and II by 2030 (market-based internal economy) and by 2050 in scope III (customer receivables portfolio). We support and further intend to actively support our clients in complying with ESG requirements to remain competitive. We integrate ESG into our business and operations at all levels.



Our business strategy for 2022-2024 and our financial ambitions for 2024 and the status of their achievement in 2022

As part of the implementation of our business strategy, we have set ourselves a few key strategic areas that we will work on until 2024. The level of achievement of those targets in 2022 is presented in the table below:

Business strategy objectives for 2022-2024		
Key priorities	Area and measures of ambition in 2024	Status of ambition achievement in 2022
Increase in client activity and digitisation	<ul style="list-style-type: none">Number of primary clients: 2.3m in the retail segment and 215,000 in the corporate segmentRelational NPS around: 29 for individual clients, 42 for entrepreneurs, 42 for medium-sized companies, 49 for large companies and 69 for strategic clients.Moving entrepreneur services from Moje ING to ING Business (100%).	<ul style="list-style-type: none">2.1m in the retail segment and 205,000 in the corporate segment (2.0m and 193,000 a year earlier, respectively)25 for retail clients, 42 for entrepreneurs, 42 for medium-sized companies, 49 for large companies and 81 for strategic clients.In 2022, we started the process of transferring clients to ING Business, and in January 2023 we completed it.
Operating effectiveness, AI and data management	<ul style="list-style-type: none">Number of meeting points – 200Number of cash points at meeting points – 50Number of clients per FTE of the Operations Division – 3,100Ratio of general and administrative expenses to the average commercial balance – level by 10p.p. lower than in 2021 (2021 = 100%).	<ul style="list-style-type: none">228 meeting points (257 a year earlier)55 cash points (65 a year earlier)2,800 (2,700 a year earlier)109% (95% with no payment to the Commercial Bank Protection Scheme)
Motivation and commitment, strong teams	<ul style="list-style-type: none">Employee NPS – level of around 60 points.OHI score of around 85 points.Percentage of internal recruitments for management positions around 80%.Time to hire about 45 days	<ul style="list-style-type: none">53 points (57 a year earlier)84 points (85 a year earlier)65% (65% a year earlier)50 days (56 a year earlier)
Stability accessibility, modernity	<ul style="list-style-type: none">Availability of Moje ING and ING Business at a minimum of 99.94%.Percentage of applications migrated to the cloud at a minimum of 50%.Control automation of a minimum of 90%.	<ul style="list-style-type: none">99.98% for Moje ING and 99.86% for ING Business (99.93% and 99.92% a year earlier, respectively)6% (0% a year earlier)35% (20% a year earlier)
Compliance with regulatory requirements	<ul style="list-style-type: none">Non-financial risk level of no more than 2.4.Compliance risk level not exceeding 2.4.Timely implementation of all post- audit recommendations (no outstanding)	<ul style="list-style-type: none">2.2 (2.5 a year earlier)2.5 (3.0 a year earlier)No outstanding (similarly to a year earlier)
Sustainable development	<ul style="list-style-type: none">Gender pay gap index – difference of no more than 1p.p.Setting a minimum of one ESG-related goal for 100% of managers and 50% of employees.Financing of RES and pro-environmental projects (implementation of the Environmental Declaration) – new financing of PLN 4.5b	<ul style="list-style-type: none">Difference of 4p.p. (1 p.p. a year earlier)The target was approved after the completion of the annual target setting process for 2022PLN 3.2b in total sales between 2015 and 2022 (PLN 1.6b between 2015 and 2021)

A full presentation summarising our strategy and plans to 2024 is available at [this link](#).



Our financial ambitions for 2024 published in 2022 and an assessment of the extent to which they have been achieved

	Ratio	2021	2022	Ambition for 2024	Comments on the implementation in 2022
Growth area	Average annual* growth in gross loan portfolio	16.2%	6.8%	~9%	The lower portfolio growth rate in 2022 is a result of mortgage loan premature repayments and a sharp decline in new production in the retail segment in an environment of high interest rates and influenced by the more prudent housing lending criteria implemented, as recommended by the PFSA.
	Average annual* increase in net fee and commission income	20.7%	13.6%	>7%	The growth rate was achieved above that indicated in the ambition, thanks to a higher activity on the part of our clients, in corporate segment financing, card business and foreign exchange transactions, among others.
Performance area	Cost-to-income ratio**	43.0%	47.2%	<40%	The implementation in 2022 above target due to high regulatory burdens (credit moratoria, the Commercial Bank Protection Scheme, the Borrower Support Fund). After adjusting the results for those extraordinary elements, the cost/income ratio would be 33.6%.
	Risk cost margin ratio***	23bp	48bp	<50bp	The risk cost margin increased y/y (partly due to deteriorating macroeconomic parameters in the risk models).
Area of stability	Total solvency ratio	16.05%	15.23%	>15%	The total capital adequacy ratio decreased y/y, but nevertheless remained above target.
	Loan-to-deposit ratio	85.9%	80.4%	90-95%	Lending growth was lower than deposit growth. The (net) corporate receivables portfolio increased by 16.1% y/y, while the retail portfolio recorded a decrease of 4.2% y/y. The growth rate for corporate deposits was +22.6% y/y and for retail deposits +5.1% y/y.
Profitability area	Return on equity (adjusted for MCFH)	14.4%	10.2%	>13%	The explanation for the decrease in profitability in 2022 and the level of underperformance in the ambition are the same as the explanations for the cost/income ratio. The return on equity ratio was influenced by high regulatory burdens, including credit moratoria, the Commercial Bank Protection Scheme, the Borrower Support Fund (the numerator of the ratio).
	Dividend payout ratio from profit	30%	-	30-50%	The 2021 profit dividend amounted to PLN 5.30 gross per share and the profit dividend payout ratio was 30%.

*Average for 2021-2024; **Income including share of profits of associates;***Net of costs of legal risk of foreign currency mortgage loans



Risks in strategy accomplishment in 2022

Geopolitical tensions	<ul style="list-style-type: none">Increasing number of armed conflicts.Timing, manner and effects of the end of the war in Ukraine.Strained relations between the United States and China.
Climate transition	<ul style="list-style-type: none">Energy transformation of economies and businesses, including it implementation costs.Energy crisis in Europe related to access and prices of non-renewable energy sources.Accelerating pace of technological changes.
Sovereign debt	<ul style="list-style-type: none">High debt servicing costs due to the persistence of high levels of market interest rates.High costs incurred to resolve military conflicts (including the war in Ukraine) and the energy crisis.
Inflation	<ul style="list-style-type: none">Higher levels of inflation over the next 2-3 years globally and locally. Increased unpredictability.Poland's expected baseline inflation above 10% in 2023.Wage inflation. Continued pressure on costs for businesses. Ability of companies to achieve their profitability targets.
Economic growth	<ul style="list-style-type: none">Deepening of negative economic and social sentiments.Expected slowdown in economic growth (GDP).Weakening of PLN, increased volatility against hard currencies.Significant dependence of the Polish economy on the EU economy (mainly Germany).Slowing exports and more expensive imports.
Cyber risks	<ul style="list-style-type: none">Acceleration of technological change and the spread of remote services exposes clients to new risks. It requires the ability to respond quickly, including in concert with other payment system actors.Need to maintain full resilience of banking systems against failures.
Regulatory uncertainty	<ul style="list-style-type: none">High variability in interpretation (including mutual conflicts) of regulatory provisions requiring rapid implementation.Lack of predictability of regulatory changes.
Reference indicator reform	<ul style="list-style-type: none">Difficult and complicated process to implement benchmark reform.
Mortgage loans	<ul style="list-style-type: none">New model of mortgage products.Risk of increased litigation.Uncertainty regarding CJEU case law on banks' right to remuneration for the use of their capital in CHF loans.Need to establish additional provisions for legal risks adversely affects the profitability of the banking sector and may expose some banks to capital shortfalls.

Opportunities in strategy accomplishment in 2022

Clients	<ul style="list-style-type: none">Maintenance (above market level) of the rate of new client acquisitions, transactionality and activity.Increase of the share of primary clients in the overall number of clients.Use of the potential of electronic banking.High adaptability of new solutions, including technology, positively influencing cost efficiency.
Sustainable development	<ul style="list-style-type: none">Potential for investment and economic activity as a strong boost to GDP growth rates.Increased environmental awareness among the public which will generate greater demand for sustainable products.Increased access to green energy sources.EU climatic neutrality.New sources of state funding, including access to the EU Reconstruction Fund and how to use it.
New technologies	<ul style="list-style-type: none">Acceleration of the momentum of productivity gains resulting from new technologies, faster adaptability to required technological changes.Improved stability and increased flexibility of IT systems as a potential for increased cost efficiency.Ability to roll out new products and services faster and personalise them for clients.Increasing client protection against losses generated through the actions of criminals.



ESG Strategy

GRI [2-23] [2-24] [3-3]

SDG 3, 4, 5, 7, 8, 10, 12, 13, 16

The area of ESG (*Environmental, Social, Governance*) is one of ING’s priorities. We know that today’s decisions and actions determine what the world of tomorrow will look like and what reality the next generation will find. In Q1 2022, we announced ING Bank Śląski Group ESG Strategy, which reflects our sense of responsibility for our impact and actions towards current and future clients, the world in which they will operate and therefore the environment and social environment.

The ESG Strategy is part of our business strategy and follows directly from our bank’s mission and values. It allows us to set a clear course of action and the goals we are pursuing and will pursue in the coming years: for ourselves, our clients, society and a sustainable world. The ESG Strategy covers environmental, social and corporate governance aspects in a three-year perspective with annual updates.

Creating an ESG Strategy is an important process for us and includes:

- analysis of the current degree of implementation of the priorities of the ESG Strategy and the Environmental Declaration,
- identification of strategic ESG directions of the ING Group at the global level in order to ensure a consistent approach in the ESG area,
- analysis of the external environment, including the formal and regulatory environment,
- materiality analysis based on dialogue with stakeholders.

These steps help define our key strategic priorities. The ESG strategy, including priorities, goals and measures, is approved by the ESG Council. How we manage sustainability issues is described [here](#).

A document complementary to the Strategy is the Environmental Declaration, which we write about [here](#).

In line with the ESG Strategy, we continue to respond to the challenges of the modern world:

- E – Environmental

We do not agree with environmental degradation. We are implementing the provisions of the Environmental Declaration. We are committed to tackling the effects of climate change and supporting our clients in their environmental transformation.
- S – Social

We support you in being entrepreneurial and help you manage your finances. We are levelling the social playing field. We care about the health of employees.
- G – Governance

We operate ethically based on values, principles, processes. Our priority is to comply with regulations and to act with reference to best market practice.

In the ESG strategy, we have set specific goals that we have pursued in 2022 and will continue to pursue in the coming years: for ourselves - we act and lead by example, our clients - we inspire and support them, and society - we build a better world together.



Targets on which we concerted in 2022

	Environment (E)	Entrepreneurship and equal opportunities (S)	Ethics and regulatory compliance (G)
Priorities WE (we act by example)	<ul style="list-style-type: none">• We run a sustainable economy of our own.• We digitise processes with an environmental impact in mind.• We take climate factors into account in our business decisions.	<ul style="list-style-type: none">• We create a working environment where we take care of well-being of employees (health, energy, activity and finances).• We support employees in being entrepreneurial.• We are committed to diversity and inclusion among the bank's employees.	<ul style="list-style-type: none">• We are building ESG awareness and culture among employees, developing ESG competences.• We integrate ESG into the bank's strategy, organisational structure, product design processes, risk management, purchasing policy and corporate governance.• We are adapting to regulation – risk, finance, compliance and client portfolio.
Key objectives	Achieve zero-carbon in Scope I and II by 2030.	Maintain the male-female pay gap indicator (wage gap) – 1% by 2024.	Designation of min. 1 ESG-related target for 100% of managers and 50% of employees by 2024.
Priorities CLIENTS (we inspire and support)	<ul style="list-style-type: none">• We are developing a pro-climate product offering for our clients.• We finance sustainable projects.• We support clients in their environmental transformation and in assessing how sustainable their business is.	<ul style="list-style-type: none">• We support clients in managing their finances and educate them on how to be entrepreneurial.• We facilitate technology and digital transformation for business clients.• We make banking easier for groups at risk of exclusion.	<ul style="list-style-type: none">• We build awareness and understanding of ESG business and regulatory issues among clients.• We care about the safety of our clients.
Key objectives	Allocating PLN 4.5 billion to finance RES and green projects in the corporate area in line with the Environmental Declaration by the end of 2023.	Full alignment of the Moje ING mobile app, the Moje ING online banking system and the bank's website with WCAG 2.1 guidelines by 2024.	Achieve client satisfaction of 4/5 from ongoing education activities by 2024.
Priorities COMMUNITY (building a better world together)	<ul style="list-style-type: none">• We support climate innovation (grants for startups and scientists).• We support local environmental action.	We support local community action.	We share good practice and knowledge through industry collaboration and with our stakeholders. We work out common solutions.
Key objectives	Implementing 6 editions of the grant programme and providing PLN 6 million by 2024.	150 volunteer actions within the framework of the Good Idea programme carried out with the ING Foundation for Children, 40 Smile Turns in Wisła organised by the Foundation until 2024.	Seeing ING as an active facilitator of the ecosystem, by periodically organising min. 10 national conferences in cooperation with NGOs and industry organisations by 2024.

An account of the achievement of the 2022 ESG Strategy targets (as one of the pillars of our Business strategy) is available [here](#). The implementation of the 2022 Environmental Declaration targets is described [here](#). We write about our client, community, employee, climate and corporate governance activities in individual sections of this Report.

We also write about our commitment in the ESG area on our [website](#).

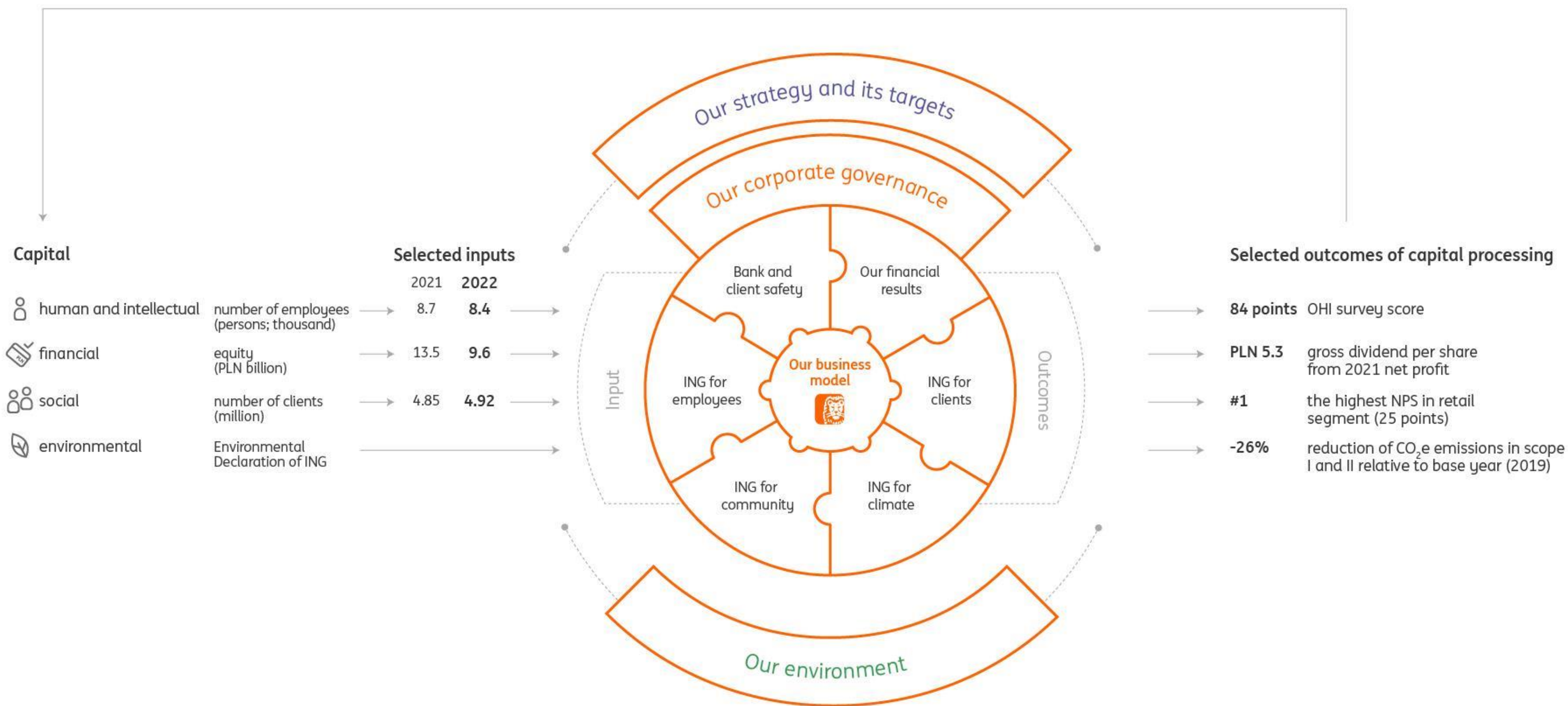


Value creation model

As declared in the previous year’s Management Report, following the update of the Integrated Reporting Guidelines, we reviewed our value creation model. As a result, the scope and shape of the information we recall in this area differs from the format to which some of our stakeholders may already have become accustomed. However, we believe that this year’s proposal for our bank’s value creation model better reflects our institution and more faithfully reflects our view of the value we create for stakeholders.

Our value creation model

The pattern of our value creation model has not changed much, and those that have occurred represent its evolution to better reflect the capitals we process. We decided to combine human and intellectual capital. In our view, it is the employees who carry the intellectual capital of our organisation, develop it and use it (along with other capitals) to build value. Capital stock (input) at the end of the last two years are quoted on the left-hand side of the model. On the right-hand side of the model, we recall the effects of capital processing (outcomes). Both of these sections are referred to in detail in the table later in this section of the report (they include information to assess whether capitals have increased, been maintained or eroded). We also refer to the result of capital processing in the following material (output), which we understand as the totality of activities and solutions (products and services) aimed at our clients. This is what our business model is based on.





Our business model

We are a universal bank and along with other companies in the group we provide services to both individual clients and corporate clients. We want to be seen as the **bank of the future for entrepreneurial people – a** bank that provides its clients with practical solutions that they need and are happy to use. We want people to be able to achieve their goals with our support.

Effective functioning of our business model relies on a group of over 8 thousand staff members. What we value is motivation, diversified experience, seniority and abundant knowledge. We base our work on our code of ethics – Orange Code or a set of ING Conduct and Values. You will read more about it in [here](#).

Our mission is to **support and inspire people to be one step ahead in life and business**. In everybody’s life, roles in the society change: from a child, to student, parent, entrepreneur, bank employee, our vendor or employee of another company until retirees. This is a certain trip during which clients will make various important private and business choices. We, as a Bank, help them in taking the best financial decisions for them. That is why we share knowledge and provide tools to our clients as well as solutions that are simple, useful and suited to their needs. We make them better understand their own financial situation.

Our role is to provide opportunities for secure and effective savings. Deposits placed by certain clients fund loans granted to other clients which support the development of the society and economy alike. The financing granted supports purchases of housing, opening business activity or development of companies. We develop and offer products to support sustainable operations for both individuals and companies.

We offer our clients banking products and services (such as loans or savings accounts and transfers), but also in the area of *beyond* banking, i.e. not related to traditional banking. Our competencies support us in building a positive client experience. Those are not solely insurance products, accounting services or investment products. We offer our clients a broad range of tools for financial management.

As the bank of the future, **we are innovating** to meet the needs of our clients. We also use *big data* and artificial intelligence and cooperate with fintechs to reach beyond. We take care that our payment and transactional systems are effective. And now – in view of the growing popularity of non-cash transactions – an efficient electronic payment system becomes increasingly important. We provide our clients with transactional banking, processing transfers, card, phone or BLIK payments and developing tools for cashless payments. To this end, we have provided specific solutions to support the development of e-commerce, such as the imoje payment gateway – the first online payment for online shops offered by a bank in Poland. They allow clients to quickly and conveniently complete

payment for their purchases. In 2021, we were the first bank in Poland to decide to replace the central system. We have opted for a cloud solution that will further accelerate the digital and technological transformation of our bank. This will make it possible to build reliable banking and ensure that the offer is fully personalised and tailored to individual clients’ needs. This will eliminate planned unavailability due to maintenance work or the implementation of new products and solutions.

Electronic and mobile banking are the core interaction channel with both retail and corporate clients. We want our clients to have tools that enable them to make modern payments and remotely deal with simple issues such as paying for public transport tickets, parking and motorway journeys. Our electronic banking also allows you to deal with official matters more conveniently, e.g. you can submit applications for social benefits. More than half of retail clients use Moje ING exclusively on a mobile device, and in corporate banking, 1 in 10 transfers is made via the mobile channel.

We also note the changing role of branch offices. That is why, for several years now, we have no longer been talking about branches, but about meeting points where our advisers help clients to make important decisions – to bank every day, to live better, to grow their business and to take care of their financial future. For corporate clients, we also provide a service at their company’s premises, depending on their needs. The task of our employees is to support them in taking financial decisions, inter alia by analysing their financial needs and objectives, financial condition or risk levels of investments.



We are aware that we impact multiple economic processes and individual choices and it is up to our decisions what the world will look like and what reality will be there for the next generations. That is why in our business and non-business decisions we follow the **principles of sustainable development**. This applies to the areas of climate and environment (E), society (S) and corporate governance (G). We want to be an environmental leader and support our clients in their energy transition and in meeting new requirements. We support you in being entrepreneurial and help you manage your finances. We level the social playing field and look after the health of employees. We operate ethically based on values, principles and processes and in accordance with regulations and with reference to market best practice.

As a public trust institution, we are aware of the importance of stability and an effective risk management system for the banking sector and the entire economy. In our bank, the system is constructed in compliance with best market standards on the basis of three lines of defence with the first line managing business, the second line managing risk and finances and the third line comprises internal audit and *compliance*. We manage ESG risks as an integral part of each group of risks, both financial (e.g. credit risk or market risk) and non-financial (e.g. operational risk). We also care for optimum management of the asset and liability structure of our balance sheet in line with our risk appetite limits



Capitals used in our value creation model

Capitals – description, status and effects of their processing in 2022			
Equity	Description	Input	Outcomes
Human and intellectual	These are our employees, their knowledge, competences and commitment. Our employees are the carrier of our organisation’s intellectual capital. It is the employees who directly contribute to the growth of intellectual capital and its exploitation (operationalisation). This makes intellectual capital an integral part of human capital.	<ul style="list-style-type: none">• We have 8,400 employees in our group (8,700 the year before).• We have a Step up system in place and Individual Development Plans for our employees.• We have an organisational culture in place (Orange Code) that we are proud of.• We work on the basis of Agile and PACE methodologies.	<ul style="list-style-type: none">• Our overall organisational health score (OHI survey) was 84.• The average number of development activities per employee was 24 (25 the year before).• The female-to-male pay ratio is 96%. Our ambition is that this difference should not exceed 1 p.p.• We have received the Top Employer certification for many years.• We belong to the Gender-Equality Index (Bloomberg).• We are implementing a new cloud-based central system (TM Vault).• The average availability of Moje ING and ING Business was 99.98% and 99.86% respectively.
Financial	By financial capital we mean funds entrusted to us by clients, capital provided by shareholders and bondholders. These are all funds available to us from our wider capital providers and through which we finance our operations.	<ul style="list-style-type: none">• Our portfolio of liabilities to clients amounts to PLN 192.7 billion (PLN 170.6 billion the year before).• Our equity balance is PLN 9.3 billion (PLN 13.5 billion the year before).• The balance of our subordinated liabilities is PLN 1.6 billion (1.6 billion the year before).• Our total capital ratio is 15.23% (16.05% the year before).	<ul style="list-style-type: none">• In 2022, we paid a dividend of PLN 689.5 million from 2021 net profit.• Net profit fell to PLN 1.7 billion against PLN 2.3 billion the year before.• MCFH-adjusted return on equity was 10.2% (14.4% the year before).• Interest expenses amounted to PLN 2.5 billion (PLN 0.5 billion the year before).• The total burden of regulatory costs on the result was at an unprecedented level – the total cost of credit moratoria, the costs of the BGF and the PFSA, the costs of setting up the Commercial Bank Protection System and contributions to the Borrowers’ Support Fund, as well as bank and income tax, totalled PLN 3.7 billion (PLN 1.5 billion the year before).
Social	Social capital is the relationship with our surrounding stakeholders: clients, suppliers, local communities or social and charitable organisations.	<ul style="list-style-type: none">• We serve 4.4 million retail clients (4.3 million the year before), of which more than 2.1 are <i>primary</i> clients (2.0 million the year before).• We also serve 533,000 corporate clients (503,000 the year before), of which 205,000 are <i>primary</i> clients (193,000 the year before).• We are guided in our activities by the Sustainable Development Goals (SDGs).• We are the founders of two corporate foundations (ING for Children Foundation and ING Polish Arts Foundation).	<ul style="list-style-type: none">• The NPS of retail clients was 25 points (29 the year before) and remained the highest in the survey’s peer group.• The NPS for the corporate segment is divided into categories:<ul style="list-style-type: none">• Entrepreneurs – 42 points,• Medium-sized companies – 42 points,• Large companies – 49 points,• Strategic clients – 81 points.• Our employees dedicated 5,900 hours to volunteering (nearly 6x more than in 2021).• In 2022, we provided PLN 2.2 million in financial donations (not including the value given to our corporate foundations).• Together with the ING for Children Foundation we launched a fundraiser for those affected by the war in Ukraine. We have committed to doubling the amount we raise. By 30 June 2022, the closing date of the collection, nearly PLN 5.4 million had been received, which when doubled gave a total of PLN 10.8 million.
Environmental	Environmental capital is the natural environment and its resources. The direct negative impact of our organisation on this capital is not material at the scale of our organisation. Nevertheless, we are obliged to reduce it. More importantly, we aim to minimise our indirect negative impact on this capital, mainly through the clients we fund.	<ul style="list-style-type: none">• In 2021, we adopted a new Environmental Declaration.• We are very committed to implementing the ESG Strategy we have adopted.• We have developed and implemented an ESG Risk Management Policy.	<ul style="list-style-type: none">• We have reduced Scope I and II greenhouse gas emissions by 25.7% relative to the base year (2019) and 7.6% y/y (<i>market-based</i> approach).• The electricity produced by our photovoltaic panels amounted to 157 MWh.• We provided PLN 1.6 billion of financing for renewable energy projects (PLN 0.3 billion the year before).• We are changing the structure of our car fleet towards electric and hybrid cars, which in total already account for 82% of the total.



Result of capital processing (output)

It is through the aforementioned capitals, their processing in various combinations, that our product and service offering is created; an offering that we seek to build with and for clients. This is why we focus on new solutions and aim to shorten the period from the identification of a client need to the delivery of a solution to address that need. Based on modern working systems and thanks to our qualified staff, we were, for example, the first bank in Poland to implement BLIKA for corporate clients. More than half of the transactions in Moje ING were completed by our clients on mobile devices. We are also developing our offerings beyond traditional banking, including a business process robotisation platform for our clients (SAIO). In line with the legal solutions introduced, we have made it possible for our retail clients to reach credit moratoria in the field of PLN mortgages without any problems. In order to meet the expectations of our clients and the market environment, we are continuously expanding our offerings with sustainable products, both for retail clients – the eco-mortgage loan – and for corporate clients – the financing of renewable energy sources and environmentally friendly projects.

Clients appreciate our efforts through increased activity (e.g. in foreign exchange or card transactions), increased business volumes (gross receivables from clients increased by PLN 10.2 billion), or by recommending us to their friends and family (high NPS readings). This has also resulted in the strength of our brand – the strongest among banking brands in Poland. As a whole, this confirms that our business model is well developed and implemented.

Business segments

We divide our business activities into two segments – the retail banking segment and the corporate banking segment. Other areas of activity, including e.g. treasury activities, are allocated between these two segments. Individual clients are served in the retail banking segment. As part of the corporate banking segment, we provide services to entrepreneurs and companies run on the basis of full accounting. We divide the corporate banking segment into three groups of clients, which depend on the value of the annual turnover – as per the diagram below.



Entrepreneurs up to EUR 1.2 million



MID and BIG companies up to EUR 125 million



Strategic clients above EUR 125 million



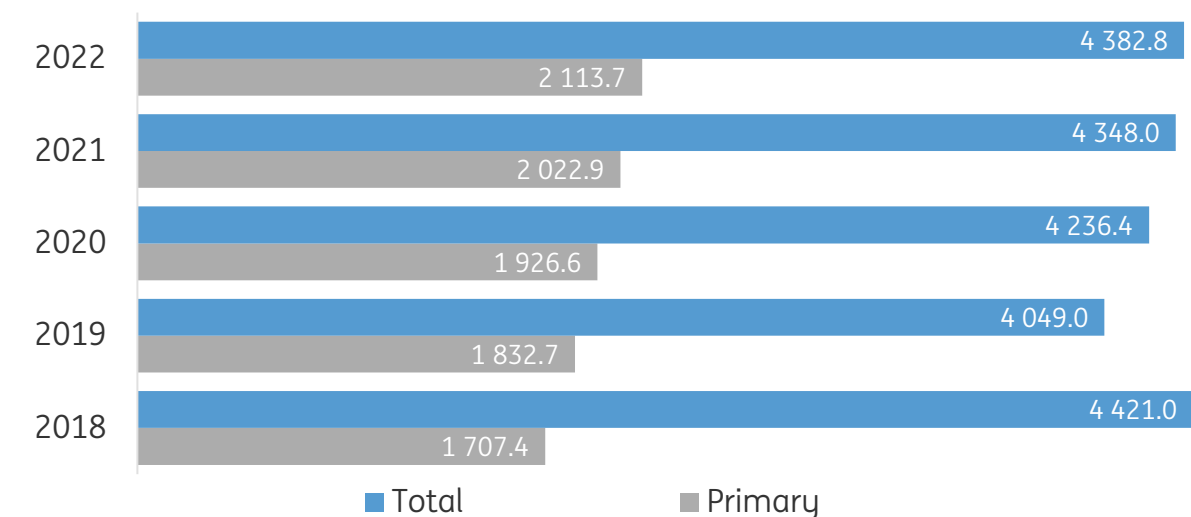
Retail segment

Within the retail segment, we serve individual clients – we already have 4.4 million of them, of which 2.1 million are *primary* clients, for whom we are the bank of first choice.

Commentary on segment results

The retail segment's pre-tax result was negative in 2022 at PLN -346.3 million (compared to a pre-tax profit of nearly PLN 1.4 billion in 2021). The reason for the recorded loss (and the decrease in net interest income) in 2022 was the cost associated with the adopted credit moratoria for PLN mortgage loans (the total cost of the moratoria is PLN 1,644.9 million). If the gross result were to be adjusted for the impact of credit moratoria, the gross result would amount to PLN 1,298.6 million, decreasing by 6.9% relative to 2021 (net interest income would amount to PLN 3,556.9 million, +31% y/y). The second major aspect behind the pre-tax loss in 2022 was regulatory costs, in particular the establishment of the Commercial Bank Protection Scheme. This resulted in a 35.6% y/y increase in operating expenses. Following the deteriorating macroeconomic parameters, the cost of risk increased by 336.4% relative to 2021 (cost of risk also includes the legal risk cost of the foreign currency mortgage portfolio which also increased in 2022). In part, these negative effects were offset by improvements in net fee and commission income (+4.0% y/y) and other income (+179.4% y/y).

Number of clients (thousand)

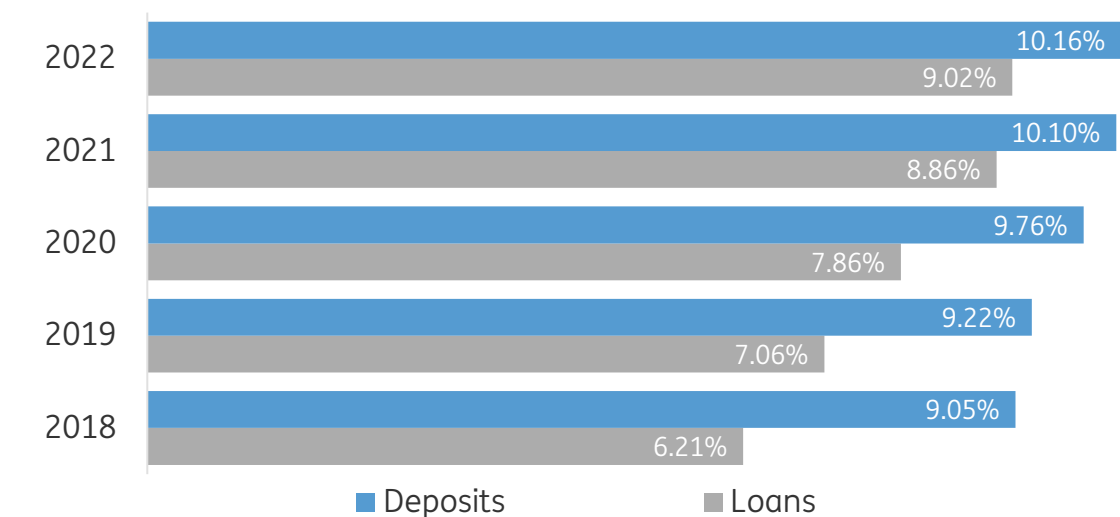


Profit and loss account

(PLN million)	2019	2020	2021	2022	y/y (PLN m)	y/y (%)
Net interest income	2,310	2,440	2,715	1,912	-803	-30%
Net fee and commission income	418	460	558	580	22	4%
Other income*	72	61	32	88	57	179%
Revenue	2,800	2,961	3,305	2,581	-724	-22%
Operating expenses	-1,324	-1,440	-1,544	-2,094	-550	36%
Income before risk costs	1,476	1,522	1,762	487	-1,275	-72%
Risk cost**	-194	-586	-134	-587	-452	336%
Bank levy	-167	-196	-232	-247	-15	6%
Gross profit	1,115	739	1,395	-346	-1 741	-

*Including share of profit of associates; **Including legal costs of foreign currency mortgage loans

Market shares



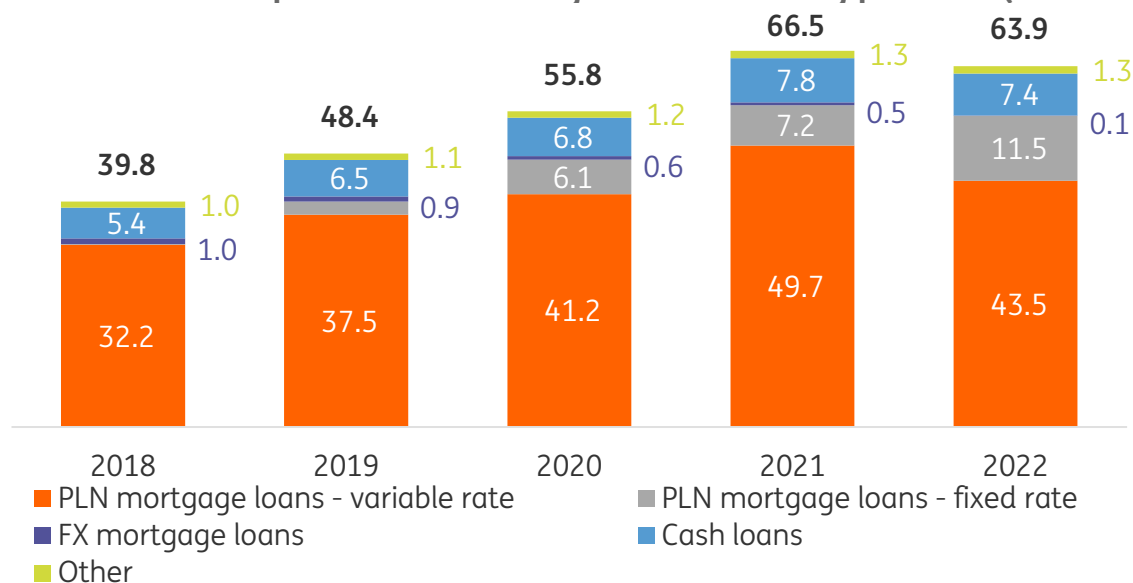
Balance sheet and key indicators

(PLN billion)	2019	2020	2021	2022	y/y (PLN m)	y/y (%)
Total assets	67.9	83.1	92.0	93.0	1.0	1%
Amounts due from clients (gross)	48.4	55.8	66.5	63.9	-2.6	-4%
Liabilities to clients	79.0	90.5	99.4	104.5	5.1	5%
Loans (gross) to deposits	61%	62%	67%	61%	-	-6%
Costs to income	47.3%	48.6%	46.7%	81.1%	-	34.4%
Costs (including bank levy) to income	53.3%	55.2%	53.7%	90.7%	-	37.0%
Cost of risk margin	0.44%	1.12%	0.22%	0.90%	-	0.68%
Share of Stage 3 and POCI	1.26%	1.89%	1.52%	1.45%	-	-0.08%



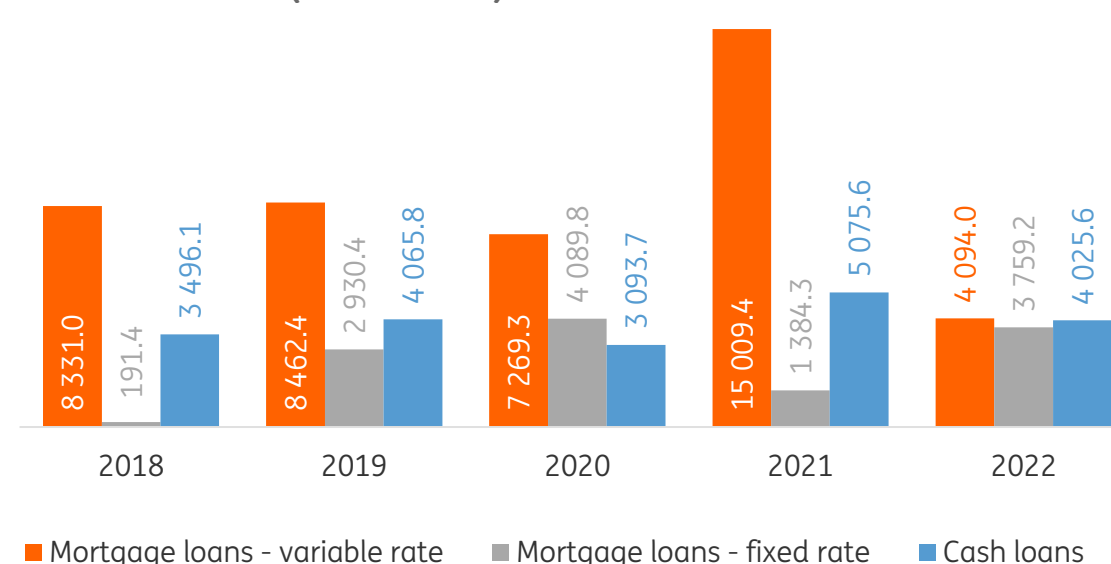
Retail segment

Gross receivables portfolio from segment clients by product (PLN billion)



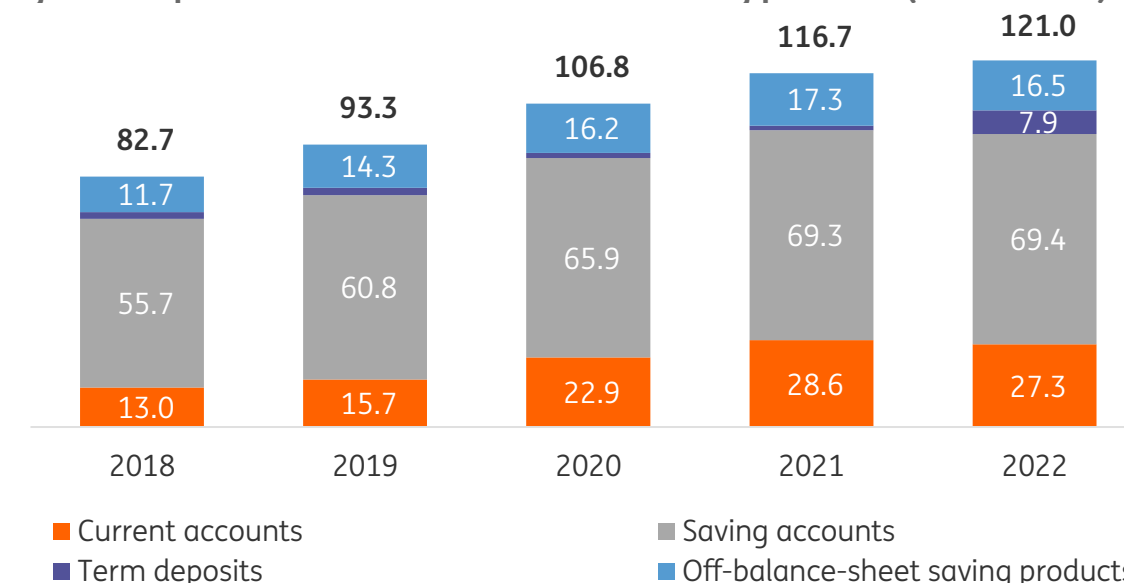
As at 2022 yearend, total gross receivables from retail clients fell by 3.9% y/y to PLN 63.9 billion. The biggest decline was in the portfolio of PLN mortgage loans based on variable interest rates – we saw higher than average client activity in the area of prepayment of these loans. This should be combined with the increase in interest rates in Poland over the last two years (2021-2022). This effect, together with the natural depreciation of the portfolio, was not offset by new sales (more on this next). In 2022, the portfolio of PLN mortgages based on a variable rate grew significantly – which was due to a change in the sales structure (more clients reached for products with a periodically fixed interest rate) and the conversion of active contracts from a variable rate to a periodically fixed rate. The mortgage portfolio of the eco-mortgage variant represented PLN 2.7 billion as at 2022 yearend. a small part of our portfolio is made up of mortgages indexed to foreign currencies, which, apart from natural amortisation (in the absence of new sales), were influenced by the increased level of provisions for the legal risk of this portfolio.

Retail credit sales (PLN million)



In 2022, we granted a total of PLN 7.9 billion in mortgages (down 52.1% y/y). Despite the decline in our sales levels, we maintained our second place in the market in terms of new sales with a market share of 18.1% (19.6% the year before). The decrease in sales (in our bank and in the overall market) was mainly due to the increase in interest rates and the increase in the interest rate buffer when calculating clients' creditworthiness. In 2022, we saw an increase in client interest in periodic fixed-rate mortgages, with a total of PLN 3.8 billion sold in 2022 (+171.6% y/y), and their share of the mortgage sales structure increased to 49.3% (8.5% a year earlier). Eco-mortgages sold in 2022 totalled 681.8 million (1.8 billion the year before). In 2022, we granted PLN 4.0 billion in cash loans to individuals, down 20.7% y/y. We sold 88.6% of these loans through the online channel (83.1% in 2021).

Segment's portfolio of liabilities to clients by product (PLN billion)



The portfolio of on-balance sheet liabilities to retail clients increased by 5.1% y/y to PLN 104.5 billion. The largest y/y growth was recorded in term deposits (+423.4% y/y to PLN 7.9 billion). Funds held in savings accounts relatively maintained their level (PLN 69.4 billion), while funds held in current accounts fell (-4.8% y/y to PLN 27.3 billion). Thus, time deposits gained in importance within the portfolio of balance sheet liabilities to retail clients (7.5% of the portfolio as at 2022 yearend against 1.5% a year earlier), but still did not account for as significant a proportion as funds held in savings accounts. Off-balance sheet products include brokerage services and the sale of funds managed by TFIs. As at 2022 yearend, the savings accumulated in our clients' brokerage accounts amounted to PLN 8.6 billion (+60.8% y/y) and our clients' savings accumulated in TFIs amounted to PLN 7.9 billion (-33.8% y/y). Assets worth PLN 262 million represented investments in funds complying with Articles 8 and 9 of the SFDR.



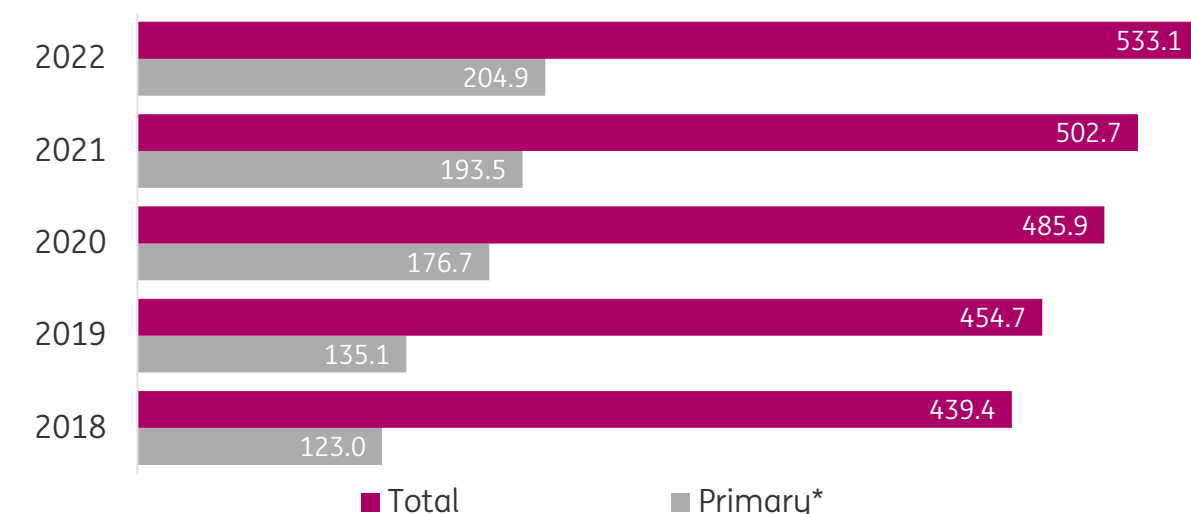
Corporate segment

Within the corporate segment, we serve corporate clients, of whom we had 533,100 as at 2022 yearend, of which 204,900 were *primary* clients for whom we are the main bank.

Commentary on segment results

The gross result of the corporate segment was higher in 2022 by PLN 1,129.1 million (+69.7% y/y). This marked improvement was backed up by strong revenue growth (+43.1% y/y), particularly due to the increase in net interest income (+64.2% y/y). This is the result of an environment of rising interest rates, but also of very dynamic lending in this segment of our business. Also contributing to the improvement in the corporate segment's income in 2022 was net fee and commission income (+17.7% y/y) – backed up by the high activity of our clients, e.g. in the area of foreign exchange, but also – cited previously – by high lending dynamics. The high growth in revenue made it possible to absorb the increase in operating expenses (+9.0% y/y), as well as the marked increase in the cost of risk (+86.4% y/y). The increase in the cost of risk is partly due to the deteriorating macroeconomic parameters that we include in our models. The asset quality of this business segment remains good (and is clearly better than the sector average).

Number of clients (thousand)



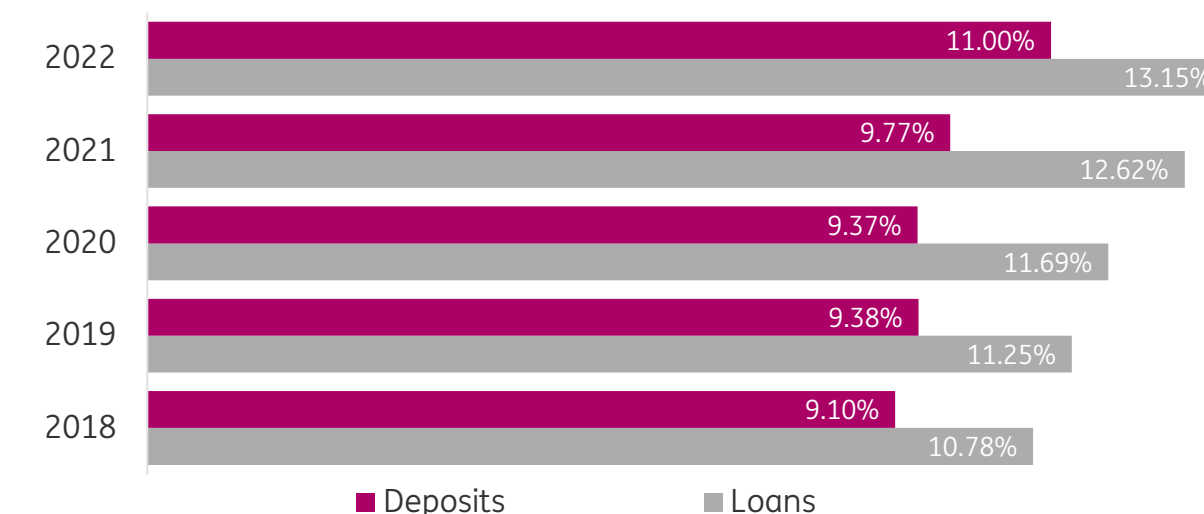
*In the area of entrepreneurs, from 2020 we use an updated definition

Profit and loss account

(PLN million)	2019	2020	2021	2022	y/y (PLN m)	y/y (%)
Net interest income	2,015	2,102	2,254	3,702	1,448	64%
Net fee and commission income	923	1,068	1,287	1,515	228	18%
Other income*	59	99	51	-75	-126	-
Revenue	2,997	3,269	3,592	5,142	1,550	43%
Operating expenses	-1,173	-1,323	-1,421	-1,548	-127	9%
Income before risk costs	1,823	1,946	2,171	3,593	1,422	66%
Risk cost	-412	-489	-238	-444	-206	86%
Bank levy	-268	-285	-313	-400	-88	28%
Gross profit	1,143	1,173	1,620	2,749	1,129	70%

*Including share in profit of associates

Market shares



Balance sheet and key indicators

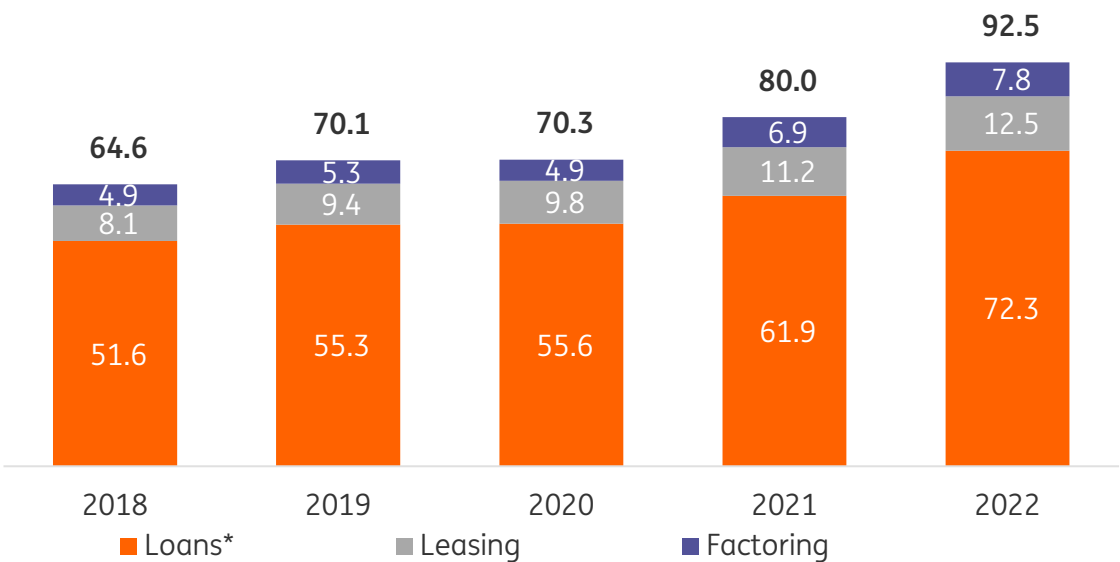
(PLN billion)	2019	2020	2021	2022	y/y (PLN m)	y/y (%)
Total assets	88.8	101.7	106.4	120.5	14.2	13%
Amounts due from clients (gross)	70.1	70.3	80.0	92.5	12.5	16%
Liabilities to clients	49.8	58.8	69.0	84.7	15.6	23%
Loans (gross) to deposits	141%	120%	116%	109%	-	-7%
Costs to income	48.1%	49.2%	48.3%	37.9%	-	-10.4%
Costs (including bank levy) to income	39.2%	40.5%	39.6%	30.1%	-	-9.4%
Cost of risk margin	0.61%	0.69%	0.32%	0.51%	-	0.19%
Share of Stage 3 and POCI	4.18%	4.41%	3.50%	2.87%	-	-0.63%

*Including loans measured at fair value



Corporate segment

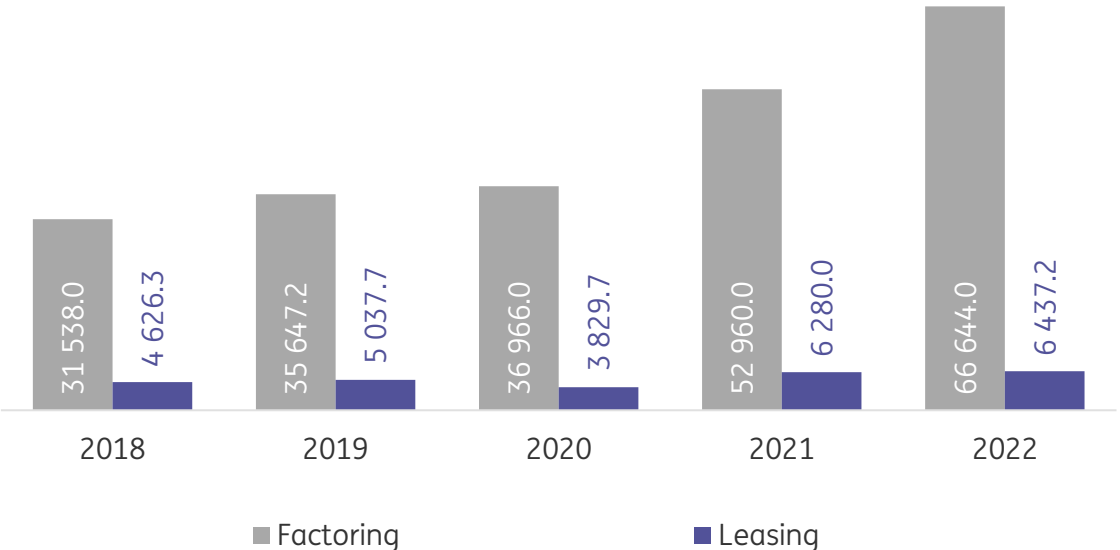
Gross receivables portfolio from segment clients by product (PLN billion)



*Including loans measured at fair value

As at 2022 yearend, total gross receivables (including loans at fair value) from corporate segment clients increased by 15.7% y/y to PLN 92.5 billion. The loan portfolio grew by 16.8% y/y (by PLN 10.4 billion to PLN 72.3 billion) – all three client groups recorded growth relative to 2021. The leasing receivables portfolio increased by 11.6% y/y to PLN 12.5 billion (mainly due to the portfolio of small and medium-sized companies). The factoring portfolio, on the other hand, grew by 12.5% y/y to PLN 7.8 billion (portfolios of small and medium-sized companies and strategic clients were responsible for the increase). As at 2022 yearend, our on-balance-sheet exposure to RES was PLN 1.8 billion (+79% y/y) mainly due to the high activity in this area in 2022 (sales of PLN 1.6 billion against PLN 0.3 billion a year earlier). At the end of 2022, our balance sheet exposure to customers whose operations are directly dependent on thermal coal to a greater extent than 5% amounted to PLN 322 million gross and decreased by 81% y/y.

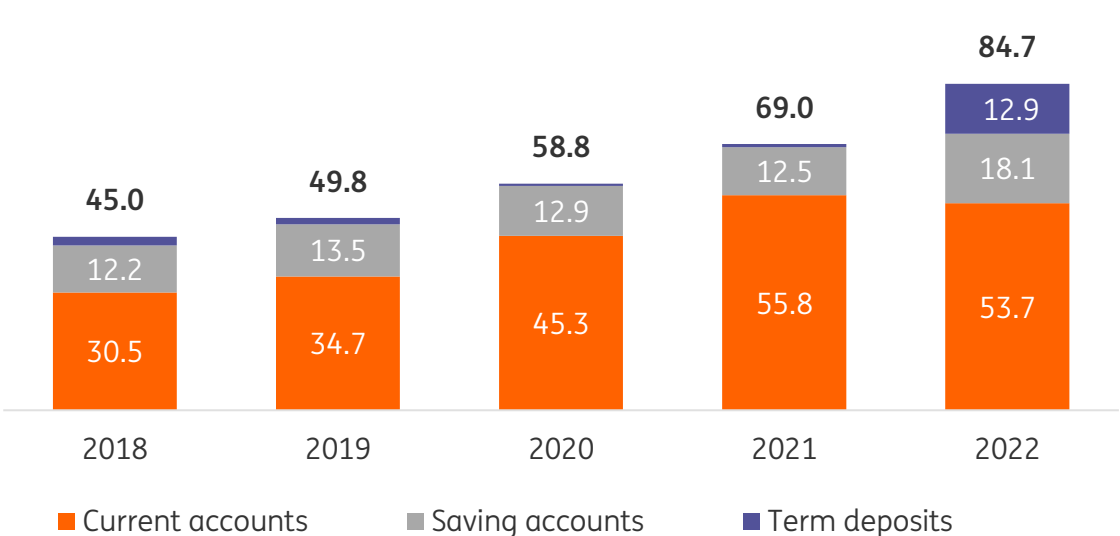
Turnover in factoring and leasing sales (PLN million)



Factoring turnover in 2022 was PLN 66.6 billion, 25.8% higher than in 2021. Turnover in 2022 allowed us to achieve 14.5% market share. The number of our factoring clients increased by 16% y/y to 9,500. In 2022, we bought 4.2 million invoices – 10% more than last year.

Sales of leasing products amounted to PLN 6.4 billion in 2022, 2.5% higher than a year earlier. Vehicle sales alone amounted to PLN 3.6 billion and were at a similar level to 2021. Our market share in sales of leasing products was 7.3% in 2022 (7.1% in 2021). The number of leasing clients is 36.4 thousand. (+1.5% y/y).

Segment’s portfolio of liabilities to clients by product (PLN billion)



The funds deposited by our corporate clients as at 2022 yearend amounted to PLN 84.7 billion and were by 22.6% higher than at the end of the previous year. Funds held in current accounts continue to account for the most significant proportion of liabilities to this group of clients (63% against 81% the year before), although their value has fallen significantly in relation to the other categories. Funds held in current accounts fell by 3.8% y/y to PLN 53.7 billion, of which small and medium-sized companies’ current accounts fell the most (-14.1% y/y) and, to a lesser extent, entrepreneurs’ current accounts (-11.7% y/y), with strategic clients’ current accounts increasing by 32.1%. Funds accumulated in savings accounts increased by 44.9% y/y to PLN 18.1 billion, mainly due to an influx of funds accumulated by small and medium-sized companies (+55.2% y/y) and strategic clients (+5.1x y/y) and entrepreneurs (+11.6% y/y). Term deposits increased 16.3x y/y, mainly as a result of growth in term deposits from strategic clients (+35.0x y/y) and small and medium-sized companies (+6.6x y/y).



The environment in which we operate

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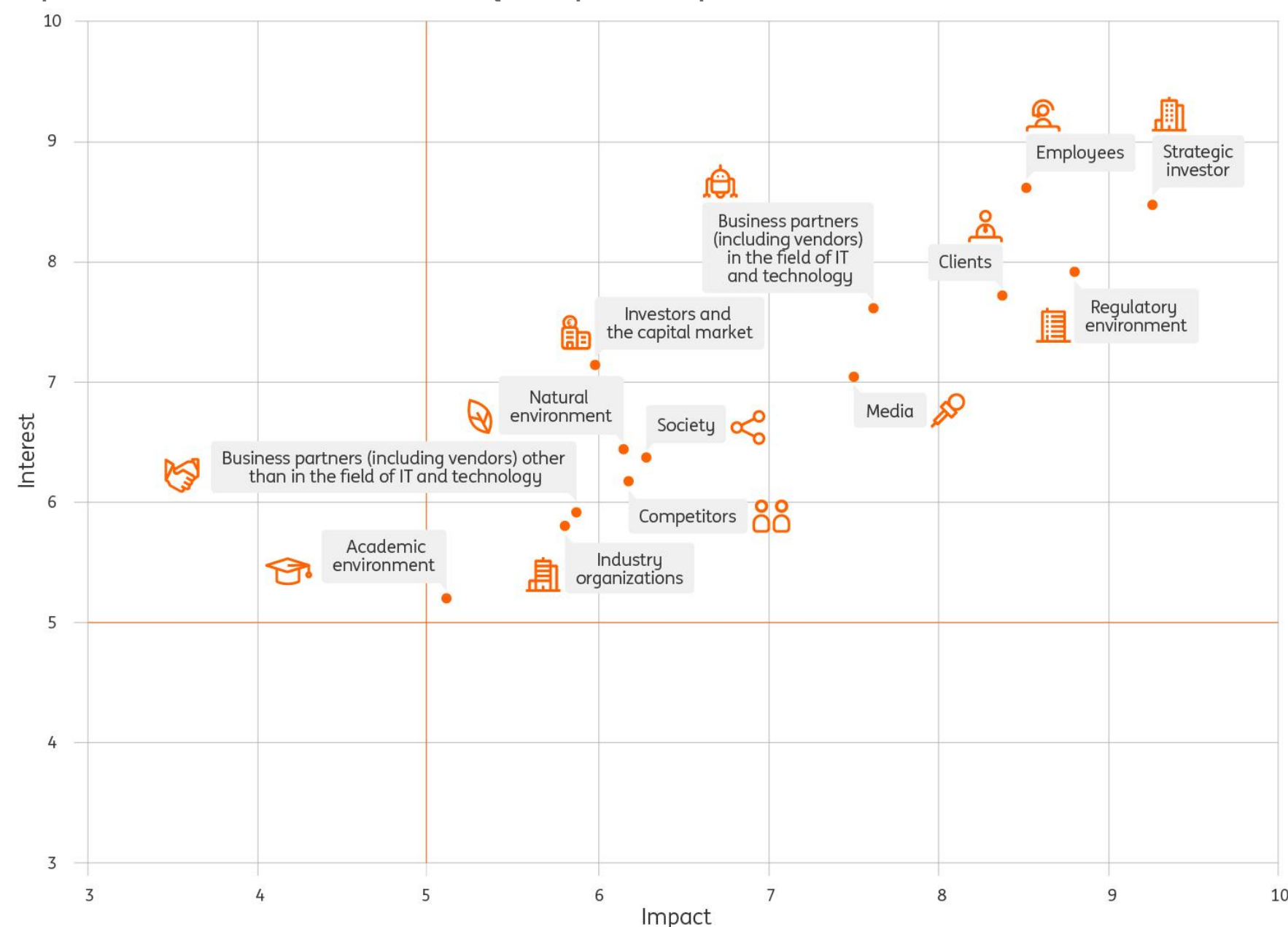


The environment in which we operate is very complex. As a capital group, we interact with a wide range of stakeholders. It is therefore very important for us to manage these relationships. In this chapter you will find information on how we approach this, our presence in the capital market, what characterises the current economic situation and what our economists expect in this respect.

Managing relationships with our stakeholders

GRI [2-29]

Map of stakeholders of the ING Bank Śląski Capital Group



ING's stakeholders are all those we influence and who interact with our organisation. In our business, their needs are very important and we want to know them well and respond accordingly. We are aware that our stakeholders' expectations are different. In our daily work, we work to respond to these diverse expectations. We ensure that our bank communicates in a professional yet straightforward manner with both the internal and external environment. We rely on constant and open dialogue, not least because the opinions of our stakeholders enable us to take account of changing socio-economic conditions in the bank's plans. In Q4 2022, we updated our stakeholder map. The update was carried out as part of a comprehensive materiality assessment, which we describe [here](#). A part of the process was a dialogue meeting and individual interviews with representatives of key stakeholder groups of the ING Bank Śląski Capital Group.

Throughout the year, we regularly engage with our stakeholders to listen to their views and understand their needs as best we can. We give a strategic dimension to the topics that are most relevant to them. At the same time, we speak out and present our point of view on issues that are important in an economic, social or environmental context.

Communication with the public is a key element of our core business and a natural consequence of the bank's social activities. In our dialogue with stakeholders we apply both highly parametrised tools (satisfaction surveys, audits) and daily contacts.

Employees

Our priority is to ensure that we create a friendly and engaging workplace that follows the changing needs of employees. It is thanks in part to their voices, commitment and openness that we can continue to grow as an organisation. We get to know the opinions and evaluations of employees through, among other things, the regularly conducted Organisational Health Survey (OHI). On the intranet, employees discuss via the community and the CEO's blog. We also organise anonymous chats with management board members. We write more under [Communication with employees](#). The interests of workers and their rights are represented by the workers'



organisations – the workers’ council and the trade unions. We value and support our employees’ commitment to volunteering. You can read more about employee volunteering [here](#).

Clients

Clients are one of our most important stakeholder groups, because without them our organisation would not exist. Their opinions and needs are extremely important to us, so we collect them on an ongoing basis, analyse them and try to implement them into our products and services (the so-called voice of the client). Client satisfaction surveys are conducted on a continuous basis. Our clients can contact us through various communication channels ([see this section](#) for more). We write about our efforts for the best client experience [here](#).

Investors and the capital market

We adhere to the Best Practice for WSE Listed Companies – we ensure equal treatment of all capital market participants and attach importance to wide access to information and effective communication with them. We maintain regular contact with them, for example by holding quarterly conferences with the management on the occasion of the publication of financial results. We make sure that key and comprehensive information reaches capital market participants as quickly as possible – that is why we report earnings estimates for the fourth quarter of the year and our management report is an integrated report, showing a holistic picture of our organisation (giving equal weight to financial and non-financial information). We base all our communication on [our Information Policy](#). For more information on our bank’s investor relations, please see [this section](#).

Regulatory environment

We take care of regulatory compliance and fulfil supervisory recommendations. We respond to enquiries, report on the results of our activities, implement recommendations and recommendations.

Media

We contact the media by, among other things, answering current questions, distributing press releases, organising press conferences and initiating meetings. More information about the press office can be found on [our website](#) (Polish link).

Society

We are an engaged member of the community, working with many organisations in the NGO sector. We keep in touch with them through a variety of tools. We invite you to meetings, enter into partnerships, engage in joint

initiatives. In addition, we make financial and in-kind charitable donations to NGOs every year. We write about our commitment to the community [here](#).

Natural environment

Environmental protection and sustainability are an important part of our long-term strategy. We identify risks and responsibly shape relationships with clients and partners who operate in areas that affect the environment in which we live. We support our clients with a sustainable financing strategy In line with our Environmental Declaration, we finance investments in Renewable Energy Sources (RES), pro-environmental projects and projects related to the support and promotion of electromobility, We carry out environmental education activities and cooperate with environmental organisations. As part of the [ING Grant Programme](#), we support start-ups and young scientists implementing innovative climate projects.

Business partners, including vendors

We select vendors on a level playing field, based on objective criteria. We work with vendors in an open and honest way. All vendors declare their compliance with the standards contained in the *ING Bank Śląski S.A. Code of Conduct for Vendors*. The Code is available on [our website](#).

Organisations and industry environment

We share our experience and knowledge with our community. We organise round tables to foster the exchange of ideas and thoughts. We write about our partnerships and memberships [here](#).

Academic environment

The academic community, especially students, is a very important stakeholder for us. We organise meetings with students and participate in initiatives dedicated to them. We also organise an Internship with the Lion aimed at students who want to develop their career in banking. We are present at universities, among other things through our Ambassadors among students. We write more on this topic [here](#).



Our presence on the capital market

Investor relations

ING Bank Śląski S.A. strives after the highest standards of capital market communications. The Bank pays particular attention to reliable and transparent information and to equal treatment of all stakeholders as well as observes all the laws regarding disclosure duties of listed companies. We carry out these tasks on the basis of, among other things, the principles of corporate governance and *the Information Policy* (described in more detail in the section on Corporate [Governance](#)).

Important financial and business information in the form of financial reports, current reports, investor presentations and editable files with key Bank data are presented to the broad capital market. Communication with investors, analysts and rating agencies (both credit and ESG ratings) is handled by a dedicated unit, the Investor Relations Office.



Contact details to the Investor Relations Bureau

e-mail: investor@ina.pl

In 2022, representatives of the Management Board and the Investor Relations Office participated in individual and group meetings with investors and also attended key investor conferences.

As a rule, open meetings for investors, analysts and journalists are organised by the Investors Relations Bureau and Press Office once a quarter, at the quarterly report publication date. In 2022, we continued the approach of previous pandemic years and the conferences were streamed exclusively online (without the possibility of physical attendance at the bank's premises). Conference participants invariably had the opportunity to ask questions via the broadcast website or by contacting the Investor Relations Bureau's e-mail address directly. Recordings of our conference broadcasts are available for viewing on the website of the Investor Relations Bureau.

The Bank pays a lot of attention to the quality of communication with stakeholders through its website via [our website](#). The website offers up-to-date information such as shares quotations on the WSE, company shareholding structure, General Meetings, dividend payout track or ratings. Current, interim and annual reports, results presentations, Excel sheets with key financial and business information are also published on the website. The

website has been designed in the RWD technology, so it is adjusted to mobile devices – tablets and smartphones. In 2022, we refreshed the look of the Investor Relations section within the bank's vortal.

Employees of the Investor Relations Office also engage in educational activities. They participated in 2022 as lecturers for postgraduate students, or as participants in round tables or panellists at conferences, among others.

Our bank is among the companies subject to market observation and analysis. As at 2022 yearend, analysts representing 10 domestic and foreign financial institutions published reports and recommendations for the ING Bank Śląski's shares.

On the Investor Relations website and in a separate Analysts and Market Consensus tab (located [at this address](#)), the Investor Relations Office updates on a monthly basis a summary of recommendations issued by analysts together with the average target price and the market consensus based on the average of expectations.



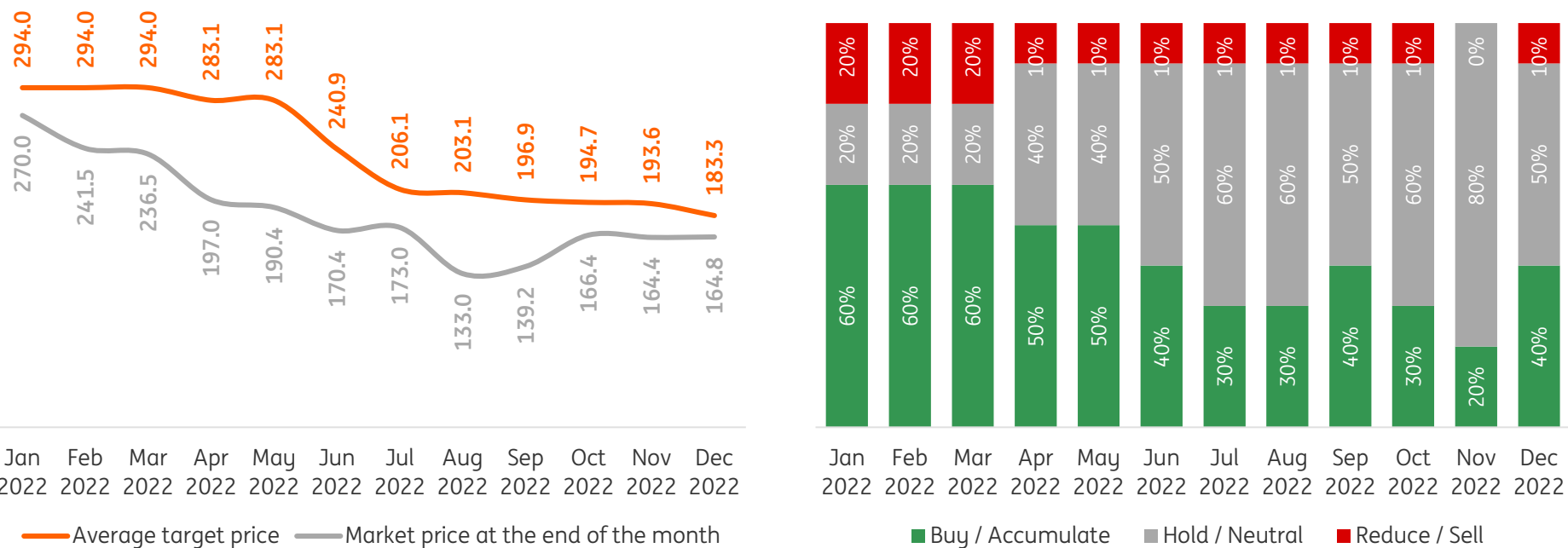
Structure of share recommendations for ING Bank Śląski S.A. as at 31 December 2022



Average target price for ING Bank Śląski S.A.'s shares as at 31 December 2022

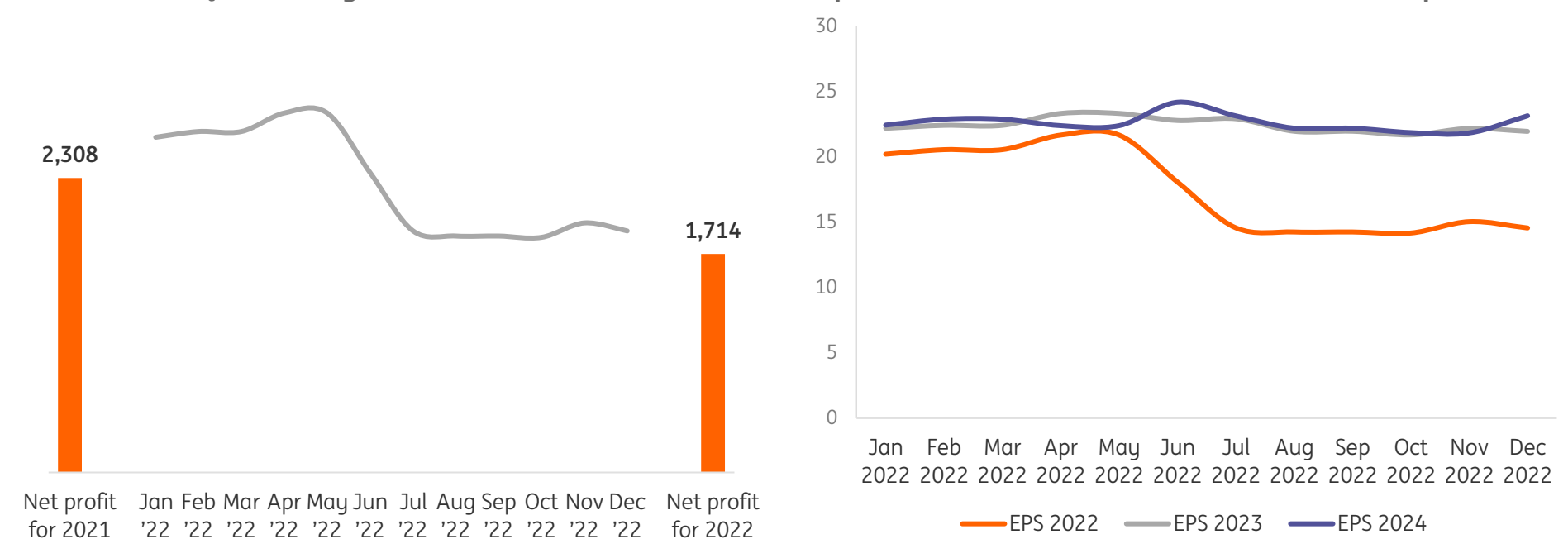
PLN 183.30

Structure of share recommendations and average target price over 2022



Analysts' expectations of the bank's 2022 result changed significantly as the year progressed. The initial optimism triggered by, among other things, an environment of rising interest rates was extinguished by the outbreak of war in Ukraine and the additional burdens imposed on the banking sector (e.g. credit moratoria, contributions to the Borrower Support Fund or the establishment of the Commercial Bank Protection Scheme).

Expectations of analysts concerning consolidated result of ING Bank Śląski throughout 2022 (PLN million)



The Investor Relations Office also prepares a consensus of quarterly results based on the expectations of analysts covering our company. Looking ahead to the last eight quarters (results 2021 and 2022, with a consensus for Q4 prepared for the publication of the bank's preliminary unaudited financial results), the differences between the reported and expected results are shown in the table below. The highest divergence (relating to Q2 2022) was due to lower-than-expected market revenues, with higher-than-expected operating expenses and costs of risk.

Reported net profit versus quarterly market expectations (PLN million)								
	Q1 2021	Q2 2021	Q3 2021	Q4 2021*	Q1 2022	Q2 2022	Q3 2022	Q4 2022*
Reported net result	385.6	615.3	638.4	669.0	792.8	573.0	-317.3	895.9
Consensus of expectations	344.4	516.9	554.9	633.5	742.0	752.1	-388.4	855.7
Difference	+12.0%	+19.0%	+15.0%	+5.6%	+6.9%	-23.8%	-18.3%	+4.7%

*Consnesus and net profits for preliminary, unaudited data



Share price

In 2022, the price of ING Bank Śląski shares on the WSE fluctuated from PLN 130.0 to PLN 287.0. on 30 December 2022, the closing price of our bank's shares was PLN 164.8, 38.3% lower than on the last trading day of 2021 (the volume-weighted average price on the last trading session of the year was PLN 165.0892 in 2022 and PLN 277.6867 a year earlier, respectively). In comparison, the WIG-banks sectoral index fell by 27.6% during this period.

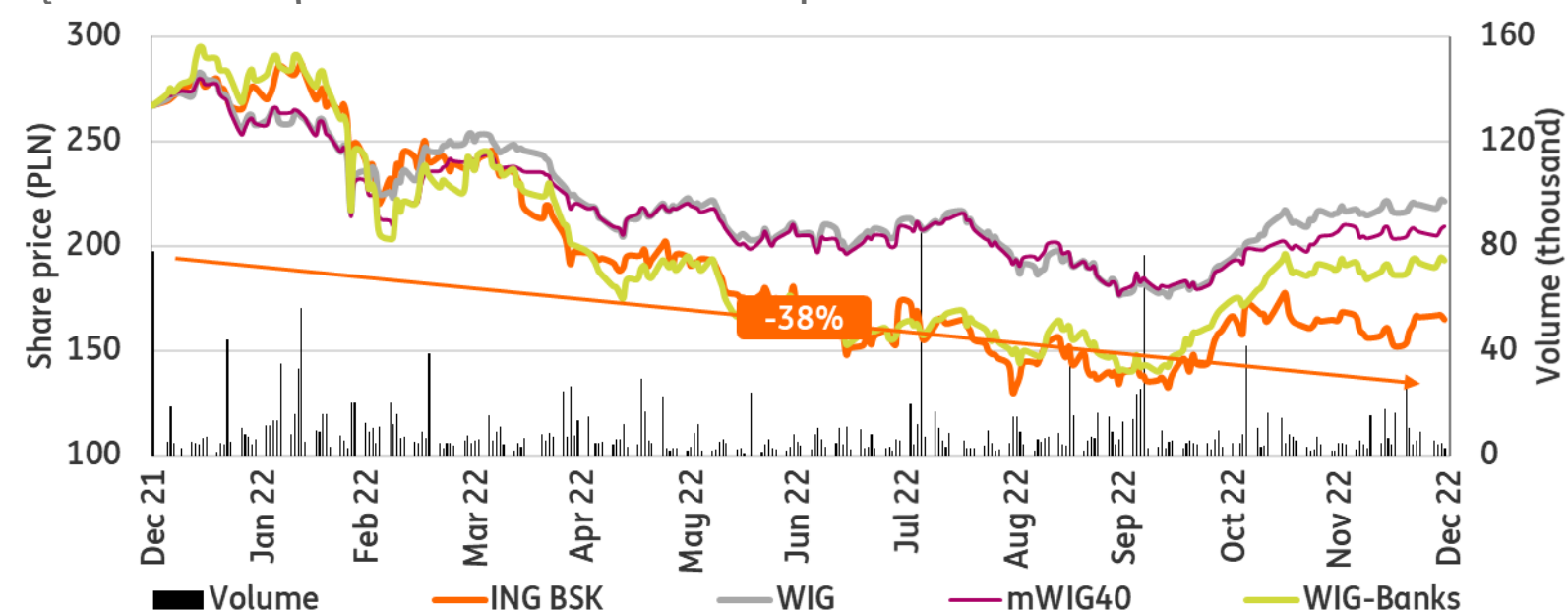
As at 2021 yearend, the market value of our bank was PLN 21.4 billion, while the book value of the bank's capital group was PLN 9.3 billion.

Our bank has been part of the WIG (share 1.8698%), mWIG40 (share 8.6946%) and WIG-ESG (share 2.8014%) indices since their inception.

Participation in the main stock indices of ING Bank Śląski SA (based on the last revision in a given year)

	2018	2019	2020	2021	2022
WIG	2.0300%	2.2023%	1.8181%	2.3694%	1.8698%
mWIG40	9.9700%	9.9998%	9.7038%	9.9999%	8.6946%
WIG-ESG	-	-	2.0845%	3.3669%	2.8014%

ING Bank Śląski S.A. share quotations in 2022 versus comparable selected WSE indexes



ING Bank Śląski S.A. shares data

	2018	2019	2020	2021	2022
Share price as at the yearend (PLN)	180.0	202.5	171.0	267.0	164.8
Top share price (PLN)	221.5	204.5	207.0	282.0	287.0
Bottom share price (PLN)	160.6	180.0	102.6	167.2	130.0
Turnover weighted average spread (basis points)	36	35	43	43	50
Yearend capitalization (PLN billion)	23.4	26.3	21.8	34.7	21.4
Number of shares (thousands)	130,100	130,100	130,100	130,100	130,100
Total number of transactions	52,863	39,974	88,567	60,865	63,709
Number of block trades	7	3	0	2	1
Average number of transactions per session	214	161	351	242	254
Trading volume	2,892,622	1,949,283	3,799,640	2,404,219	2,203,660
Average trading volume per session	11,711	7,860	17,078	9,579	8,780
Market makers' share in turnover	6.39%	9.85%	12.41%	8.78%	8.39%
Dealers' share in turnover	13.00%	11.93%	3.50%	2.50%	0.61%
Earnings per share in PLN	11.71	12.75	10.3	17.7	13.2
Share book value (PLN)	102.40	117.01	143.1	104.0	71.8
Dividend per share* (PLN)	3.20	3.50	0.00	5.10	5.30
P/E ratio**	15.3	15.9	16.6	15.0	12.5
P/BV** ratio	1.8	1.7	1.2	2.6	2.3

*paid in the year; **index calculated based on the share price at the end of the year in question

Our Bank's shares are under the number ISIN PLBSK0000017. The ticker on the WSE market is "ING", and information about our bank on Bloomberg and Reuters is available under "ING PW" and "INGP.WA", respectively.



ING Bank Śląski S.A. ratings

Confirmation of our stable financial position and very good sustainability performance is provided by external credit and ESG ratings. Our bank works with three rating agencies:

- on credit ratings:
 - Fitch Ratings and
 - Moody's Investors Service,
- in terms of ESG ratings from Sustainable Fitch.

The history of the changes in credit ratings assigned by the two agencies can be found on [our website](#).

Fitch Ratings Ltd.

Fitch Ratings agency (Fitch Ratings Ireland Limited with its seat in Dublin) assigns a full rating under the agreement between our bank and the Agency. As at the 2022 annual report's signing date, the ratings are as follows:

Fitch Ratings Ltd.	
Long-Term IDR	A+
Outlook for sustaining the rating	Stable
Short-Term IDR	F1+
Viability rating	bbb
Shareholder Support Rating	a+
National Long-Term Rating	AAA (pol)
Outlook for sustaining the above rating	Stable
National Short-Term Rating	F1+ (pol)

In an announcement published by Fitch on 14 September 2022, as part of its annual review, the agency downgraded the *viability* rating on ING Bank Śląski S.A. from bbb+ to bbb, due to increased regulatory pressure from

the Polish government on the bank's loan portfolio and performance ("credit holiday"). Fitch indicated that this follows a similar change in this rating for the Polish banking sector as a whole.

The outlook for the entity's long-term rating and the outlook for this rating on a national scale is Stable.

Moody's Investors Service Ltd.

Moody's Investors Sevice (Moody's Investors Service Cyprus Ltd.) assigns their rating to our bank on the basis of public information. As at the 2022 annual report's signing date, the ratings are as follows:

Moody's Investors Service Ltd.	
LT Rating	A2
ST Rating	P-1
Baseline Credit Assessment (BCA)	baa2
Adjusted Baseline Credit Assessment (Adjusted BCA)	baa1
Outlook	Stable
Long-term/ short-term CR Assessment	A1 (cr) / P-1 (cr)
Counterparty Risk Rating (CR Rating)	A1 / P-1

In the press releases published on 20 December 2022, the Agency sustained the ratings assigned to the bank. In it, she stressed that the bank's rating reflects the bank's good capitalisation and profitability, which provide sufficient risk absorption buffers.



Sustainable Fitch Ltd.

In 2022, our bank started working with Sustainable Fitch Agency (Sustainable Fitch Limited, based in London). The agency has assigned an ESG rating of “2” for ING Bank Śląski on a five-point scale, with “1” being the best rating and “5” being the worst. The agency indicated that the rating awarded reflects the bank’s very good sustainability performance and the integration of environmental and social criteria and corporate governance principles into its operations, strategy and management.

Our bank is the first company in Poland with an ESG rating from Sustainable Fitch.



Bank Hipoteczny S.A. ratings

Moody’s Investors Service Ltd.

Moody’s Investors Service (the Agency) assesses the risk of both ING Bank Mortgage and the mortgage bonds issued by the bank. As at the date of signing of the 2022 Annual Report, ING Bank Mortgage had the following ratings assigned by the Agency:

Moody’s Investors Service Ltd.	
Rating of covered bonds	Aa1
Long-term rating (LT Issuer Ratings)	A3
Short-term rating (ST Issuer Ratings)	P-2
Long-term counterparty risk rating (LT Counterparty Risk)	A1
Short-term counterparty risk rating (ST Counterparty Risk)	P-1
Rating Outlook	Stable
Long-term/ short-term CR Assessment	A1 (cr) / P-1 (cr)

The agency stresses that the rating assigned to ING Bank Mortgage reflects:

- 100% ownership of ING Bank Śląski and its stable growth prospects,
- Strategic alignment and operational integration within ING Bank Śląski Group structures,

- Commitment from ING Bank Śląski to support ING Bank Mortgage’s capital and liquidity position to meet regulatory requirements.

Responsibility in the supply chain

GRI [2-6] [3-3] [308-1] [414-1]

We work with our vendors in accordance with business ethics and market best practice. At the same time, we carefully vet our vendors, including in terms of social and environmental risks.

Supply chain management is regulated in our country:

- Manual for Making Purchases at ING Bank Śląski S.A.
- ING Bank Śląski S.A. Outsourcing Manual.
- ING Bank Śląski S.A. Vendor Management Manual.

Professional management of relations with vendors rely on review of comprehensive information on vendors. As part of our vendor management process, which includes establishing and maintaining relationships, we have set the following objectives:

- a coherent vision and strategy for cooperation with the bank’s vendors,
- risk mitigation in cooperation with vendors,
- covering vendors with a uniform management process, including comprehensive management information on vendors.

The Centre of Expertise – Procurement creates and maintains standards for working with vendors, sets objectives and responsibilities for participants in the process. Vendor qualification is a major element in vendor management.

In compliance with the *Procurement Policy*, in 2022 we continued activities related to vendor classification. The process mitigates the risk of cooperation with vendors that may be involved in undesirable criminal, financial and economic activity, including such as are characteristic for bribery and corruption, or such that have an uncertain financial, social or environmental situation. Vendor qualification is carried out every three years.



As at 2022 yearend, out of 824 vendors in the purchasing area, 808 vendors had a positive qualification status, giving us 98% of qualified vendors (the year before it was 725, 701 and 97% respectively). All qualified suppliers have passed the verification in environmental and social aspects.

Vendors are verified on the basis of set criteria in compliance with the ethical values and principles as set forth in the bank’s mission and strategy. The vendor qualification process covers:

- identification of the company in a business intelligence service,
- verification of financial standing,
- verification on control lists,
- verification for negative press,
- verification concerning the policies on counteraction to financial and economic crime, on counteraction to bribery and corruption and on environmental and social policies.

In cases of cooperation with suppliers who are providers of outsourcing services (within the meaning of the Banking Act), the bank uses additional verification mechanisms in the form of on-site audits at suppliers and inspection surveys.

The vendors the bank works with are 91% Polish (90% the year before). The remaining 9% are foreign vendors. In 2022 alone, we completed 459 procurement processes (420 the year before). There were 63 total auctions (65 the year before).

An important aspect of vendor qualification is the attitude ensuring compliance with *the ING Bank Śląski S.A. Vendor Code of Conduct*. The Code applies to all vendors, regardless of their place of business.

Each of our vendors pledges to comply with the standards contained in the *Vendor Code* (the Code is available on [our website](#)). Vendors thus commit themselves to basic standards. These include respecting human rights, complying with applicable law, including labour rights, in their relations with employees, as well as respecting their personal dignity, privacy and individual rights. The vendor should also provide a safe and health-friendly workplace for its employees and take care to protect the environment by aiming to minimise the environmental load of its operations and taking measures to improve it. Moreover, vendors should observe prohibition of forced labour, child labour, corruption, and discrimination. It is important for us to be able to evidence compliance with the above standards. To this end, the Bank may request vendors to provide such evidence:

- certificates issued by third parties confirming compliance with regulations by vendors, if any,
- copies of valid internal documents, confirming the vendor’s actions taken to implement and comply with the standards.

Good communication is a basis to find understanding in cooperation and therefore, when selecting a partner, the bank pays attention to financial and non-financial aspects of the cooperation. The bank expects from its vendors an innovative approach and support, sharing of knowledge, flexible response to the bank’s needs and development of partner relations.

In 2022, the strategic vendors we surveyed rated their cooperation with the bank as very good and good. Additionally, on the basis of counterparty cards received from vendors, we analyse:

- how vendors comply with contractual requirements under *Employment Screening*,
- if vendors comply with the principles set forth in the *Code of Conduct for vendors to ING Bank Śląski S.A.*,
- how they minimise the burden to the environment in their business.

Additionally, vendors are requested to provide information on innovations already implemented or to be implemented in the company. With this information, we are more aware of which vendors we are working with, and we also know what plans the company has for future growth.

In 2022, we coordinated the process of inspections with vendors concerning the provision of personal data for processing. The process is designed to verify the vendor, confirming that all safety requirements and standards have been met. The inspection was carried out for selected contracts (74 out of 1,259). The inspection covered the following:

- security of bank data and personal data,
- physical security,
- identity and access management,
- management and configuration of the system infrastructure,
- monitoring and incident management.



Involvement in industry initiatives and organisations

GRI [2-28]

We are an active member of trade associations and organisations. This allows us to share knowledge, identify what is important to us, co-create and participate in many relevant projects. We also organise round tables to foster the exchange of knowledge between representatives of different sectors, including on sustainability measures.

ING Group on a global level is a signatory to, among others:

- United Nations Global Compact (UNGC),
- United Nations Guiding Principles on Business and Human Rights (UNGPR),
- UN Environment Finance Initiative Principles for Responsible Banking (PRB),
- United Nations-backed Principles for Responsible Investment (PRI).

ING Group also participate to, inter alia:

- Circle Economy,
- Equator Principles Association (EP),
- International Integrated Reporting Council (IIRC),
- United Nations Environment Programme Finance Initiative (UNEP FI).

All ING Group partnerships are available at [this link](#).

In Poland, we are a member of, among others:

- Polish Bank Association,
- Polish Factors Union,
- Polish Leasing Association,
- The Polish Association of Listed Companies,

- Polish Committee of SWIFT Users,
- Banking Law Council,
- Council of Bank Card Issuers,
- Polish Association of Capital Investors,
- Responsible Business Forum.

In 2022, we were also involved, among other things, in the work of the ESG Committee of the National Chamber of Commerce and signed the Climate Appeal of WWF Poland. We write about our cooperation with United Nations Global Compact Network Poland [here](#). You can read more about our activities carried out together with non-governmental organizations in the chapter [ING for community](#).

Representatives of ING Bank Śląski also sit on the supervisory boards of, among others, the Credit Information Bureau, the Polish Payments Standard and the National Clearing House. We do not include here the bank’s representatives sitting on the supervisory boards of our subsidiaries (our bank group).

Financial market and its regulations

The financial performance and health of the banking sector, including ING Bank Śląski, in 2022 was influenced by a number of external factors, particularly of a regulatory nature. These have a direct and material impact on the profitability of the sector.

We look at sector data, just like our business, broken down into two segments. Below is how we break down the sectoral data to reflect our segmentation:

- retail segment:
 - physical people,
 - individual farmers,
- corporate segment,
 - individual entrepreneurs,



- enterprises,
- non-profit institutions serving households,
- non-monetary financial institutions,
- local government institutions and the Social Security Funds (FUS).

Banking sector

Liabilities

As of the end of December 2022, the basic cash categories were as follows:

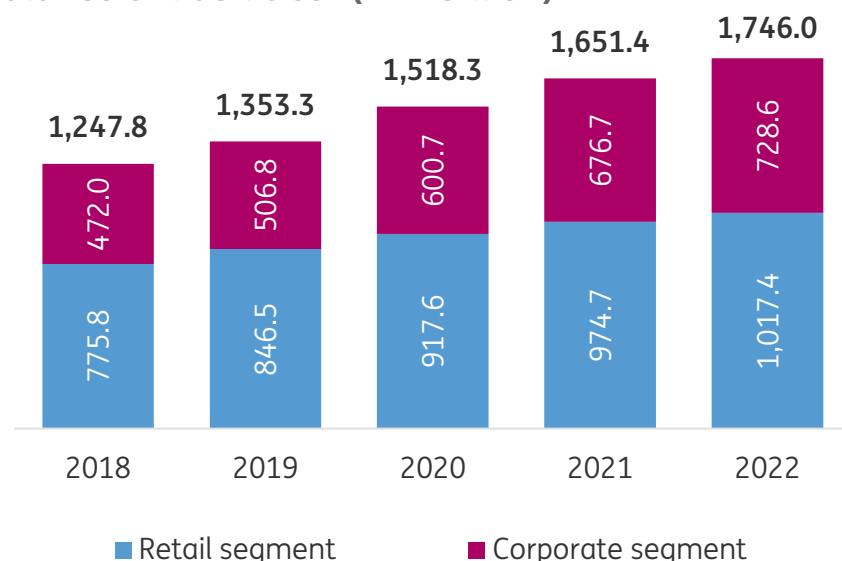
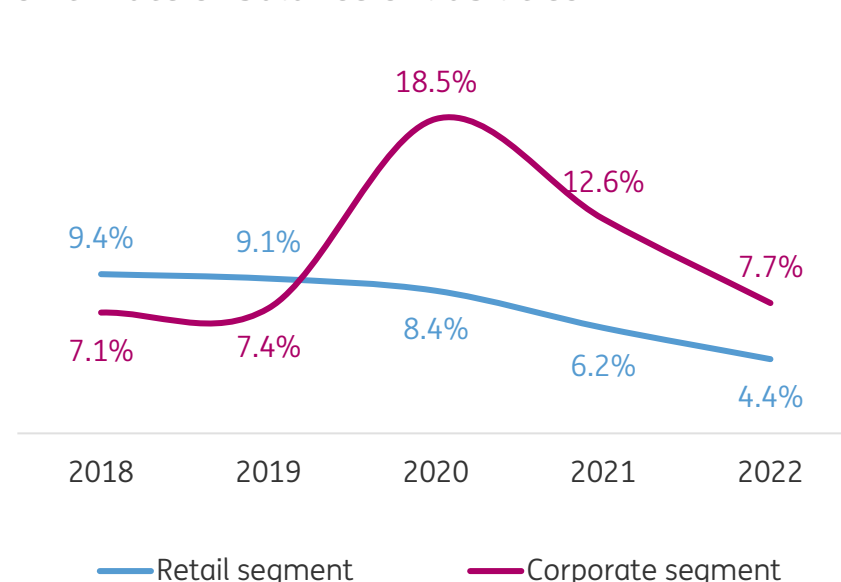
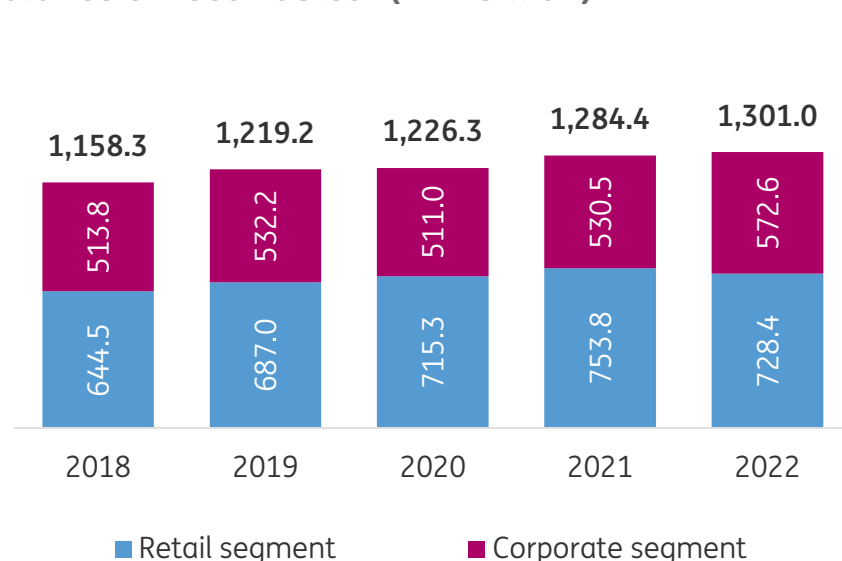
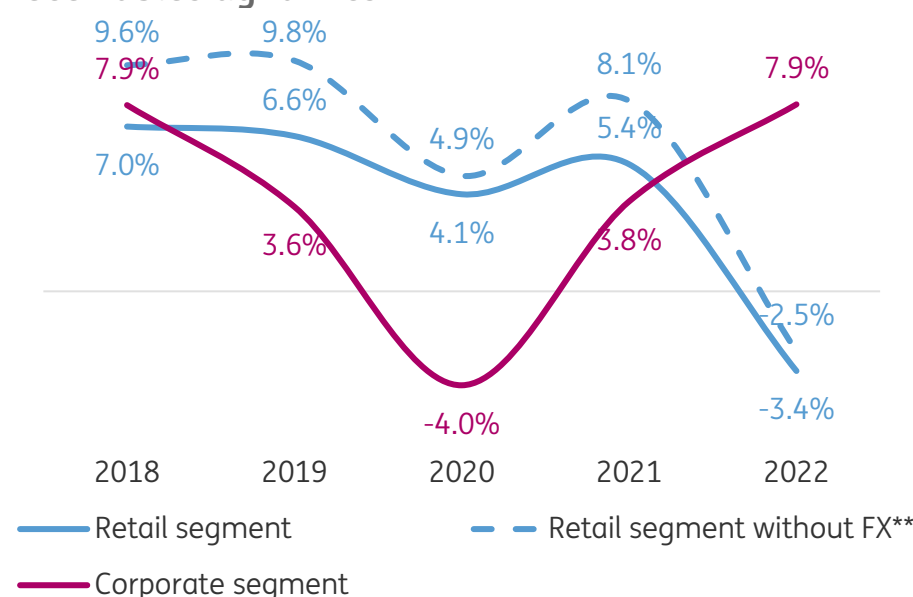
- Total liabilities to clients increased by 5.7% y/y to a total of PLN 1,746.0 billion (up by PLN 94.6 billion y/y) and were characterised by a higher growth rate on the deposits side of the corporate segment than on the retail segment.
- Liabilities to the retail segment reached PLN 1,017.4 billion, an increase of PLN 42.6 billion y/y (+4.4% y/y) compared to the end of 2021.
- Liabilities to the corporate segment amounted to PLN 728.6 billion, i.e. they were 7.7% higher than as at yearend 2021. The y/y increase in volume by PLN 52.0 billion was achieved primarily due to an increase in liabilities to corporates (by 11.6%, i.e. by PLN 48.2 billion to PLN 464.7 billion) and liabilities to non-monetary financial institutions (by 11.6%, i.e. by PLN 6.6 billion to PLN 63.8 billion). Smaller nominal increases in deposit balances were recorded in the area of non-commercial institutions acting for the benefit of households (by 12.7%, i.e. by PLN 4.0 billion to PLN 35.6 billion) and local government institutions and the Social Security Fund (by 1.9%, i.e. by PLN 1.5 billion to PLN 78.3 billion). In contrast to the aforementioned areas, liabilities to entrepreneurs fell y/y (by 8.9%, i.e. by PLN 8.4 billion to PLN 86.2 billion).

Receivables

- Total receivables increased by 1.3% y/y in 2022 (up by PLN 16.6 billion to a total of PLN 1,301.0 billion). The sector owes the increase in total receivables to strong lending in the corporate segment, which more than compensated for the decline in receivables from the retail segment.
- Receivables from the retail segment reached PLN 728.4 billion in December 2022 and were 3.4% lower than in the previous year. Housing loans, which constitute the main part of banks' credit exposure to the retail

segment (constitute 68.2% of receivables from this group of clients, compared to 67.9% in the previous year), decreased by 3.0% to PLN 496.7 billion. This was the first decrease in the volume of this category of loans (y/y) since 2017. The decline was due, among other things, to the collapse in sales of PLN mortgages, prepayments of loans by clients, provisions made by banks for the legal risk of foreign currency mortgages (reducing the gross value of this portfolio). As at 2022 yearend, the portfolio of PLN-denominated housing loans totalled PLN 395.0 billion and was down by PLN 6.2 billion y/y. The sales of mortgage loans alone – based on NBP data – in 2022 amounted to PLN 48.7 billion (+ +43.6% y/y). The portfolio of foreign-currency housing loans fell by PLN 9.1 billion y/y to PLN 101.7 billion due to the natural depreciation of the portfolio and the implementation of settlement programmes with clients by banks. In part, the decline was cushioned by the weakening of the zloty against the Swiss franc. Other retail loans, including consumer loans, decreased by 4.2% (by PLN 10.2 billion) compared to the end of 2021 and amounted to PLN 231.7 billion. Sales of other retail loans – based on NBP data – in 2022 amounted to PLN 94.9 billion, i.e. it was lower by 6.2% y/y.

- Receivables from corporate clients increased by PLN 42.1 billion (+7.9%) compared to December 2021 to PLN 572.6 billion. The receivables from enterprises alone increased by PLN 32.9 billion (+9.6% y/y) to the level of PLN 375.7 billion. It was mainly this group of clients that was behind the increase in receivables in this business segment, although the growth rate slowed towards the end of the year. Sales of loans to non-financial corporations – based on NBP data – amounted to PLN 241.2 billion in 2022, an increase of 33.3% y/y. Non-monetary financial institutions were also a group of clients with a significant increase in receivables (up 19.3%, i.e. by PLN 16.2 billion).Receivables from individual entrepreneurs fell – their balance declined by 8.8% y/y (PLN -5.5 million) to PLN 56.8 billion.

**Balance of liabilities* (PLN billion)****Growth rate of balance of liabilities*****Balance of receivables* (PLN billion)****Receivables dynamics***

*based on NBP data; ** excluding foreign currency mortgage loan portfolio

ING Bank economists expect GDP growth to decelerate significantly in 2023 – to 1% from 4.9% in 2022. They assume that banks' loan receivables will grow by less than 2% in 2023 as they did last year. Business lending volumes in 2023 should increase by around 9%, following an increase of nearly 10% in 2022. The volume of loans to households, especially for housing loans, will continue to shrink in response to the high level of interest rates and the tightening of regulatory requirements (increasing the buffer when assessing creditworthiness). The rate of

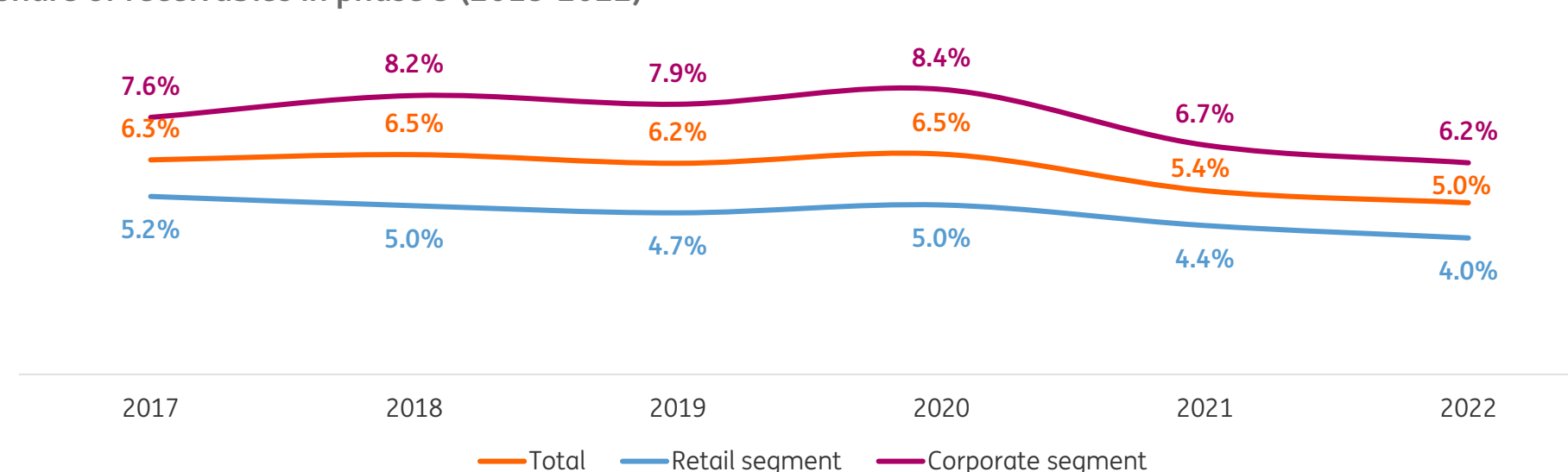
decline should be similar to that in 2022. The tightening of monetary policy has led to a sharp decline in new transactions in the home loan market. At the same time, the rate of repayments (overpayments in an environment of rising interest instalments on variable-rate loans) has increased.

The bank's economists expect deposits to grow by nearly 4% in 2023, following an increase of nearly 6% in 2022. Growth in corporate deposits is expected to slow down due to the weaker economy and weaker corporate financial performance, after growing by 12% in 2022. The growth rate of household deposits, on the other hand, is expected to accelerate from 2.5% to 4.9%. The banking sector has improved the attractiveness of deposits relative to retail government bond offerings. In addition, in 2022 there was an apparent tendency to keep more of the savings in cash, especially after the outbreak of war in Ukraine – this should not be repeated in 2023.

Asset quality

With respect to asset quality, in December 2022 the share of loans in Stage 3 among all the loans measured at amortised cost was 5.0% (versus 5.4% as at 2021 yearend).

The improvement in the asset quality ratio during 2022 was evident in both the retail segment (from 4.4% to 4.0%) and the corporate segment (from 6.7% to 6.2%). In the retail segment, this was due to both better quality real estate loans (from 2.5% to 2.2%) and consumer loans (from 9.1% to 8.4%). The higher credit quality of corporate clients was driven by improvements in the quality of operating loans (from 8.3% to 7.7%) and investment loans (from 6.2% to 5.3%), as well as the improving quality of real estate loans (from 9.7% to 9.4%).

Share of receivables in phase 3 (2018-2022)

Source: estimate based on PFSA data



Financial results

In 2022, the banking sector’s net profit increased to PLN 12.5 billion , up 108.8% y/y from PLN 6.0 billion in 2021.

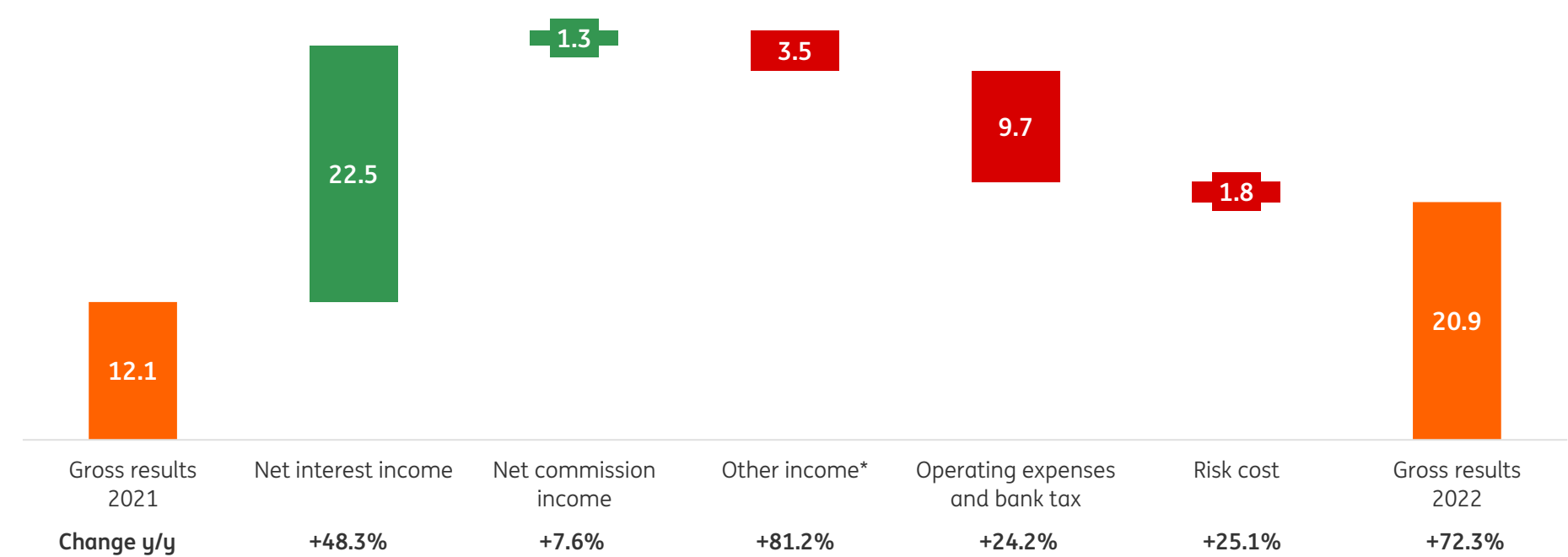
The apparent improvement in the sector’s performance in 2022 came mainly as a result of the rise in market interest rates. The reference rate increased from 1.75% as at 2021 yearend to 6.75% as at 2022 yearend. On the other hand, the sector’s performance in 2022 was negatively impacted by the high regulatory burden associated with, among other things, the credit moratoria (which burdened interest income) or the Commercial Bank Protection Scheme (which increased operating expenses) and the large costs of provisions for the legal risk of foreign currency mortgages. The first two elements were not present in 2021 and the impact of the third was significantly lower.

In 2022, the banking sector’s pre-tax result amounted to PLN 20.9 billion, 72.3% higher than the 2021 pre-tax result. Increasing bank income (+34.1% y/y), mainly from interest (+48.3% y/y) and from commissions (+7.6% y/y), contributed to the increase in gross profit.

The banks’ operating expenses increased by 24.2% y/y, with growth both on the staff costs side (+11.3% y/y), influenced by wage pressure and rising salaries, and on the administrative costs side, including bank tax (+45.0% y/y).

Costs of risk increased 25.1% y/y and totalled PLN 1.8 billion.

Factors of change in banking sector gross profit in 2022 (PLN billion)



Source: estimate based on PFSA data; *including share in profits of associates

Asset-backed financing market

Leasing

In 2022, the leasing market in Poland maintained its value relative to 2021, with the total value of financed assets at 88.1% (+0.1% y/y). As at 2022 yearend, the total value of the active portfolio of leases was PLN 176.5 billion (up 6.4 per cent y/y).

The largest segment of the leasing market in 2022 was light vehicles (42.3% share), followed by machinery and equipment (28.4% share). This was followed by the financing of goods vehicles over 3.5 tonnes, truck tractors, semi-trailers, trailers and buses (24.4% share). Within the client structure, the number of micro companies (48.7% share) fell in favour of the large and largest enterprises.

Source: Polish Leasing Association

Factoring

Sales in the factoring market, associated in the Polish Factors Association (PZF), grew in 2022 by 27.1% y/y and reached PLN 460.6 billion. The form of financing most frequently selected by companies for recourse factoring (51.0% of total sales), under which in 2022 sales amounted to PLN 235.0 billion and the growth was 32.3% y/y.



The number of clients of PZF member companies amounted to 24,800. (25,800 the year before). The number of invoices issued in 2022 was 23.9 million. In the sectoral approach, it is production and distribution companies that most often use factoring companies for their receivables (45.0% and 36.6% respectively).

Source: Polish Factors Union

Capital market

Warsaw Stock Exchange (WSE)

The mood on the stock market at the beginning of 2022 was very different to that at the end of the year. The outbreak of war in Ukraine, the mounting inflationary pressures and accompanying interest rate hikes by the MPC and the spectre of an economic slowdown in the next few years have cast a clear shadow over the stock market's prosperity. This was reflected, among other things, in the high scale of mutual fund redemptions. As a result of all these factors, the value of the broad market index – the WIG – clearly decreased by 17.1% y/y in 2022. The alternative stock market index, NewConnect, also recorded a sharp decline of 19.6% y/y.

Sentiment towards industry sectors was overwhelmingly pessimistic. The WIG-food (-55.0% y/y), WIG-drugs (-42.7% y/y) and WIG-clothing (-37.9% y/y) recorded the deepest declines. However, there were also sectors that recorded gains in this bear market and these were: WIG-chemistry (+10.9% y/y), WIG-construction (+8.5% y/y) and WIG-mining (+1.6% y/y).

The behaviour of the valuations of WIG20 and mWIG40 companies was similar (these indices fell y/y by -21.0% and -21.5% respectively), and the sWIG80 closed the year with a slightly better result – although still negative – (-12.8% y/y).

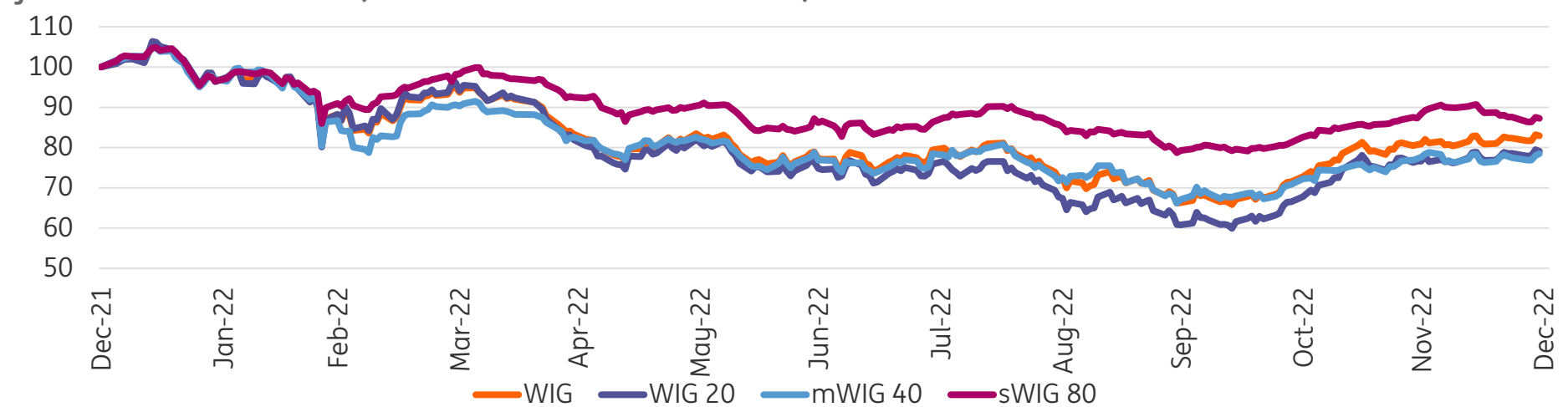
The value of trading in shares, rights to shares and pre-emptive rights (excluding block trades) on the main floor amounted to PLN 285.6 billion, down 8.9% y/y. On the other hand, the high volatility of the underlying instruments translated into an increase in the volume of transactions in futures (+30.5% y/y to 15.3 million) or options (+13.0% y/y to 314.2 thousand). The high decline in the NC Index, was accompanied by a very high decline in turnover on NewConnect (turnover excluding block trades fell from PLN 6.1 billion in 2021 to PLN 2.5 billion in 2022, down 58.7% y/y). Catalyst saw a 166.9% y/y increase in session trading value to PLN 7.9 billion.

From the perspective of the number of entities listed on the WSE, 2022 was another year (the sixth in a row) in which more companies were delisted (22) than introduced (8, all of which were transfers of listings from NewConnect) to the main floor. As at 2022 yearend, 415 companies were listed on the main trading floor (430

a year earlier). Their total capitalization declined to PLN 1,114.2 trillion (-15.1% y/y). The NewConnect market recorded a higher number of IPOs (16), but due to withdrawals (17, of which eight were transfers to the WSE main market), the number of companies listed on this market fell slightly to 379 in total. Their capitalisation as at 2022 yearend was PLN 14.5 billion (-24.3% y/y).

The value of listed corporate and municipal stock issues on the Catalyst market was slightly down by 2.7% y/y to the level of PLN 92.6 billion.

Major WSE indices in 2022 (as of 30 December 2021 = 100)



Source: Warsaw Stock Exchange (WSE)

Investment funds

The investment fund market, measured by the value of funds under management accumulated by these institutions, decreased in 2022 by PLN 35.4 billion (-11.7% y/y) to the level of PLN 266.3 billion. In non-dedicated funds, accumulated assets shrank to PLN 147.3 billion (-20.4% y/y), while in dedicated funds the value of assets rose to PLN 119.0 billion (+2.1% y/y).

In 2022, the balance of purchases and redemptions of participation units and investment certificates was negative (PLN -23.1 billion), clearly worse than in 2021 (PLN +10.0 billion). The 2022 result is mainly the result of high redemptions in non-dedicated funds (the balance of purchases and redemptions is PLN -24.2 billion). The reasons for these significant redemptions were rising bond yields (reducing sentiment towards this asset class) and the outbreak of war in Ukraine (in March 2022 alone, the balance of purchases and redemptions of non-dedicated funds amounted to PLN -8.1 billion). In contrast to non-dedicated funds, dedicated funds recorded a positive balance of



purchases and redemptions in 2022 (PLN +1.0 billion), mainly influenced by high inflows in October and November 2022.

Clients of non-dedicated funds (excluding Employee Capital Plans, PPK) were most likely to invest their money in funds with a low risk profile. The most popular category were money funds and bonds (as much as 53.3% of the assets of non-dedicated funds), whose assets, however, decreased during the year by 23.5% (this was the effect of rising yields on Polish government bonds and redemptions in this class of funds). The next ones were equity funds, which accounted for 18.4% of this part of the market (assets decrease by 27.1% y/y) and mixed funds accounting for 14.8% of non-dedicated funds’ assets (assets decrease by 28.0% y/y).

TFIs managing Employee Capital Plans had accumulated PLN 10.3 billion in them as at 2022 yearend (against PLN 6.5 billion the year before). This is an increase of as much as 58.6%, but it still remains a young group of products offered by TFIs.

Source: Chamber of Fund and Asset Management Companies

Open-End Pension Funds

At the end of December 2022, the assets of open-ended pension funds amounted to PLN 156.4 billion, i.e. PLN 31.6 billion (16.8%) less than in the previous year. 89% of assets were held in equities, rights and shares (92% the year before). Originally, the abolition of OFEs was scheduled for 2020, but due to the outbreak of the COVID-19 pandemic, it was put on hold and it is currently unclear whether it will return to the government’s agenda. The number of OFE members is shrinking, with more than 284,000 fewer members in 2022 (as at 2022 yearend, there were 14.9 million).

Source: The Polish Financial Supervision Authority

Employee Capital Plans

The Act on Employee Capital Plans came into force on 1 January 2019 and provided for four stages to cover an increasing number of companies under the Employee Capital Plan scheme (the last stage came into force on 1 January 2021).

Based on the PFSA data, the funds of Employee Capital Plans had PLN 12.0 billion of assets collected as at 2022 yearend (as at 2021 yearend it was PLN 7.7 billion). The scale of the accumulated funds is small due to the early stage of life of this solution and the low (lower than expected) participation of participants in the program. The vast majority of the funds raised were managed by TFIs.

Source: The Polish Financial Supervision Authority

Legal changes

Detailed information on legal changes concerning the banking sector can be found in the Annex, under [Legal changes](#).

Business environment

2022

Gross Domestic Product

Preliminary figures from the Central Statistical Office (CSO) indicate economic growth of 4.9% in 2022, following a 6.8% increase in Gross Domestic Product (GDP) in 2021. The increase in private consumption (3.0 p.p.) and the rebound in investment (4.6 p.p.) were accompanied by a high contribution to GDP growth from the change in inventories (2.9 p.p.) and a negative contribution from net exports (-0.4 p.p.).

Over the course of the year, the annual growth rate declined markedly, from 8.6% in the first quarter to 2.0% in the final quarter. The weakening economy was, among other things, linked to heightened uncertainty and the energy crisis triggered by Russia’s invasion of Ukraine. According to ING Bank Śląski economists, the deterioration of global growth prospects, including in the main Polish export markets, will contribute to a slowdown in Poland’s GDP growth in 2023 to around 1.5%. Elevated inflation in 2023 will negatively affect real household disposable income and consequently private consumption.

According to the CSO’s preliminary estimate, GDP growth was 2.0% in the last quarter of 2022. Based on data for the whole of 2022 and previously published data for the first three quarters of 2022, ING Bank Śląski economists estimate that private consumption declined by around 1.5% y/y in the last quarter, while investment grew by more than 5% y/y. Around 1.5 p.p. of the GDP growth in Q4 2022 can be attributed to the change in inventories. In contrast, foreign trade undercut the annual GDP growth rate in the last quarter of 2022 by around 0.9 p.p.

According to the bank’s economists, the economic climate weakened towards the end of 2022 and the beginning of 2023 will be difficult for the Polish economy, but the outlook for the rest of the year is improving due to the less-than-feared scale of the energy crisis in Europe.



Significant monetary tightening but loose fiscal policy

The increase in commodity prices, especially energy prices, observed since autumn 2021, has been reinforced by the Russian aggression against Ukraine and the implementation of sanctions on Russia, which has turned into an energy crisis and an increase in energy prices on a scale not seen in the world since the 1970s. The economy entered 2022 buoyant, with consumer demand from Ukrainian refugees and improvements in supply chains supporting the economy. At the same time, the supply shock triggered a wave of price increases not only for energy, but also for other goods and services, as companies were forced to pass on higher costs to the prices of their products and services. Against a backdrop of high uncertainty, concerns about the availability of gas for European industry and the erosion of consumer purchasing power through high price increases, the economy has deteriorated steadily over the past year. Wage growth has stopped keeping pace with price increases, which has translated into a fall in real wages from mid-2022.

Rapidly rising inflation has triggered a series of interest rate rises by the National Bank of Poland (NBP) and an increase in the reference rate from 1.75% as at 2021 yearend to 6.75% as at 2022 yearend. The tightening of monetary policy has been accompanied by a loosening of fiscal policy. Although budget revenues benefited from high inflation, at the same time the state budget allocated significant resources to mitigate the impact of rising prices on households. As part of the so-called “anti-inflation shield”, VAT and excise rates on fuel, electricity, natural gas and food, among others, were temporarily reduced. From the beginning of 2022, the tax-free amount has increased, and from the middle of the year the first PIT rate has been reduced from 17% to 12%. This was accompanied by significant social spending, including one-off payments of additional pensions, and support for households and small and medium-sized companies from increases in the price of energy carriers.

Economists at ING Bank Śląski expect markedly slower economic growth in 2023 to be accompanied by continued elevated inflation, including high core inflation. In such an environment, the Monetary Policy Council (MPC) will maintain NBP interest rates at the current level until at least the end of 2023. Signals from the monetary authorities indicate that monetary policy is focused on lowering inflation and supporting economic growth, rather than simply bringing inflation down to the NBP’s target of 2.5% (+/- 1 p.p.) as quickly as possible. 2023 will continue to be a period of heightened risks for inflation, and China’s abrupt move away from its zero-covid policy may favour increases in some global commodity prices, limiting the rate of inflation decline.

International economic environment

After a post-pandemic rebound in 2021, the global economy returned to its long-term growth rate the following year. The Russian invasion of Ukraine in February 2022 and the need to impose financial and economic sanctions on the country triggered another wave of international trade disruption and an energy crisis, particularly in the European natural gas and electricity markets, with negative consequences for GDP growth and inflation. In turn, maintaining China’s zero-covid policy almost until the end of 2022, has had the effect of lowering the country’s GDP growth rate. In its January 2023 round of forecasts, the International Monetary Fund (IMF) predicts that global economic growth will slow to 2.9% in 2023 from 3.4% in 2022 and 6.2% in 2021. With the reopening of the Chinese economy after the pandemic, economic growth in China is expected to accelerate to 5.2% in 2023 from 3.0% in 2022. In 2022, in a challenging international environment, US economic growth slowed in 2022 to 2.0% from 5.9% in 2021, thanks to a strong labour market. In 2023, the IMF forecasts growth of 1.4%. In the eurozone, there has been a faster-than-expected adjustment to high energy prices and growth has slowed to 3.5% in 2022 from 5.3% in 2021, with stagnation and 0.7% growth possible in 2023, but not recession. In the context of a reduction in gas supplies from Russia, as late as mid-2022 there were serious concerns about the impact of exceptionally high energy prices and the risk of energy shortages during the heating season.

While accelerating inflation has already become a key concern in the global economy since mid-2021, energy commodity price increases following the outbreak of war in Ukraine have further dented producer and consumer prices. The reduction in agricultural exports from Ukraine has also increased global food prices. The rate of inflation recorded in the US (over 9% on an annualised basis at its peak in June 2022) was the highest in 40 years, and double-digit inflation in the euro area (10.6% in October 2022) was the highest since the European single currency was introduced, more than 20 years ago. In both economic areas, high inflation was associated with a tight labour market and approaching full employment, but in the euro area, a net energy importer, inflation was driven more strongly than in the US by record prices for energy commodities, particularly natural gas. The situation in the European energy market started to stabilise after the public intervention of the European Commission and EU governments in September 2022 (price caps and energy demand reduction measures), the exceptionally warm winter in Europe and significantly lower demand for gas also had a significant impact on market energy prices.

The powerful energy shock began to reverberate over time in the form of so-called secondary effects in the prices of goods and services not directly related to energy or food, as illustrated by changes in core inflation. Inflationary pressures and the risk of de-anchoring inflation expectations have forced a response from the major central banks. The response from the Fed was more forceful than the ECB. From March 2022, the Fed extinguished its quantitative



easing programme and began a cycle of strong interest rate rises from 0.25% in February 2022. By the end of 2022, the Fed's main rate was raised to 4.5%. ING Group economists expect two hikes in Q1 2023 and the end of the monetary tightening cycle. In late 2022 and early 2023, Fed communication focused on maintaining a restrictive stance in monetary policy, in contrast to expectations and market valuations of financial instruments. Market participants expect the Fed to move relatively quickly to rate cuts of around 50 bps later in H2 2023 and another 75-100 bps in 2024. This expectation stems from the marked disinflation of the core consumer price index and core inflation towards the end of 2022 and the increasing likelihood of a US recession in 2023, mainly due to the collapse of new housing investment. From around mid-October 2022 to early 2023, yields on 10-year *Treasuries* remain in a downward trend. The strengthening of bonds during this period was accompanied by pressure to gradually weaken the dollar against the euro.

The ECB started its monetary tightening cycle a few months later than the Fed and the first 50 bps hike took place in July 2022, after almost three years of keeping interest rates unchanged at 0% (the refinancing rate). By the end of 2022, the ECB had made 3 further increases to 2.5% in December. At the same time, ECB President Christine Lagarde announced further increases of 50 bps at the next ECB Governing Council meetings in 2023 and a determination at the ECB to bring inflation down to the 2% medium-term objective. Against the backdrop of economic stagnation in the euro area in the fourth quarter of 2022 and the significant risk of a technical recession in the first half of 2023, as well as falling gas prices due to, among other things, an exceptionally mild winter in Europe, the ECB's commitments to further monetary tightening in 2023 were not fully reflected in the valuations of market instruments. Although market participants expect ECB rates to rise by another 100 bps in H1 2023, reductions of around 75 bps in total are priced in for 2024.

A further gradual weakening of the dollar against the euro could create room for a slight strengthening of the zloty and other currencies of the region. Poland and Hungary – as of the beginning of 2023 – have still not mobilised the payment of EU funds from their National Recovery Plans, which would enable them to support green and digital transformation processes and increase the resilience of healthcare. The continuing legal dispute over the rule of law is a constraint on the appreciation of the zloty and hinders the reduction of inflation. Although money market instruments in Poland point to NBP rate cuts in the second half of 2023, in the opinion of ING Bank Śląski economists, there will be no room for interest rate cuts in 2023 due to stubbornly high inflation.

2023

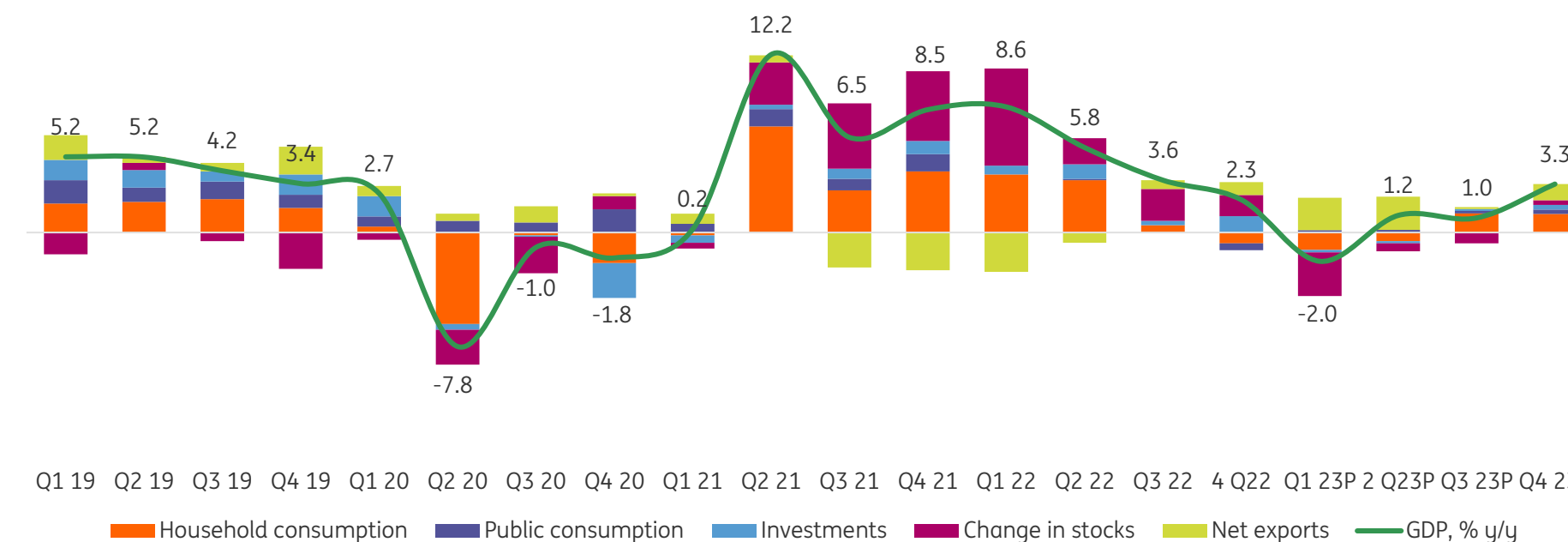
The forecasts and expectations of ING Bank Śląski economists presented below were made at the turn of 2022 and 2023.

Gross Domestic Product

Economists at ING Bank Śląski forecast that economic growth in Poland will slow down in 2023 to just 1.5% from 4.9% in 2022. Dynamic price increases are eroding households' real disposable income, which will constrain their consumer spending. In turn, increased uncertainty and a poorer demand outlook will negatively impact investment activity. Investment will be adversely affected by the delay in the launch of the National Recovery Programme. At the same time, investment in the energy transition and the shift away from fossil fuels from Russia can provide some support. The economy will also feel the consequences of the significant monetary tightening that took place during 2022. Weak domestic demand should be accompanied by a positive contribution of foreign trade to economic growth, and its reversal by the contribution of stock changes to GDP growth – after their strong recovery in 2022, this category will reduce economic growth dynamics in 2023.

The economic outlook for 2023 is fraught with a number of risks and high uncertainty. Challenging factors that could have a significant impact on changing forecasts include the escalation of hostilities in Ukraine and the impact of the reopening of China's post-pandemic economy on real and price processes in the global economy.

Decomposition of GDP growth (%)



Source: GUS, projection by ING



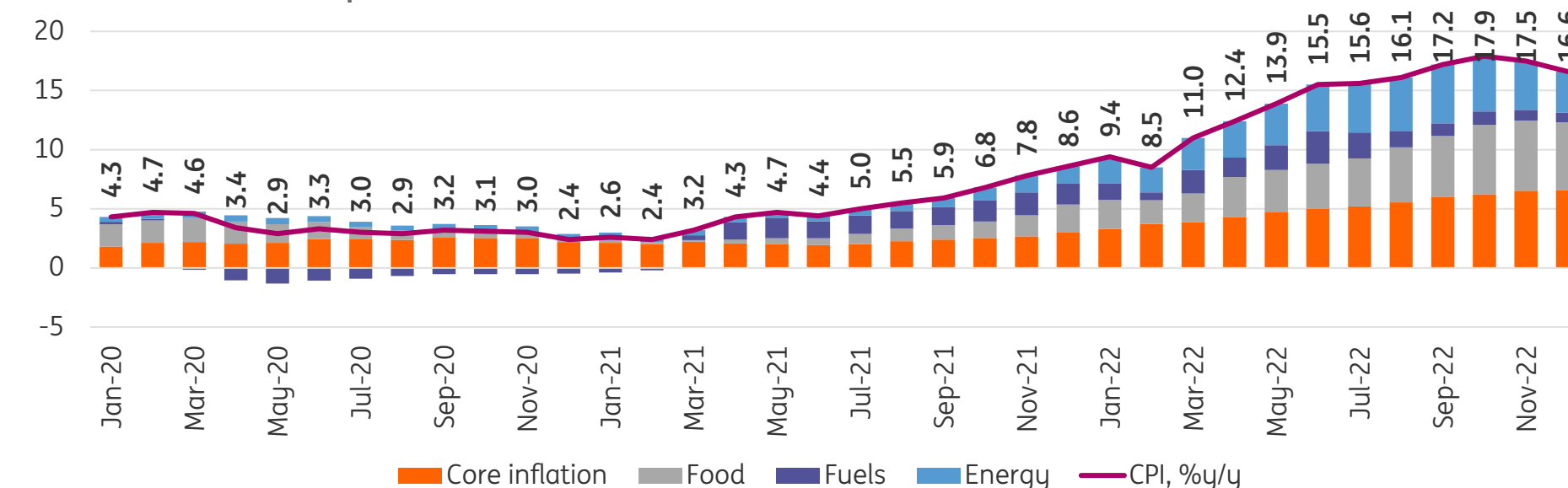
Labour market and salary levels

The condition of the Polish labour market is largely shaped by constraints on the labour supply side. The decline in the working-age population is translating into labour shortages in certain industries. The increase in labour demand was largely met by immigrants in 2022. Data from the Ministry of Family and Social Policy shows that nearly 800,000 refugees from Ukraine have found work in Poland on the basis of simplified procedures since February 2022. The number of foreigners insured with the Social Insurance Institution exceeded 1 million people at the end of last year. In 2022, employment recovery continued in industries that reduced their workforce during the COVID-19 pandemic (trade, services). Poland's unemployment rate is one of the lowest in the European Union, and the persistence of demand for labour in conditions of limited labour supply generates wage pressure. ING Bank Śląski economists expect wage growth to remain at double-digit levels in 2023. In addition to low unemployment, continued high levels of inflation and a significant increase in the minimum wage in 2023 will contribute to wage demands.

Inflation

Inflation remains one of the key macroeconomic concerns. Although there will be disinflation over the course of 2023, with consumer price growth slowing from around 20% y/y in the early months of the year to around 10% y/y in December, this will be accompanied by stubbornly high core inflation. a series of measures aimed at limiting the increase in retail energy prices will be accompanied by a continuation of the impact of the energy shock on companies' costs, which may result in a pass-through to finished goods prices, although most likely on a smaller scale than was the case in 2022. The increase in the price of energy carriers will mainly be the result of the reinstatement of VAT rates, which were temporarily reduced in 2022 as part of the Anti-Inflation Shield. The emergence of a negative output gap and the disinflationary impact of the monetary tightening that took place in 2022 will have an impact towards decelerating price growth. According to ING Bank Śląski economists, the average annual increase in consumer prices in 2023 will be close to 14%, compared to 14.4% in 2022.

Inflation (CPI) – decomposition (%)



Source: GUS, projection by ING

Impact of the situation in global financial markets on Poland's economy

The outbreak of the conflict in Ukraine and the surge in energy commodity prices have pushed CEE currencies, including the zloty, down. Fears of a slump in Europe, as a result of lack of access to energy resources from Russia, further weakened the euro against the dollar. The effect was a particularly strong weakening of CEE currencies against the dollar. However, the zloty was able to recover much of its losses in H2 2022. The economic consequences of the conflict in Ukraine and high energy commodity prices have proved less severe for European economies than earlier concerns. The domestic currency was also supported by a large increase in NBP interest rates relative to the major economies.

The NBP's interest rate hikes, strong inflation domestically and globally, as well as a general deterioration in sentiment for CEE assets in 2022 have triggered a significant increase in Treasury yields. However, the strong fall in global energy commodity prices and the weakening economy have triggered an increase in global demand for debt instruments. As a result, since the peak, yields on, for example, 10-year government bonds have retreated by more than 200 bps.

In the first months of 2023, analysts at ING Bank Śląski are concerned that the zloty will weaken again. This is due to a number of risks both foreign, such as the re-escalation of the war in Ukraine and the deterioration of sentiment for CEE assets, and local. At the same time, the NBP has completed its rate hike cycle, while the major central banks may still raise their rates. Later in the year, however, the €/PLN exchange rate should return to the vicinity of 4.70.

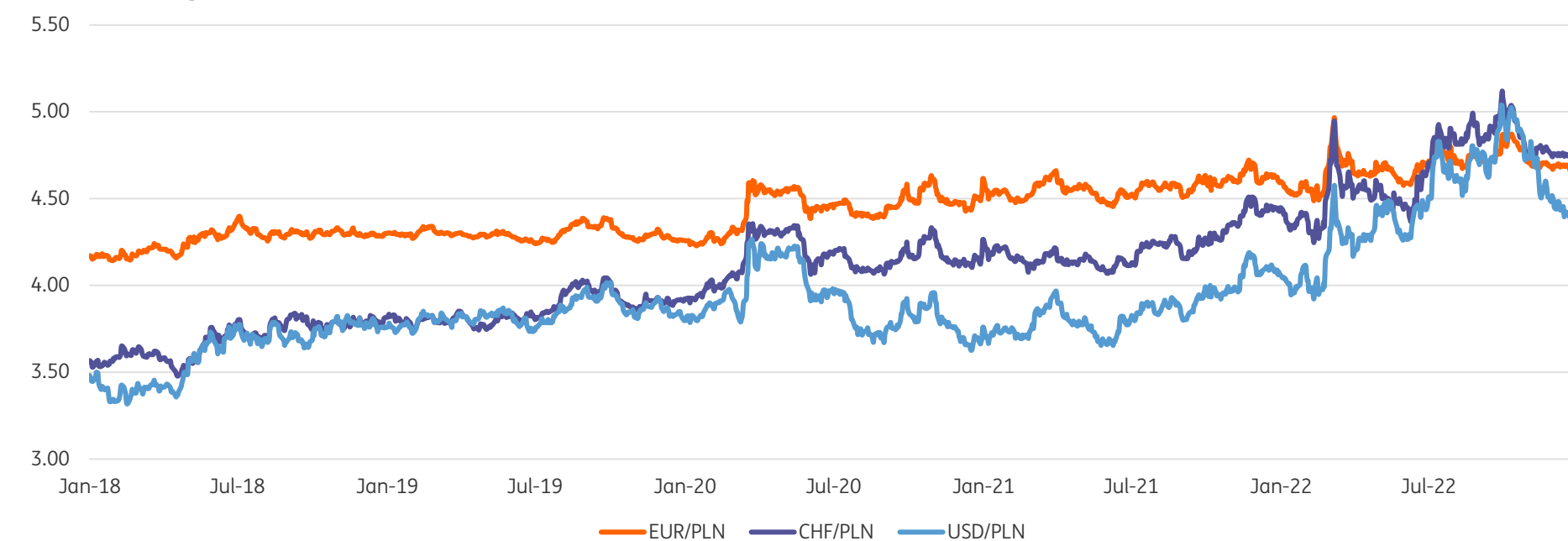


Support for the zloty should come from both higher domestic interest rates against the major economies and a gradual improvement in the trade balance. The strengthening of the zloty against the euro would probably have been greater had it not been for the uncertainty surrounding the country's autumn parliamentary elections.

In contrast, economists at ING Bank Śląski expect the domestic currency to continue its appreciation against the dollar. Expected disinflation and a weakening economy should prompt the Federal Reserve to end interest rate rises relatively soon. However, stubbornly high inflation in the euro area is likely to prompt the ECB to make further strong rate rises and prevent rate cuts this year. As a result, rate disparity should increasingly support the euro. At the same time, the economic situation in Europe remains better than previous months' forecasts suggested.

Global disinflation and a weakening economy in Poland have resulted in a fall in the market valuation of NBP interest rates. Money market instruments point to rate cuts as late as H2 2023 of 50-75 bps. As at 2024 yearend, they suggest a return of the reference rate even to 4.50%. According to economists at ING Bank Śląski, Poland's stubbornly high inflation will not allow a change in rates before the second half of 2024, and most likely only in 2025. Instead of rate rises, other tools may also be used to limit the impact of high rates on the economy. As a result, economists at ING Bank Śląski fear a renewed rise in government bond yields and PLN IRS rates later in the year.

PLN exchange rates



Source: NBP, projection by ING

Public finances

The year 2022 saw an increase in public finance sector imbalances, with the general government deficit amounting to around 3.5% of GDP, up from 1.8% of GDP in 2021. The budgetary situation was a combination of macroeconomic factors and discretionary fiscal policy decisions. On the macroeconomic side, budget revenues were supported by a favourable economic climate (GDP growth of nearly 5%) and double-digit inflation, which translated into an increase in the tax base. At the same time, however, indirect tax cuts as part of the Anti-Inflation Shield had an impact in the direction of lower receipts. The rates of excise duty and value added tax (VAT) on energy and fuel carriers have been reduced. The VAT rate on food has been reduced to zero. In terms of direct taxes, the tax-free amount has been raised from PLN 8,000 to PLN 30,000 in 2022, and from mid-2022, the lower personal income tax (PIT) rate has been reduced to 12% from 17%. On the expenditure side, the government continued to pursue an expansionary policy consisting of social spending (13th and 14th pensions), measures related to the energy crisis (including subsidies for heating energy sources) and armaments. Against a backdrop of buoyant nominal GDP growth, the general government debt-to-GDP ratio declined to 51.3% as at 2022 yearend from 53.8% as at 2021 yearend.

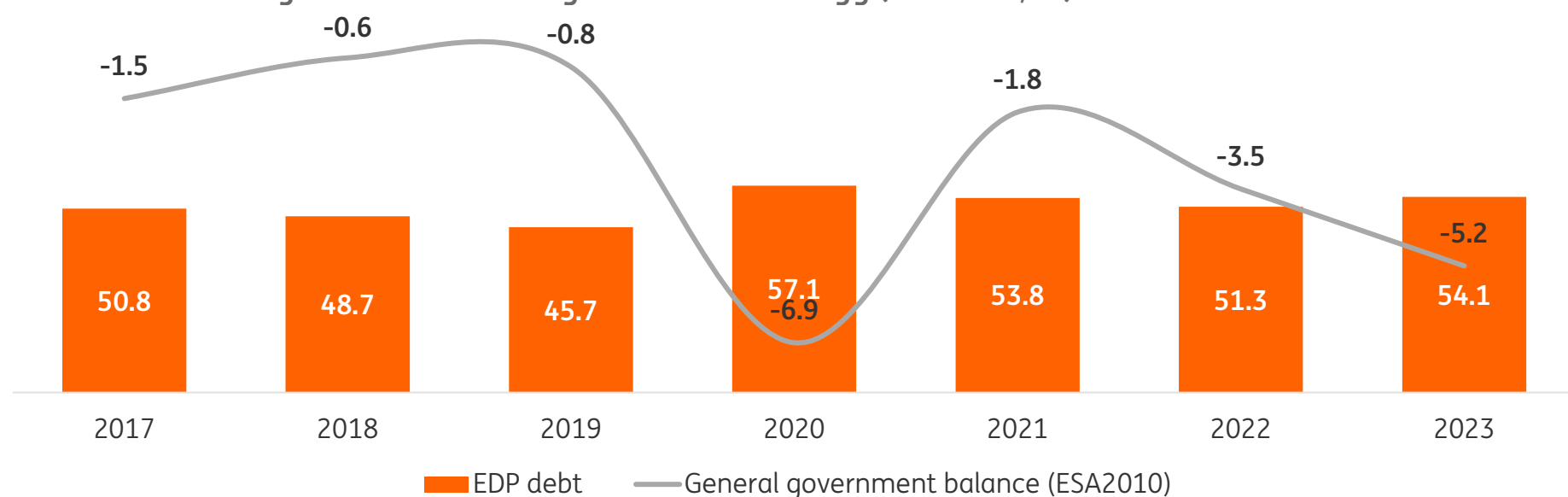
ING Bank Śląski economists forecast that the public sector deficit will rise above 4% of GDP in 2023. The accumulation of budget revenues will take place in a far less favourable macroeconomic environment (GDP growth in the region of 1%), although the rate of price increases will remain high. Supporting the revenue side of the budget will be the reinstatement of the standard VAT rates (23%) on energy and fuel, while the zero VAT rate will remain in place until at least mid-2023. High inflation, to a greater extent than in 2022, will have a negative impact on budget expenditure in 2023 due to the indexation mechanisms acting with a lag. The valorisation of pensions by 14.8% will cost the budget approx. PLN 40 billion. There are also plans to continue the one-off pension allowances (13s and 14s) and compensation for energy suppliers. In a high inflation environment, there is a rapid erosion of the purchasing power of benefits set at a fixed nominal level (e.g. 500+ family benefits). In 2023, sources of uncertainty for fiscal policy include the possible implementation of new social programmes or an extension of the scale of the current ones, and the final level of arms expenditure.

According to the draft budget law for 2023, the gross borrowing needs for 2023 are estimated at PLN 260 billion, with pre-financing already started in 2022 and at the end of January the level of financing was close to 50%. In addition to central budget needs, there will be significant extra-budgetary fund needs to be funded, including the COVID-19 Countermeasures Fund and the Armed Forces Support Fund, among others. In the latter case, it is likely to be mainly off-market financing (including loans from weapons system suppliers). Despite the increase in nominal



terms, public debt will remain moderate in relation to GDP and will reach a level close to that of 2021 at the end of 2023.

Public debt and budget deficit according to EU methodology (ESA2010; %)



Source: GUS, projection by ING

Monetary policy

According to economists at ING Bank Śląski, the Monetary Policy Council has completed its cycle of interest rate rises. The MPC argues for no rate hikes, despite very high and still rising inflation in the first quarter of 2023, due to the strong impact of past interest rate rises on the country's economic situation, particularly on credit demand. He also points out, among other things, the tightening of policies by major central banks, which is holding back inflationary pressures globally. The NBP also does not carry out buyback operations on government bonds or bonds guaranteed by the Treasury.

As at 2022 yearend, NBP interest rates are:

- deposit rate – 6.25%,
- reference rate – 6.75%,
- bill discounting – 6.85%,
- bill re-discount rate – 6.80%,
- lombard rate – 7.25%.

Over the entire cycle of increases, the Council raised the reference rate by 665 bps, of which 500 bps in 2022.

ING Bank Śląski economists believe that, despite the weakening domestic economy and global signs of disinflation, interest rate cuts in Poland are not expected until late 2024 at the earliest, or rather as late as 2025. Very strong inflationary pressures remain a problem for the domestic economy. Domestic demand, driven by, among other things, high wage growth, is likely to sustain underlying inflation, even as prices of, for example, raw materials decline. The NBP's own projections show that inflation will remain relatively far from the NBP's 2.5% target in 2024. Moreover, alternative measures to interest rate cuts may be taken to limit the impact of the monetary tightening so far on the economy, such as on households.

Summary

According to ING Bank Śląski economists, European economies will continue to face the effects of energy shocks in 2023, including an embargo on Russian coal and oil, delivered by sea, and a deep decline in natural gas imports from Russia. Energy prices are likely to remain significantly higher than in 2021. Combined with a number of local factors, such as strong wage growth, this is likely to keep consumer inflation in Poland very high, on average not much different from that of 2022. On the one hand, this will mean a loss in real household income, but on the other hand, the central bank will keep interest rates high.

The consequence will be a significant drop in consumer spending growth in 2023, relative to 2022. In particular, the increase in the number of refugees whose demand sustained consumer demand in 2022 is no longer reported. There is also likely to be an increase in the unemployment rate, although the demographics do not indicate a major deterioration. High interest rates and high uncertainty among households may also continue to constrain demand for property, exacerbating problems in the construction industry, for example.

At the same time, however, the end of 2022 has already shown the industry's much greater resilience to energy shocks, both in Poland and across Europe. a significant easing of disruptions in global supply chains or a fall in, for example, natural gas prices is likely to even allow activity to recover in some processing industries, such as chemicals. The relative health of export industries and lower energy commodity prices should also allow net exports to improve.



According to ING Bank Śląski economists, a strong economic slowdown in 2023 is therefore unavoidable. In all likelihood, however, there will not be a recession, as many analysts feared just a few months ago.

Macroeconomic projections					
	2020	2021	2022	2023F	2024F
GDP growth (%)	-2.0	6.8	4.9	1.5	3.3
General government sector debt according to EU methodology (% GDP)	57.1	53.8	51.3	54.1	55.8
Average annual inflation (CPI) (%)	3.4	5.1	14.4	14.0	7.5
Registered unemployment rate (%; CSO)	6.8	5.8	5.2	5.6	5.4
USD/PLN exchange rate (year-end)	3.76	4.07	4.40	4.21	3.94
EUR/PLN exchange rate (year-end)	4.61	4.60	4.69	4.72	4.53
WIBOR 3M (year-end)	0.21	2.54	7.02	6.92	6.83



Our financial results

Consolidated performance of the ING Bank Śląski Group	56
Standaolone performance of the ING Bank Śląski	67



In this chapter, we describe our financial performance on both the consolidated and standalone bases. We identify the most important factors influencing the reported results. We believe that the transparent presentation of our financial performance will help stakeholders in making future investment decisions.

Consolidated performance of the ING Bank Śląski Group

Key effectiveness ratios

Key effectiveness ratios for the ING Bank Śląski Group in 2018-2022

	2018	2019	2020	2021	2022	Change 2022 to 2021
Cost share ratio* (C/I)	44.5%	43.1%	44.3%	43.0%	47.3%	+4.2 p.p.
Return on assets ROA	1.15%	1.10%	0.76%	1.18%	0.81%	-0.36 p.p.
Return on equity (ROE)	12.5%	11.6%	7.6%	13.6%	17.4%	3.9 p.p.
Return on equity (ROE), adjusted for MCFH	12.8%	12.9%	9.4%	14.4%	10.2%	-4.1 p.p.
Interest margin ratio	2.93%	2.96%	2.63%	2.59%	2.75%	+0.16 p.p.
LTD ratio	87.6%	90.7%	82.6%	85.9%	80.4%	-5.5 p.p.
LCR	133%	130%	220%	164%	152%	-12.0 p.p.
NSFR	131%	130%	144%	157%	155%	-2.3 p.p.
LR according to transitional definition	7.4%	7.2%	7.3%	6.9%	6.4%	-0.5 p.p.
Total capital ratio	15.58%	16.87%	19.52%	16.05%	15.23%	-0.82 p.p.
Tier 1 capital ratio	14.74%	14.41%	16.91%	14.41%	13.70%	-0.71 p.p.

*including the net profit of associates accounted for using the equity method

Key financial data

Abridged information on the financial performance of the ING Bank Śląski Group in 2018-2022

PLN million	2018	2019	2020	2021	2022	Change 2022 to 2021
Income*	5,232	5,796	6,231	6,897	7,722	+12.0%
Cost	-2,327	-2,497	-2,763	-2,965	-3,642	+22.9%
Risk cost**	-501	-606	-1,075	-372	-1,030	176.6%
Profit before tax	2,031	2,258	1,912	3,015	2,403	-20.3%
Net profit**	1,524	1,659	1,338	2,308	1,714	-25.7%
Balance sheet total	141,813	158,611	186,596	201,654	217,266	7.7%
Liabilities to clients	117,683	130,474	151,029	170,610	192,731	13.0%
Loans granted and other receivables, net***	103,126	118,288	124,762	146,614	155,029	5.7%
Equity****	13,322	15,223	18,618	13,531	9,344	-30.9%
Earnings per share (EPS; PLN)	11.71	12.75	10.28	17.74	13.18	-25.7%
Dividend per share (PLN) for a given year	3.50	0.00	5.10	5.30	-	-

*including net profit of associates accounted for using the equity method; **including legal risk costs of foreign currency mortgages; *** including loans at fair value;

****allocated to equity holders of the parent.

For the purposes of converting the data presented above into EUR, the Bank shall use the following rates:

- for the items specified in the Statement of Financial Position – National Bank of Poland exchange rate prevailing on 31 December of the year,
- for profit and loss account items – exchange rate calculated as an average of the National Bank of Poland rates prevailing on the last day of each month in the year.



EUR/PLN exchange rate

	2018	2019	2020	2021	2022
For the items specified in the Statement of Financial Position	4.3000	4.2585	4.6148	4.5994	4.6899
For profit and loss account items	4.2669	4.3018	4.4742	4.5775	4.6883

Abridged information on the financial performance of the ING Bank Śląski Group in 2018-2022

EUR M	2018	2019	2020	2021	2022	Change 2022 to 2021
Income*	1,226	1,347	1,393	1,507	1,647	+9.3%
Cost	-545	-581	-617	-648	-777	+20.0%
Risk cost**	-117	-141	-240	-81	-220	170.1%
Profit before tax	476	525	427	659	513	-22.2%
Net profit**	357	386	299	504	366	-27.5%
Balance sheet total	32,980	37,246	40,434	43,844	46,326	5.7%
Liabilities to clients	27,368	30,638	32,727	37,094	41,095	10.8%
Loans granted and other receivables, net***	23,983	27,777	27,035	31,877	33,056	3.7%
Equity****	3,098	3,575	4,034	2,942	1,992	-32.3%
Earnings per share (EPS; PLN)	2.74	2.96	2.30	3.88	2.81	-27.5%
Dividend per share (PLN) for a given year	0.82	0.00	1.14	1.16	-	-

*including net profit of associates accounted for using the equity method; **including legal risk costs of foreign currency mortgages; *** including loans at fair value;

****allocated to equity holders of the parent.

Position of the Management Board on the feasibility of the previously published forecasts

The Bank has not published its projected financial results for 2022.

Profit and loss account

Basic figures of the consolidated profit and loss account of the ING Bank Śląski S.A. Group for 2022 and changes vis-à-vis 2018 are presented in the table below.

Basic figures of the consolidated profit and loss account in analytical terms

PLN million	2018	2019	2020	2021	2022	Change 2022 to 2021	
						PLN million	%
Net interest income	3,759.3	4,325.1	4,541.8	4,969.7	5,614.0	+644.3	+13.0%
Net commission income	1,304.9	1,340.5	1,528.4	1,844.8	2,094.8	+250.0	+13.6%
Other income*	168.2	130.8	160.5	82.4	13.4	-69.0	-83.7%
Total income	5,232.4	5,796.4	6,230.7	6,896.9	7,722.2	+825.3	+12.0%
Operating expenses	-2,326.8	-2,497.4	-2,762.5	-2,964.5	-3,642.1	-677.6	+22.9%
Impairment allowances and provisions**	-500.9	-605.5	-1,074.9	-372.4	-1,030.1	-657.7	176.6%
Bank levy	-373.8	-435.7	-481.6	-544.7	-646.9	-102.2	18.8%
Gross profit	2,030.9	2,257.8	1,911.7	3,015.3	2,403.1	-612.2	-20.3%
Income tax	-507.1	-599.1	-574.1	-707.0	-688.7	18.3	-2.6%
Net financial profit/loss	1,523.8	1,658.7	1,337.6	2,308.3	1 714.4	-593.9	-25.7%

*including net income of associates accounted for using the equity method; **including legal costs of foreign currency mortgage loans

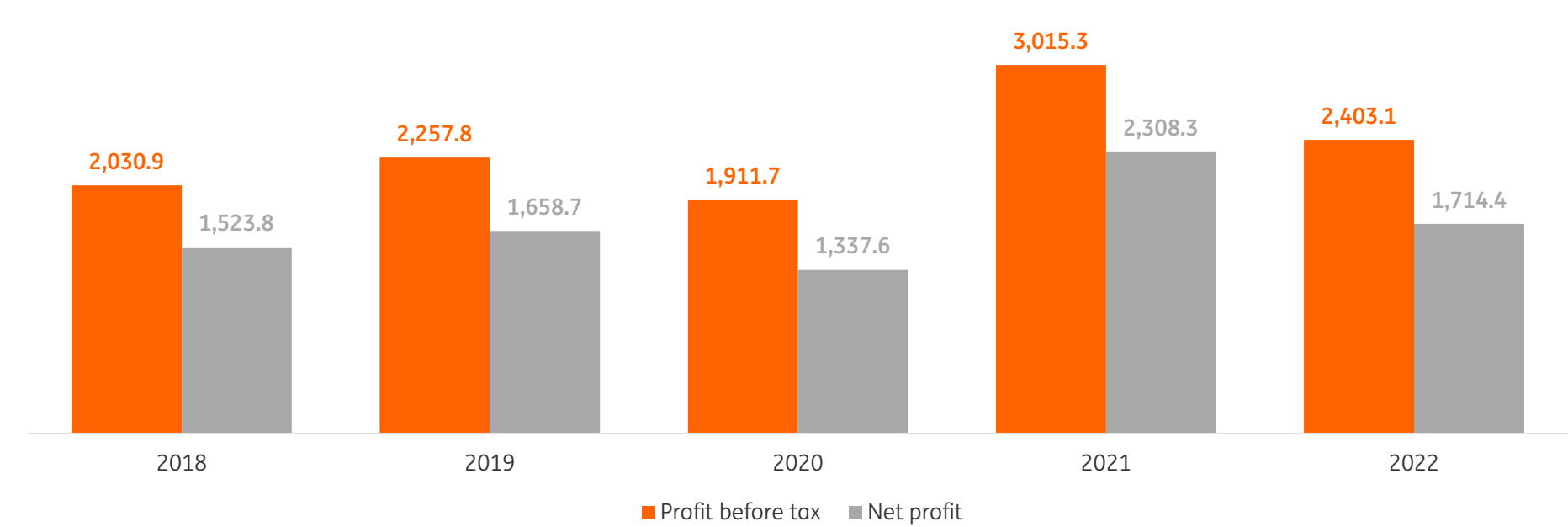
Profit before tax and net profit

In 2022, the ING Bank Śląski S.A. Group posted the net profit attributable to the shareholders of the parent entity of PLN 1,714.4 million. It implies that the net result decreased 25.7% from 2021. Consequently, 2021 remains a record year in the history of our bank in terms of the result achieved.

As since the beginning of 2018, the bank has applied, in its financial statements, the equity method to measure investments in its subsidiaries and associates, the bank's consolidated group net income is equal to the bank's individual net income.



Profit before tax and net profit of the ING Bank Śląski S.A. Group (PLN million)



The result before tax was PLN 2,403.1 million and it was down by 20.3% compared to 2021.

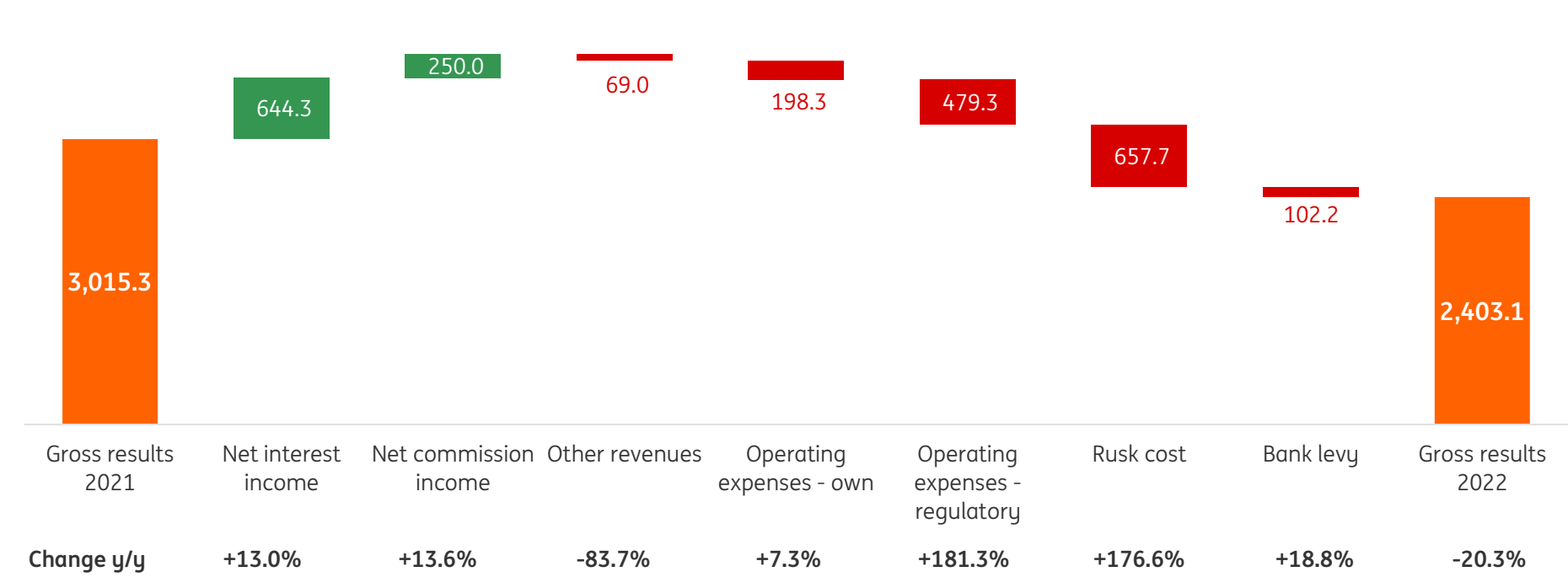
The decreased profit before tax in 2022 was up by PLN 612.2 million compared to 2021 mainly due to:

- a charge to interest income at the expense of the credit moratorium (PLN -1,644.9 million),
- a decrease in other revenues (by PLN 69.0 million, -83.7%),
- an increase in operating expenses (by PLN 677.6 million, +22.9%), mainly due to the costs incurred for the establishment of the Commercial Bank Protection System (PLN 470.7 million),
- increase in cost of risk (including cost of legal risk FX mortgage loans; by PLN 657.7 million, +176.6%),
- an increase in the bank levy (by PLN 102.2 million, +18.8%).

On the other hand, the factors that had positive impact on 2022 result before tax compared to 2021 included:

- an increase in net interest income (adjusted for the impact of the credit moratorium; by PLN 2,289.2 million, +46.1%),
- an increase in net fee and commission income (by PLN 250.0 million, +13.6%).

Change drivers for result before tax of the ING Bank Śląski S.A. Group in 2022 (PLN million)



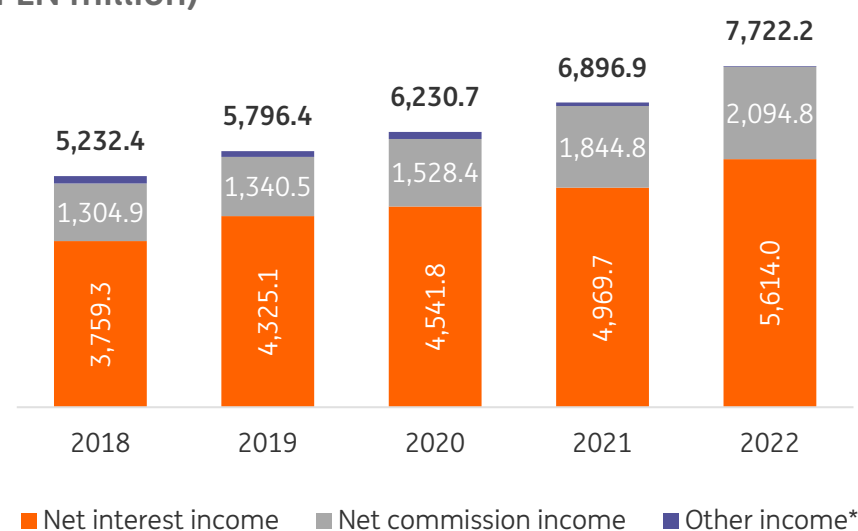
In 2022 the total income of the ING Bank Śląski S.A. Group attributable to the shareholders of the parent company (including, apart from net profit, also other income and cost items included in equity) amounted to PLN -3,273.9 million compared to PLN -4,423.8 million in 2021. The loss is due – as in the previous year – to the negative valuation of derivatives under hedge accounting.

Revenue

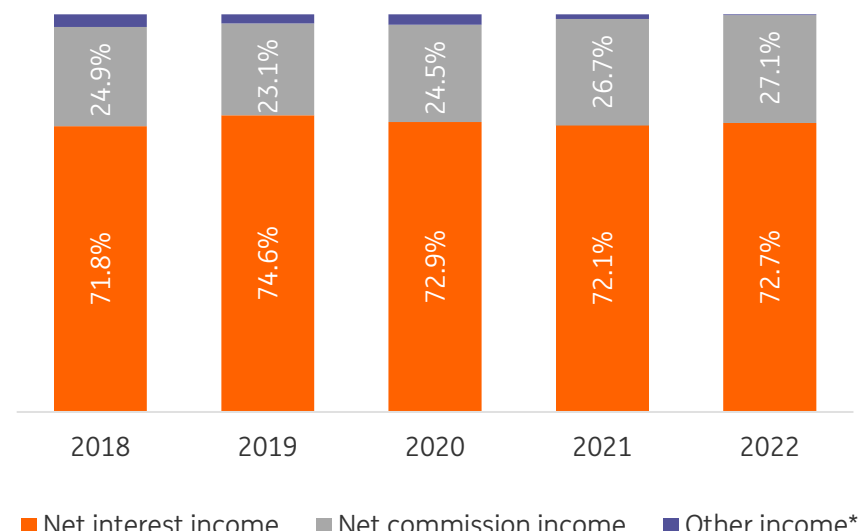
In 2022, total income of the ING Bank Śląski S.A. Group amounted to PLN 7,722.2 million. This means that the improvement relative to 2021 amounted to PLN 825.3 million (+12.0%) and was due to improvements in net interest income and net fee and commission income.



Income* by income statement categories (PLN million)



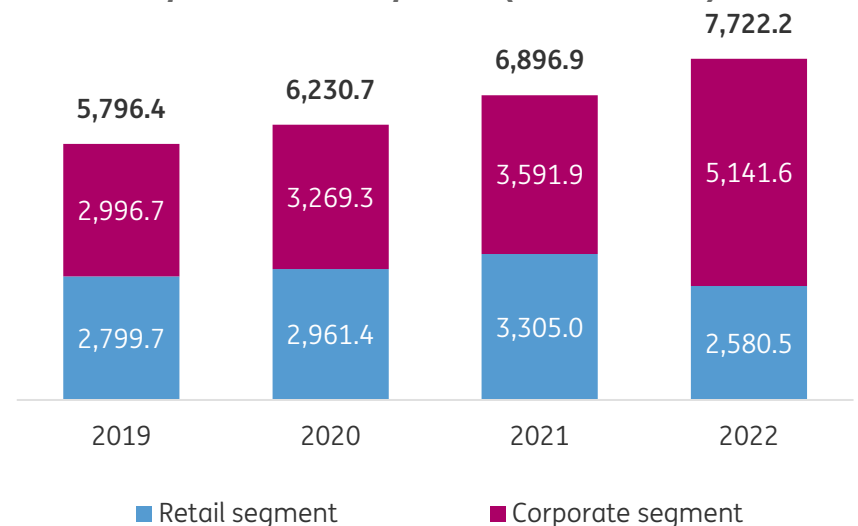
Income structure*



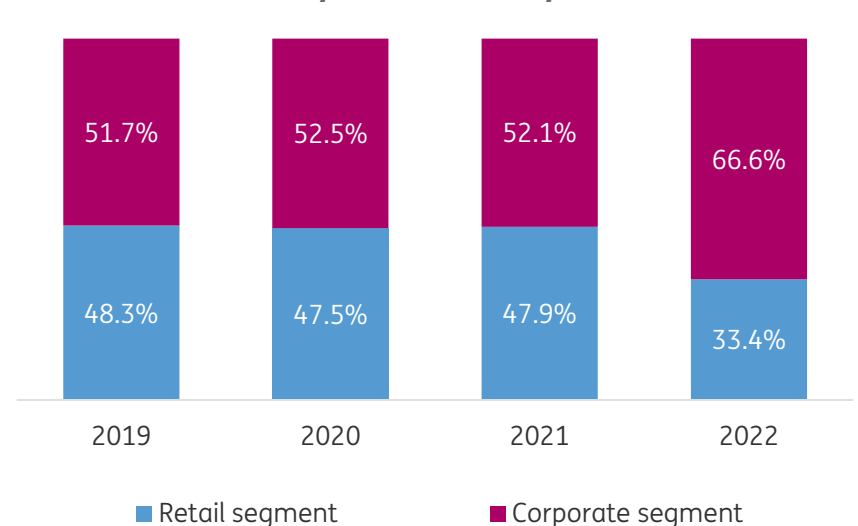
*including the share in net profits of associates accounted for using the equity method

In 2022, the corporate segment was the main driver of revenue growth. Its income was up by PLN 1,549.8 million, or 43.1%, to up to the level of PLN 5,141.6 million. Consequently its share in the structure was up by 14.5 p.p. to the level of 66.6%. Income of the retail segment was down by PLN 724.5 million, or by 21.9%, to reach PLN 2,580.5 million. The decrease in income in the retail segment was due to the impact of mortgage loan moratoria (a total negative impact of PLN 1,644.9 million was recognised in the retail segment).

Income* by business segment (PLN million)



Income structure by business segments*



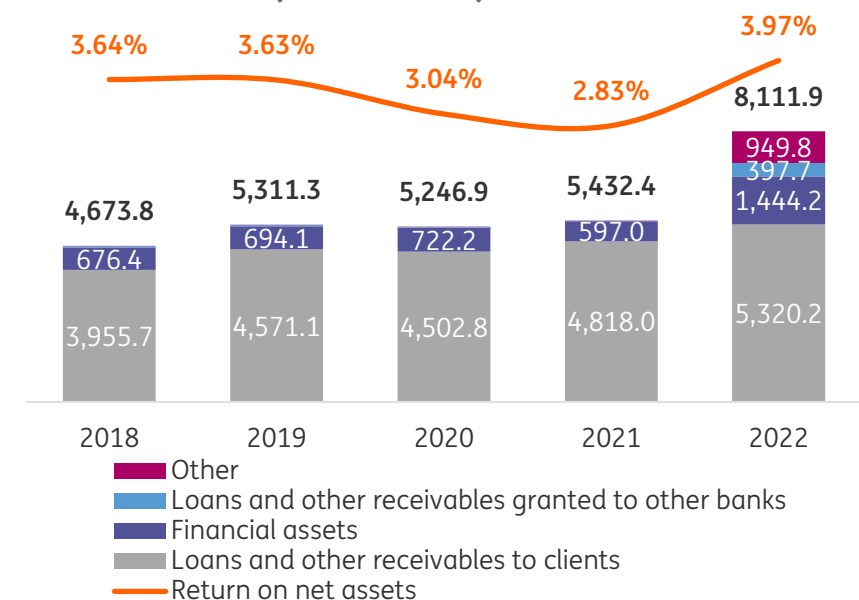
*including the share in net profits of associates accounted for using the equity method

Net interest income

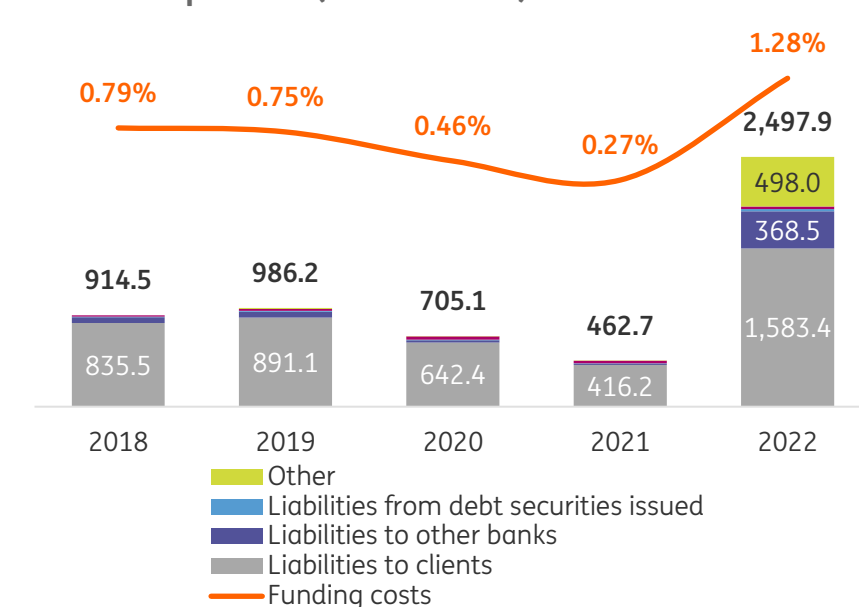
In 2022, interest income increased by 49.3% compared to 2021. On the other hand, interest expenses increased by 439.9% y/y. Consequently, the net interest income was up by 13.0% y/y, i.e. by PLN 644.3 million to the level of PLN 5,614.0 million. Interest income was positively affected by the Monetary Policy Council's repeated increases in interest rates (the reference rate was increased during the year from 1.75% to 6.75% – with the last increase taking place in September 2022). This had a direct impact on the profitability of interest-earning assets (e.g. higher lending rates) and was also gradually reflected on the cost of funding side.

A significant element affecting interest income was the adoption of credit moratoria for borrowers with a PLN mortgage. The moratorium programme allows the borrower to suspend – free of charge – a total of eight capital and interest instalments (four each in 2022 and 2023). As a result, the bank had to estimate the impact of the adopted credit moratorium programme on interest income – the estimate totalled PLN -1,644.9 million and was fully charged to interest income in the line *interest on loans and other receivables granted to clients*. In H2 2022, the credit moratorium covered 63% of the PLN mortgage portfolio (in terms of value relative to the total portfolio). As at 31 December 2022, we assumed in our estimates that client interest would be 75% in value terms in H1 2023 and 77.5% in the second half of the year. Detailed information in this regard can be found in the Annual Consolidated Financial Statements for 2022.

Interest income (PLN million)



Interest expenses (PLN million)



From 2022 onwards, we have moved the amount of price adjustment (PAA) received on margins linked to derivatives under cash flow hedge accounting from the line *Result on hedge accounting* to the line *Interest income*

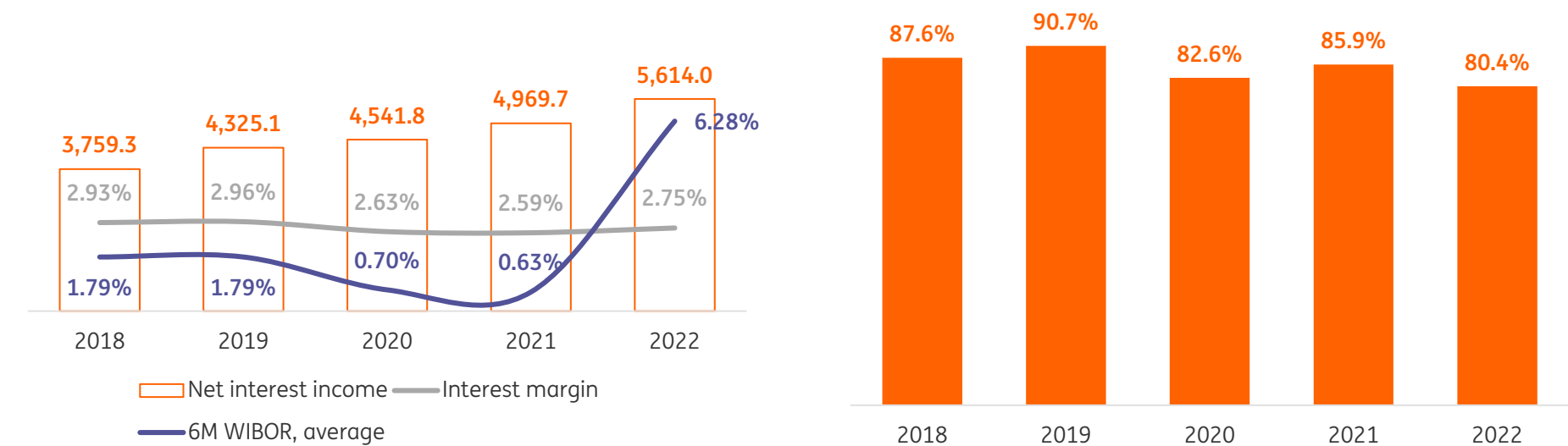


and *Interest* expense (to the detail line Interest income/expense related to the settlement of cash flow hedge derivative valuations).

The net interest margin was 2.75% in 2022, 16 bps above the 2021 result (2.59%). If the interest result were to be cleared of the impact of the credit moratorium, the interest margin in 2022 would improve by 96 bps to 3.55%.

Net interest income (PLN million) and interest margin

LTD ratio



Average basic interest rate* in 2022			
	Segment		Total
	Retail	Corporate	
Deposits			
PLN	1.16%	1.12%	1.14%
in foreign currencies	0.015%	0.002%	0.008%
Loans			
PLN	4.31% (6.79%**)	7.01%	5.55% (6.89%)
in foreign currencies	0.60%	2.04%	1.97%
including: mortgage loans			
PLN	3.33% (6.21%**)		3.33% (6.21%)
in foreign currencies	0.60%		0.60%

*based on management data; ** adjusted for the impact of credit moratoria

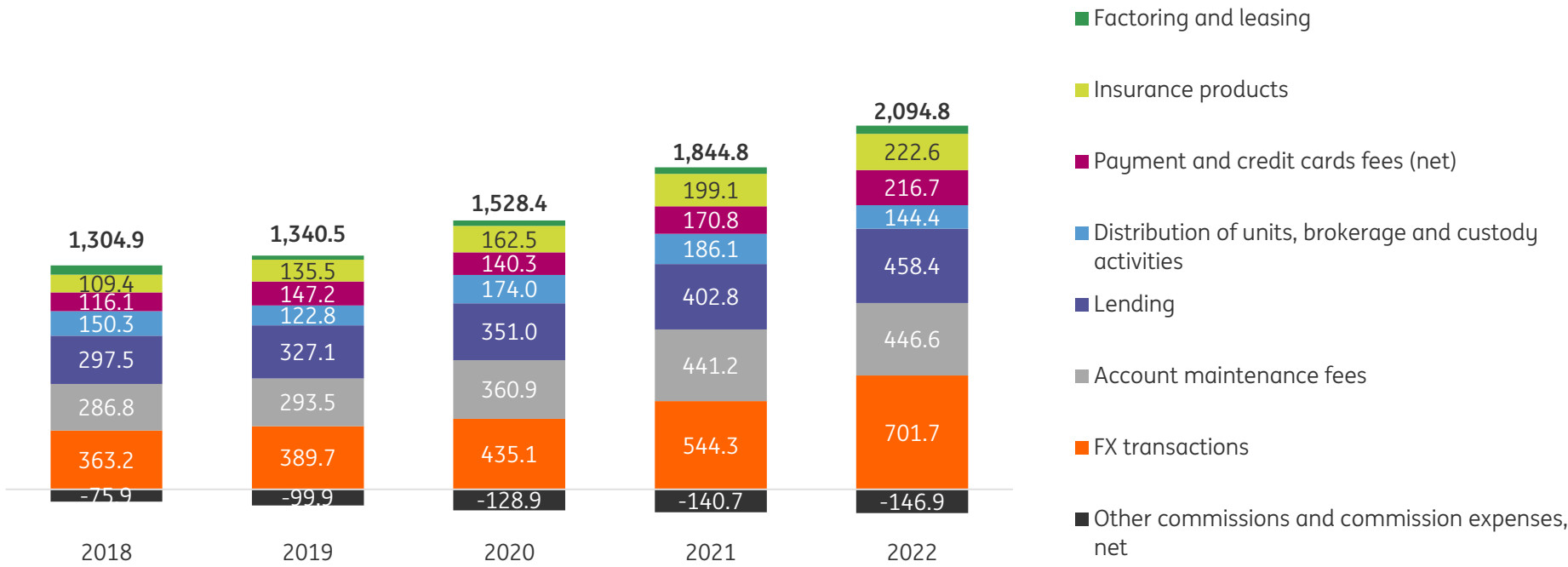
Net fee and commission income

In 2022, ING Bank Śląski Group's net fee and commission income increased by PLN 250.0 million (+13.6%) relative to 2021 to PLN 2,094.8 million.

The most significant increase in the fee and commission income was recorded for the following items:

- currency exchange transactions – an increase of PLN 157.4 million (+28.9% y/y), due to the growing activity of our clients in this area,
- lending – an increase of PLN 55.6 million (+13.8% y/y), driven by high lending activity in the corporate segment.
- payment and credit cards (net) – an increase of PLN 45.9 million (+26.9% y/y), due to the growing activity of our clients in this area.

Net fee and commission income (PLN billion)



Other income

In 2022, the bank's Group other income (including the share in the net result of associates accounted for using the equity method) amounted to PLN 13.4 million and were down by PLN 69.0 million compared to the previous year. The decrease was mainly due to a lower result on the sale of securities (PLN -39.5 million y/y) and a lower result on financial instruments measured at fair value through profit or loss and foreign exchange result (PLN -32.2 million).



Other income

PLN million	2018	2019	2020	2021	2022	Change 2022 to 2021	
						PLN million	%
Net income on financial instruments measured at fair value through profit or loss and FX result	90.9	108.3	103.5	64.3	32.1	-32.2	-50.1%
Net income on the sale of securities	55.3	36.3	38.4	41.2	1.7	-39.5	-95.9%
Net (loss)/income on hedge accounting	7.9	-14.3	11.5	-52.5	-39.4	13.1	-25.0%
Net (loss)/income on other basic activities	14.4	-6.1	-9.0	0.1	-6.6	-6.7	-
Share of profit/(loss) of associates accounted for using the equity method	-0.3	6.6	16.1	29.3	25.6	-3.7	-12.6%
Other income	168.2	130.8	160.5	82.4	13.4	-69.0	-83.7%

Operating expenses

In 2022, ING Bank Śląski Group’s operating expenses increased by 22.9% y/y to PLN 3,642.1 million, including own costs increasing by 7.3% y/y to PLN 2,898.5 million, while regulatory costs – including the costs of the BGF, the PFSA, contributions to the Borrower Support Fund and the costs of setting up the Commercial Bank Protection Scheme – increased by 181.3% y/y to PLN 743.6 million.

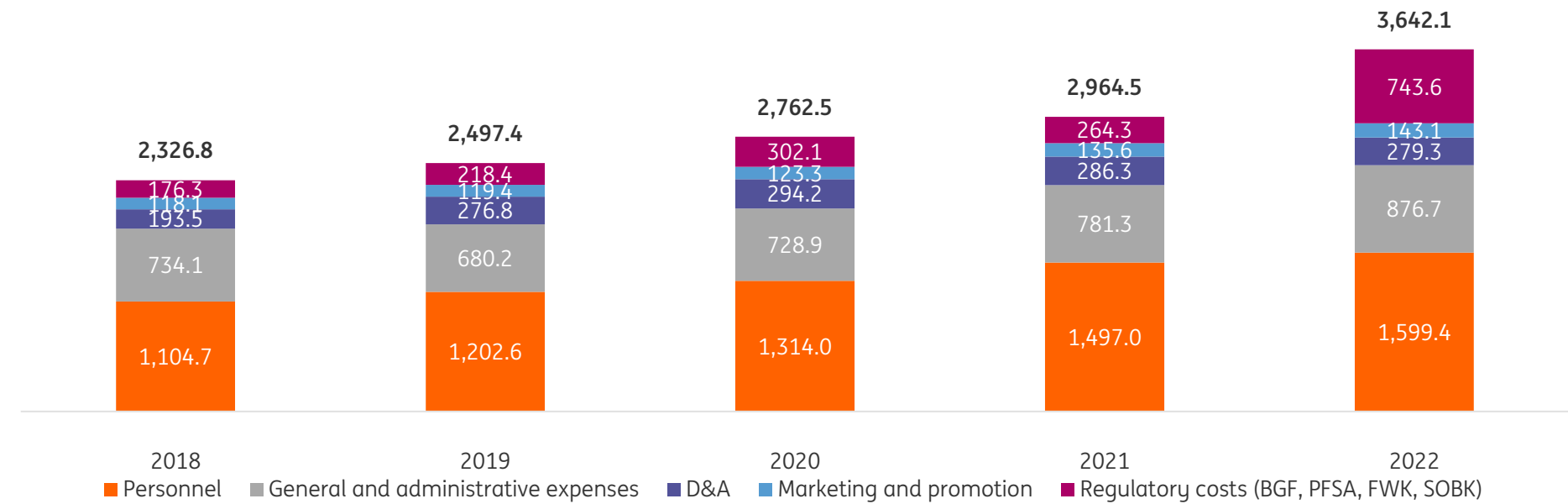
The cost of BGF fees was PLN 17.9 million lower y/y (-7.3% y/y; the restructuring fund fee rose to PLN 172.8 million from PLN 132.6 million a year earlier, and the guarantee fund fee fell from PLN 112.4 million to PLN 54.3 million). Supervision costs of the Polish Financial Supervision Authority rose to PLN 22.1 million from PLN 19.3 million a year earlier (+14.5% y/y). a significant regulatory cost was the expenditure incurred by the bank for the establishment of the Commercial Bank Protection Scheme (SOBK) – the total cost in 2022 amounted to PLN 470.7 million. The establishment of the SOBK enabled the forced restructuring of Getin Noble Bank S.A. to be carried out.

The increase in the value of own costs was visible in all major categories (excluding depreciation and amortisation), which was due to our business development. In 2022 the highest growth was recorded in the following categories:

- staff costs (by PLN 102.4 million, +6.8% y/y) as a result of salary increases,
- marketing and promotion costs (up by PLN 7.5 million, +5.5% y/y), and

- general and administrative expenses (up by PLN 95.4 million, +12.2% y/y), mainly due to higher IT costs (+PLN +20.1 million, +6.5% y/y).

Operating expenses (PLN million)

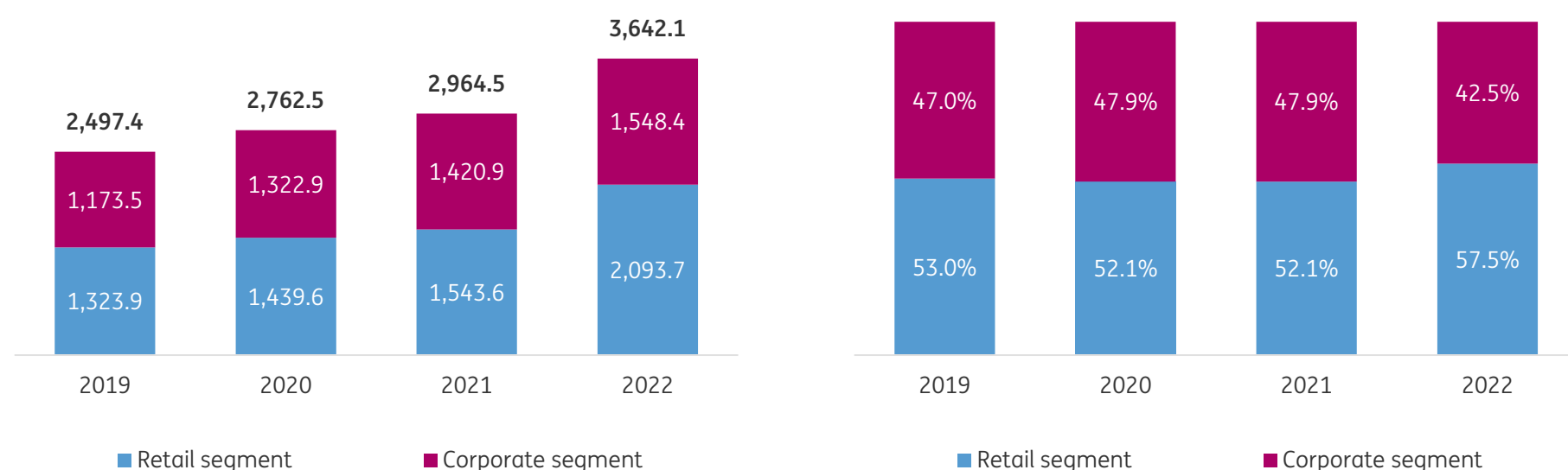


The headcount level in the ING Bank Śląski S.A. Group decreased y/y from 8,643 FTEs as at 2021 yearend to 8,358 FTEs as at 2022 yearend.

Operating expenses of the retail segment were up by PLN 550,2 million y/y (+35.6%) to PLN 2,093.7 million, while operating expenses of the corporate segment were up by PLN 127.4 million y/y (+9.0%) to PLN 1,548.4 million. The high cost growth in the retail segment is the result of the allocation to this segment of the majority of regulatory costs incurred in 2022. Consequently, the segmental cost structure remained significantly altered.

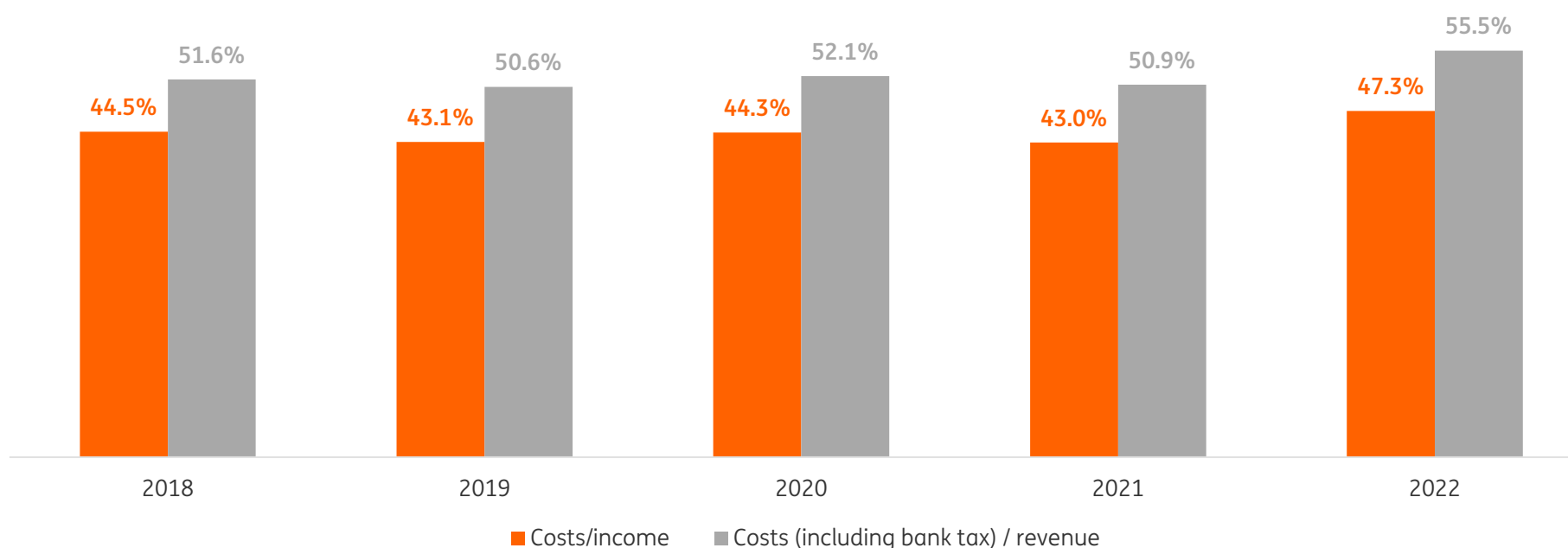


Operating expenses by business segments (PLN million) Structure of operating expenses by business segment



Due to a faster rate of growth in operating expenses than in revenue, the efficiency ratio – costs to revenue – deteriorated in 2022 relative to the previous year. It was 47.3%, which means a growth by 4.2 p.p. r/r. If the bank levy was also included in the costs of operation, the ratio of costs so understood to income generated in 2022 was 55.5% compared to 50.9% the year before. In 2022, regulatory costs plus bank levy accounted for 32.4% of operating expenses including bank levy (23.1% a year earlier).

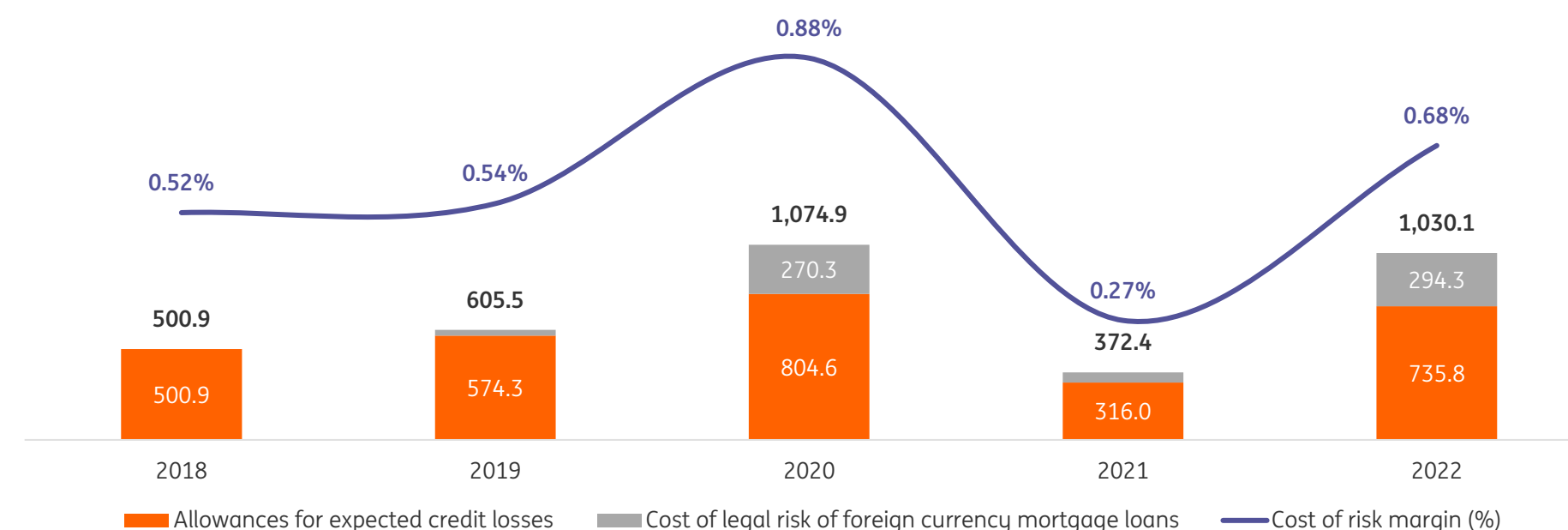
Cost-to-income ratio



Allowances for expected credit losses including the cost of legal risk of foreign currency mortgage loans

In 2022, there was an increase in the risk cost margin ratio (the ratio of the allowance for net expected credit losses and provisions for legal risk of foreign currency mortgage loans to the gross loan portfolio) to 0.68% from 0.27% in the previous year. Changes in macroeconomic parameters were largely responsible for this, with a total impact of PLN 217.7 million in 2022, including PLN 106.4 million in the retail segment and PLN 111.3 million in the corporate segment. In 2021, this was PLN -9.0 million (reduction in risk costs; entirely attributable to the corporate segment).

Consolidated allowances for expected credit losses including the cost of legal risk of foreign currency mortgage loans (PLN million)



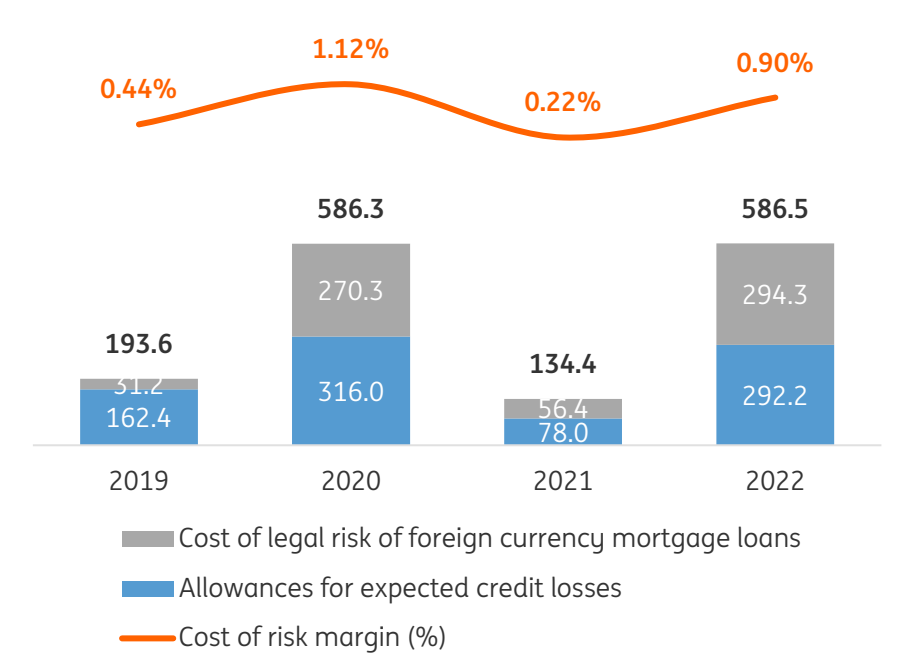
The total cost of risk (allowances for expected credit losses and costs of legal risk of foreign currency mortgage loans) amounted to PLN 1,030.1 million in 2022. This amount includes a PLN 294.3 million provision for the legal risk of foreign currency mortgages (PLN 56.4 million a year earlier).

Risk costs in the retail segment in 2022 amounted to PLN 586.5 million (vs. PLN 134.4 million in 2021, up by 336.4% y/y). The impact of the provision for legal risk of foreign currency mortgages was of a similar magnitude (PLN 294.3 million against PLN 56.4 million a year earlier). Risk costs in the corporate segment amounted to PLN 443.6 million (vs. PLN 238.0 million in 2021, an increase of 86.4% y/y).

In Q1 and Q3 2022, the bank sold corporate and retail receivables from phase 3. The impact of these transactions on the cost of risk was noticeable (total positive impact of PLN 82.7 million). The Bank regularly sells Phase 3 debt portfolios under its credit risk management policy. a similar transaction was also completed in 2021 (at that time, its positive impact on the cost of risk amounted to PLN 61.6 million).



Allowances for expected credit losses including the cost of legal risk of foreign currency mortgage loans (PLN million)

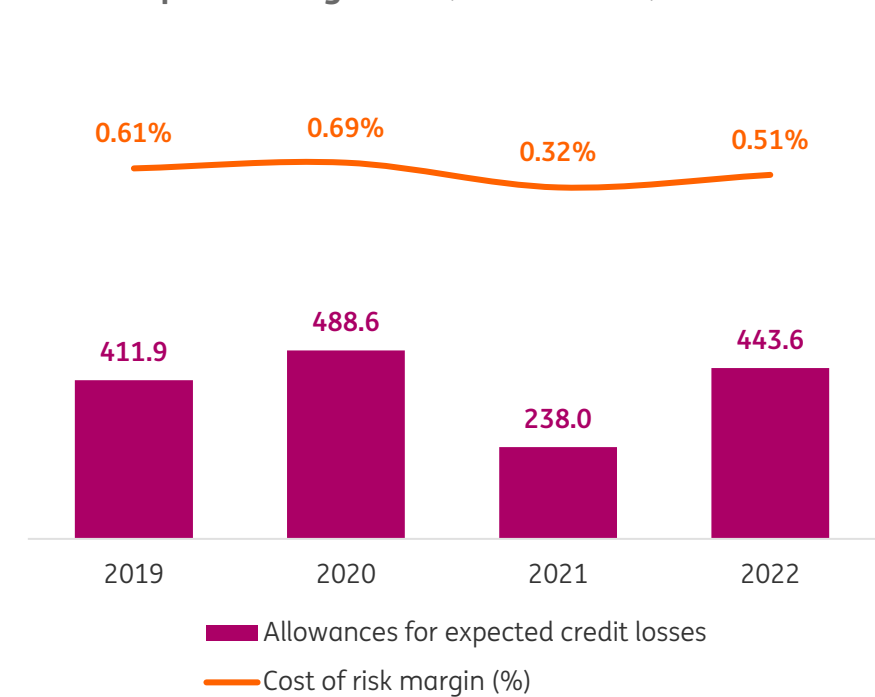


The quality of our loan portfolio is described in the chapter “Security of the bank and clients”, in the section [Credit risk](#).

Tax on certain financial institutions

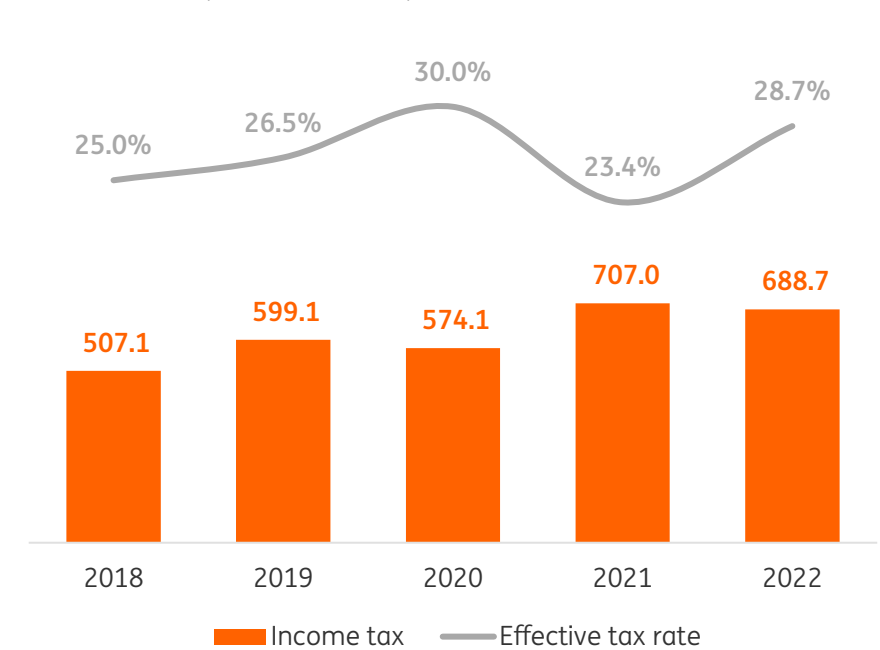
In 2022, the ING Bank Śląski S.A. Group paid tax on certain financial institutions (the so-called bank levy) in the amount of PLN 646.9 million. The bank levy was up by PLN 102.2 million, i.e. by 18.8%, compared to 2021, was driven by a higher tax base, which is a consequence of higher business volumes, the decrease in the share of Polish government bonds in the asset structure and the decrease in own funds.

Allowances for expected losses on net financial in the corporate segment (PLN million)



Income tax

Income tax (PLN million) and effective tax rate



In 2022, the ING Bank Śląski S.A. Group recorded income tax in the amount of PLN 688.7 million. It fell by 2.6% compared to the previous year due to lower y/y gross profit. The effective tax rate in 2022 was 28.7%, compared to 23.4% in the previous year. Both in 2021 and 2022 – pursuant to Article 16.1.71 of the CIT Act – a contribution to the guarantee fund of banks, as well as a contribution to the forced bank restructuring fund, were not tax deductible. Bank levy is not a tax deductible cost either (pursuant to Article 16.1.70 of the CIT Act).

Statement of financial position

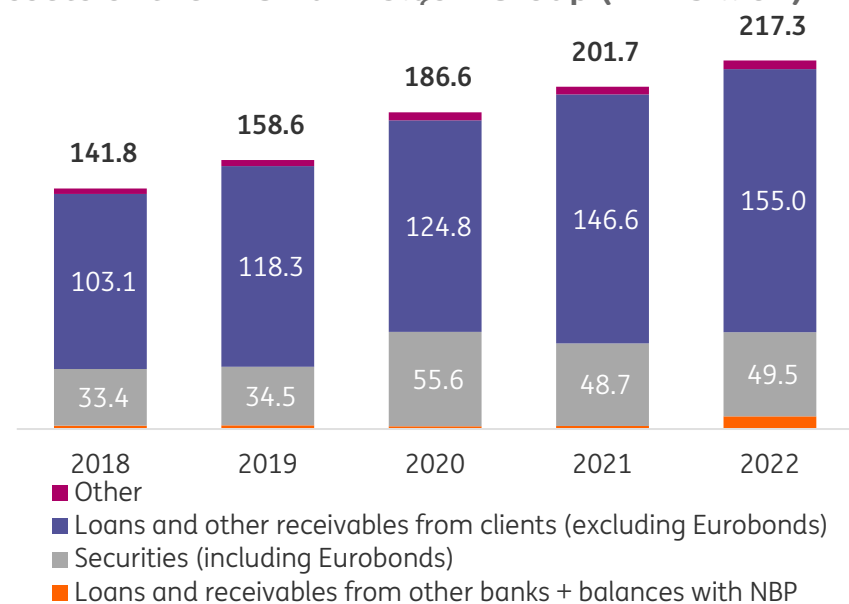
Assets

ING Bank Śląski Group’s total assets reached PLN 217.3 billion as at 2022 yearend (PLN 201.7 billion a year earlier). It implies they were up by 7.7% against 2021. The main driver of growth was loans and other receivables from clients, which totalled PLN 155.0 billion as at 2022 yearend (+5.7% y/y). They remained the most important asset (71.4% against 72.7% a year earlier).

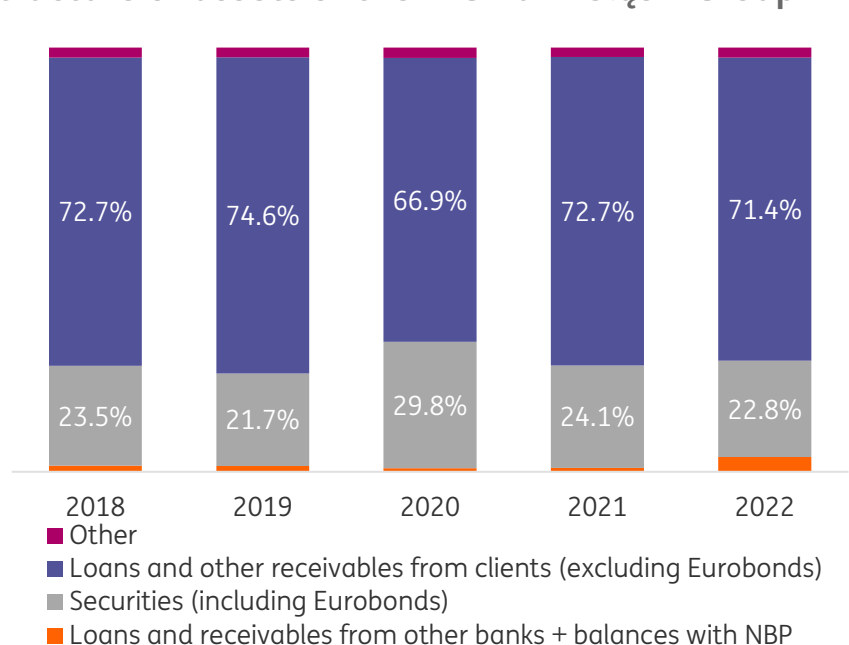
Indeed, receivables from other banks also increased in 2022. Together with funds in the NBP, this already totals PLN 7.5 billion (up by PLN 5.7 billion, +315.5% y/y). Such dynamics resulted in an increase in their share of the asset structure from 0.9% in 2021 to 3.5% as at 2022 yearend.



Assets of the ING Bank Śląski Group (PLN billion)

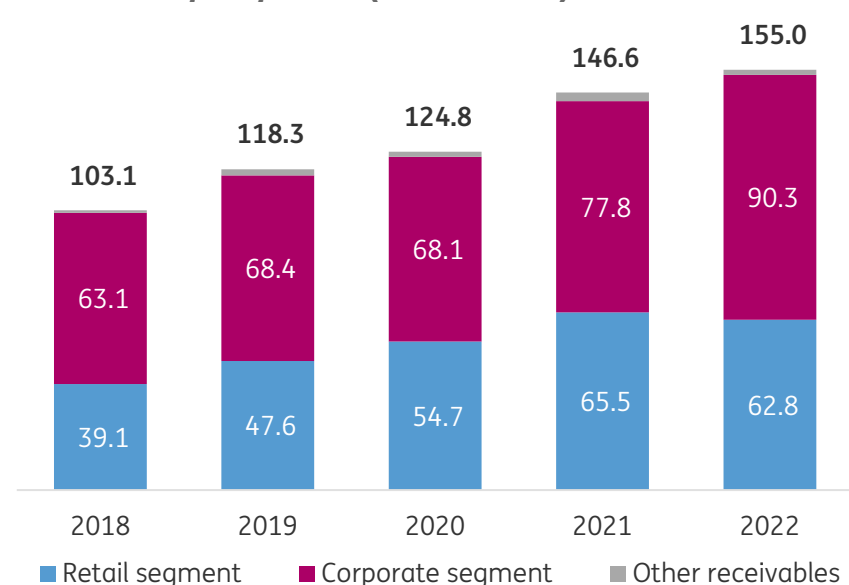


Structure of assets of the ING Bank Śląski Group

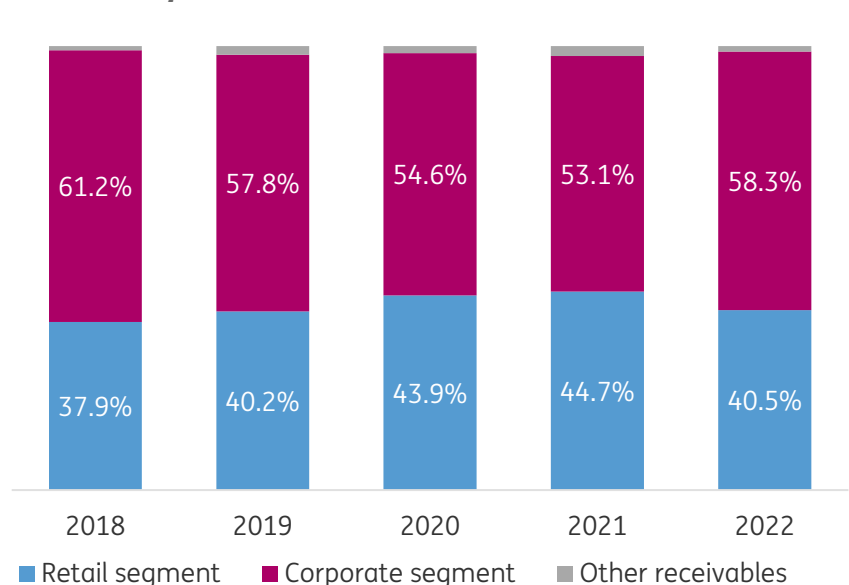


In 2022, an increase in net loans and other receivables was recorded in the corporate segment (+16.0% y/y to PLN 90.3 billion at year-end) with a decrease in the retail segment (-4.0% y/y to PLN 62.8 billion). Accordingly, the retail segment's share of net loans and other receivables decreased to 40.5% from 44.7% a year earlier, while the corporate segment's share increased to 58.3% from 53.1% a year earlier.

Net loans by segment (PLN billion)



Net lending structure



Within the structure of the portfolio of receivables from clients (net) by currency, the share of exposures denominated in PLN decreased to 83.7%. This is a consequence of a faster increase in foreign currency-

denominated receivables (by PLN 4.9 billion y/y; +24.1%) than the increase in PLN-denominated exposures (by PLN 3.5 billion y/y; +2.8%). One of the reasons behind this is the weakening of the zloty against other currencies.

Net receivables from clients

PLN million	2018	2019	2020	2021	2022	Change 2022 to 2021
					PLN million	%

Total net receivables from clients							
Measured at amortized cost	102,907.4	118,127.8	124,655.3	146,536.0	154,974.6	8,438.6	5.8%
Measured at fair value through profit or loss	218.4	160.3	106.2	78.4	54.6	-23.8	-30.4%
Total	103,125.8	118,288.1	124,761.5	146,614.4	155,029.2	8,414.8	5.7%

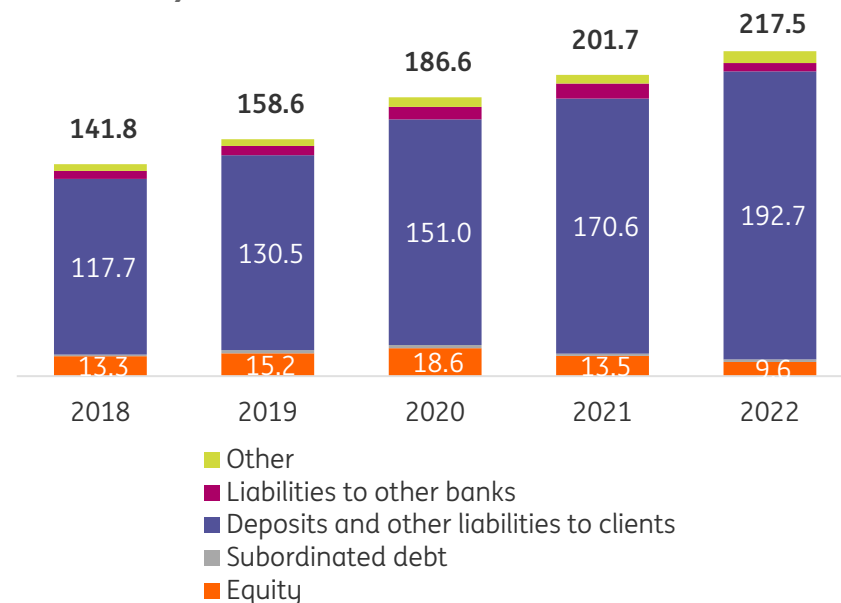
Net receivables from clients measured at amortised cost							
Loan portfolio, of which:	101,956.8	115,831.0	122,722.1	143,286.7	153,091.2	9,804.5	6.8%
households	47,525.7	57,284.9	63,345.0	75,418.6	72,715.0	-2,703.6	-3.6%
business entities	51,223.9	55,527.2	56,059.7	64,922.5	77,308.6	12,386.1	19.1%
central and local government institutional sector	3,207.2	3,018.9	3,317.4	2,945.6	3,067.6	122.0	4.1%
Total, of which:	101,956.8	115,831.0	122,722.1	143,286.7	153,091.2	9,804.5	6.8%
Corporate banking	62,861.1	68,230.7	67,976.7	77,756.3	90,285.8	12,529.5	16.1%
overdraft facilities	10,982.5	10,999.5	8,982.1	11,848.6	14,960.8	3,112.2	26.3%
terms loans and borrowings	36,138.0	40,099.2	41,510.8	44,675.6	51,502.1	6,826.5	15.3%
lease receivables	8,093.6	9,334.7	9,697.6	11,090.0	12,363.5	1,273.5	11.5%
factoring receivables	4,837.7	5,293.3	4,794.5	6,823.8	7,682.0	858.2	12.6%
commercial loans and municipal debt securities	2,809.3	2,504.0	2,991.7	3,318.3	3,777.4	459.1	13.8%
Retail banking	39,095.7	47,600.3	54,745.4	65,530.4	62,805.4	-2,725.0	-4.2%
mortgage loans and borrowings	33,146.8	40,597.4	47,621.8	57,192.3	54,886.5	-2,305.8	-4.0%
overdraft facilities	563.7	596.5	594.3	631.9	634.0	2.1	0.3%
other loans and borrowings	5,385.2	6,406.4	6,529.3	7,706.2	7,284.9	-421.3	-5.5%
Other receivables, of which:	950.6	2,296.8	1,933.2	3,249.3	1,883.4	-1,365.9	-42.0%
opened call deposits	733.0	1,598.6	1,272.2	2,531.5	827.6	-1,703.9	-67.3%
other receivables	217.6	698.2	661.0	717.8	1,055.8	338.0	47.1%
Total	102,907.4	118,127.8	124,655.3	146,536.0	154,974.6	8,438.6	5.8%



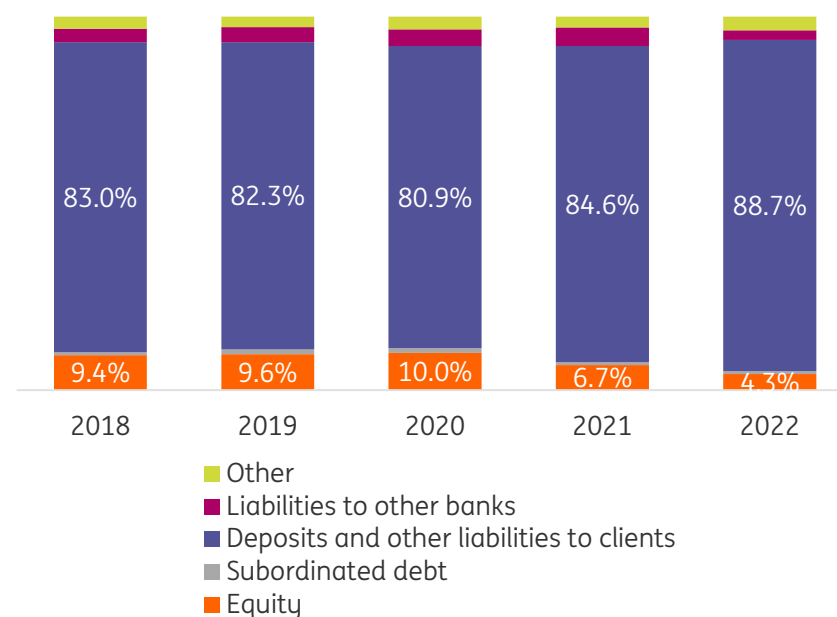
Equity and liabilities

The dominant source of financing of the ING Bank Śląski S.A. Group's operations was clients' funds. As at 2022 yearend, liabilities to clients amounted to PLN 192.7 billion (+22.1 billion, +13.0% y/y) and accounted for 88.7% of total liabilities. The value of equity fell by PLN 4.2 million to PLN 9.3 billion as at 2022 yearend, which was mainly driven by the negative valuation of cash flow hedging instruments (it deepened from PLN -3.0 billion at the end of 2021 to PLN -7.8 billion as at 2022 yearend). This valuation forms part of accumulated other comprehensive income. In contrast, Article 33(1a) of the CRR indicates that provisions reflecting the fair value associated with gains or losses on cash flow hedges of financial instruments (which are not measured at fair value) are not included in own funds. This means that, in principle, a decrease in equity on this account does not translate into a decrease in own funds and consequently has no direct negative impact on the bank's capital ratios.

Equity and liabilities of the ING Bank Śląski Group (PLN billion)

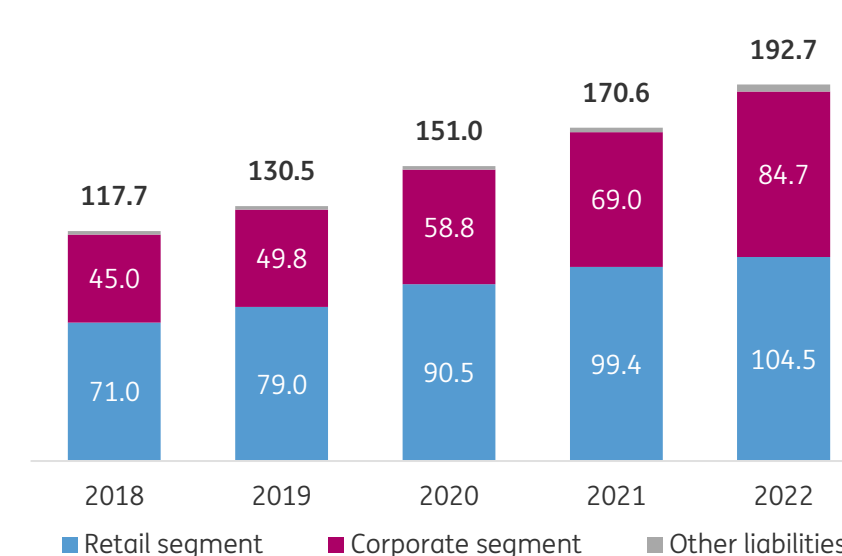


Structure of ING Bank Śląski Group liabilities



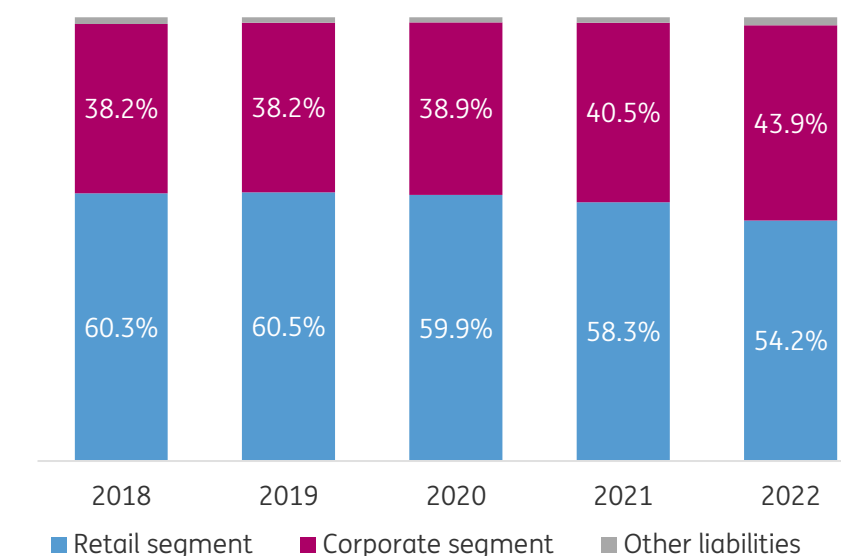
Deposits and other liabilities to clients of the retail segment increased by PLN 5.1 billion (+5.1% y/y) and to the corporate segment by PLN 15.6 billion (+22.6% y/y). The corporate segment's share of deposits and other liabilities to clients increased by 3.5 p.p. y/y to 43.9% (the retail segment's share decreased by 4.1 p.p. y/y to 54.2%).

Deposits* by segment (PLN billion)



*deposits and other liabilities to clients

Structure of deposits*



In ING Lease (Poland), the source of funding for long-term lease contracts in EUR ("matched-funding") are loans received from ING Bank N.V. in Amsterdam. The current loan agreement of 15 July 2021 introduced a total funding limit for the ING Lease (Poland) group of EUR 1,305 million. As at 2022 yearend the debt balance was EUR 1,064.9 million. Disbursements are made in the form of loan tranches, which are drawn down in accordance with the needs arising from the leases and loans being drawn down. Repayment of the borrowed financing is carried out on time in accordance with the repayment schedules of the disbursed credit tranches.

In addition, in 2022 the debt under the loan agreement with the European Investment Bank (EIB) signed in 2016 was fully repaid and the collateral of this agreement in the form of Polish Treasury bonds was released.

In 2022, ING Bank Śląski's subsidiary ING Bank Hipoteczny issued bonds with a total nominal value of PLN 361 million (i.e. 722 bonds with a nominal value of PLN 500 thousand each) under the Bond Issue Programme (Bond Programme). The bonds were issued in three series:

- Series 7 with a value of PLN 79 million and a maturity set at 3 months,
- Series 8 with a value of PLN 148 million and a maturity set at 3 months,
- Series 9 with a value of PLN 134 million and a maturity set at 3 months.

The bonds were registered with the National Depository for Securities in Warsaw. Series 7, 8, and 9 bonds were fully purchased by an entity within the Bank Group. The bond issues in question are governed by the Bond Issue



Programme Agreement concluded with ING Bank Śląski. Under the agreement, the maximum nominal value of the issued and outstanding bonds is PLN 4.0 billion.

In 2022, ING Bank Hipoteczny S.A. redeemed bonds issued under the Bond Programme in 2021, i.e. Series 4 bonds worth PLN 150 million, Series 5 bonds worth PLN 79 million and Series 6 bonds worth PLN 425 million. It also redeemed the bonds issued under the 2022 Bond Programme, i.e. the 7th Series bonds worth 79 million and the 8th Series bonds worth 148 million.

ING Bank Hipoteczny has carried out a five-year 'green' mortgage bond issue in 2019 for an amount of PLN 400 million. The funds obtained from the issue will be used to refinance mortgage loans in PLN for natural persons, secured with mortgage belonging to 15% of the most energy-efficient buildings in Poland.

As at 2022 yearend the total nominal value of own bonds issued and not redeemed amounted to PLN 134 million.

Liabilities portfolio vis-a-vis clients							
PLN million	2018	2019	2020	2021	2022	Change 2022 to 2021	
						PLN million	%
Deposits, of which:	115,908.0	128,800.1	149,269.9	168,458.5	189,156.9	20,698.4	12.3%
households	78,255.5	87,643.7	102,920.0	113,570.2	118,217.9	4,647.7	4.1%
business entities	35,735.0	36,191.2	43,454.5	51,415.7	64,253.8	12,838.1	25.0%
central and local government institutional sector	1,917.5	4,965.2	2,895.4	3,472.6	6,685.2	3,212.6	92.5%
Total, of which:	115,908.0	128,800.1	149,269.9	168,458.5	189,156.9	20,698.4	12.3%
Corporate banking	44,956.5	49,848.1	58,755.4	69,029.9	84,656.4	15,626.5	22.6%
current deposits	30,522.2	34,707.2	45,250.6	55,776.1	53,684.1	-2,092.0	-3.8%
savings accounts	12,212.7	13,513.1	12,920.5	12,462.4	18,053.5	5,591.1	44.9%
term deposits	2,221.6	1,627.8	584.3	791.4	12,918.8	12,127.4	1532.4%
Retail banking	70,951.5	78,952.0	90,514.5	99,428.6	104,500.5	5,071.9	5.1%
current deposits	13,007.6	15,706.7	22,924.1	28,641.5	27,265.1	-1,376.4	-4.8%
savings accounts	55,704.7	60,812.0	65,896.2	69,286.6	69,381.1	94.5	0.1%
term deposits	2,239.2	2,433.3	1,694.2	1,500.5	7,854.3	6,353.8	423.4%
Other liabilities, including:	1,774.5	1,673.4	1,758.6	2,151.4	3,574.4	1,423.0	66.1%
liabilities under monetary hedges	329.5	400.1	547.1	476.3	742.9	266.6	56.0%
call deposits	8.6	11.6	20.7	12.5	11.4	-1.1	-8.8%
other liabilities	1,436.4	1,261.7	1,190.8	1,662.6	2,820.1	1,157.5	69.6%
Total	117,682.5	130,473.5	151,028.5	170,609.9	192,731.3	22,121.4	13.0%



Off-balance sheet items

Off-balance items of ING Bank Śląski Capital Group					
PLN million	2018	2019	2020	2021	2022
Contingent liabilities granted	34,284.1	36,547.7	43,587.5	48,693.8	48,158.2
unutilized lines of credit	25,791.0	27,699.0	33,997.6	38,972.4	37,223.5
guarantees	5,575.6	5,837.2	6,058.6	6,215.5	7,455.1
unutilised overdraft facilities	1,371.2	1,425.6	1,580.5	1,563.2	1,549.7
credit card limits	1,251.2	1,389.9	1,520.5	1,549.1	1,548.2
letters of credit	295.1	196.0	430.3	393.6	381.7
Contingent liabilities received	7,109.7	8,645.7	11,586.1	21,645.4	17,481.2
Total off-balance items	41,393.8	45,193.4	55,173.6	70,339.2	65,639.4

Details of off-balance items are presented in the Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group for 2022.

Standalone performance of ING Bank Śląski

Key effectiveness ratios

Key effectiveness ratios for ING Bank Śląski S.A. in 2018-2022						
	2018	2019	2020	2021	2022	Change 2022 to 2021
Cost share ratio* (C/I)	43.6%	42.4%	44.0%	42.2%	46.6%	+4.4 p.p.
Return on assets ROA	1.19%	1.13%	0.78%	1.21%	0.84%	-0.37 p.p.
Return on equity (ROE)	12.5%	11.7%	7.7%	13.8%	17.8%	+4.0 p.p.
LTD ratio	84.5%	85.0%	77.3%	80.8%	75.9%	-4.9 p.p.
LCR	138%	135%	214%	167%	156%	-11.0 p.p.
NSFR	127%	126%	140%	159%	157%	-2.3 p.p.
LR according to transitional definition	8.2%	8.1%	8.0%	7.4%	6.9%	-0.5 p.p.
Total capital ratio	17.17%	18.30%	20.87%	17.09%	16.77%	-0.32 p.p.
Tier 1 capital ratio	16.24%	15.63%	18.05%	15.31%	15.10%	-0.21 p.p.

**including the net profit of associates accounted for using the equity method*



Key financial data

Abridged information on the financial performance of ING Bank Śląski S.A. in 2018-2022

PLN million	2018	2019	2020	2021	2022	Change 2022 to 2021
Income*	5,073	5,591	5,951	6,670	7,467	+11.9%
Expenses	-2,213	-2,370	-2,616	-2,813	-3,480	+23.7%
Risk cost**	-477	-569	-970	-342	-966	182.6%
Profit before tax	2,010	2,217	1,883	2,971	2 375	-20.1%
Net profit	1,524	1,659	1,338	2,308	1 714	-25.7%
Balance sheet total	137,935	153,917	181,117	195,905	211,159	7.8%
Liabilities to clients	117,294	130,037	150,737	170,104	192,243	13.0%
Loans granted and other receivables, net**	99,126	110,537	116,459	137,419	145,788	6.1%
Equity	13,322	15,115	18,371	13,216	9,267	-29.9%
Earnings per share (EPS; PLN)	11.71	12.75	10.28	17.74	13.18	-25.7%
Dividend per share (PLN) for a given year	3.50	0.00	5.10	5.30	-	-

*including net profit of associates accounted for using the equity method; ** including legal risk costs of foreign currency mortgage loans; *** including fair value loans.

For the purposes of converting the figures presented above into euros, we use the same exchange rates as those referred to in the section on our bank's consolidated results.

Abridged information on the financial performance of ING Bank Śląski S.A. in 2018-2022

EUR M	2018	2019	2020	2021	2022	Change 2022 to 2021
Income*	1,189	1,300	1,330	1,457	1,631	+11.9%
Cost	-519	-551	-585	-614	-760	+23.7%
Risk cost**	-112	-132	-217	-75	-211	182.6%
Profit before tax	471	515	421	649	519	-20.1%
Net profit	357	386	299	504	375	-25.7%
Balance sheet total	32,078	36,144	39,247	42,594	45,910	7.8%
Liabilities to clients	27,278	30,536	32,664	36,984	41,797	13.0%
Loans granted and other receivables, net**	23,053	25,957	25,236	29,878	31,697	6.1%
Equity	3,098	3,549	3,981	2,873	2,015	-29.9%
Earnings per share (EPS; PLN)	2.74	2.96	2.30	3.88	2.88	-25.7%
Dividend per share (PLN) for a given year	0.82	0.00	1.14	1.16	-	-

*including net profit of associates accounted for using the equity method; ** including legal risk costs of foreign currency mortgage loans; *** including fair value loans.



Profit and loss account

Basic figures of the profit and loss account of ING Bank Śląski for 2022 and changes compared to the previous year are presented in the table below.

Basic figures of the profit and loss account in analytical terms							
PLN million	2018	2019	2020	2021	2022	Change 2022 to 2021	
						PLN million	%
Net interest income	3,619.1	4,089.8	4,276.7	4,672.7	5,330.3	+657.6	+14.1%
Net commission income	1,236.6	1,295.8	1,472.1	1,778.8	2,018.8	+240.0	+13.5%
Other income*	217.2	205.3	201.7	218.8	118.0	-100.8	-46.1%
Total income	5,072.9	5,590.9	5,950.5	6,670.3	7,467.1	+796.8	+11.9%
Operating expenses	-2,212.9	-2,369.8	-2,616.2	-2,812.5	-3,479.7	-667.2	+23.7%
Impairment allowances and provisions**	-476.6	-568.9	-970.0	-341.7	-965.7	-624.0	+182.6%
Bank levy	-373.8	-435.7	-481.6	-544.7	-646.9	-102.2	+18.8%
Gross profit	2,009.6	2,216.5	1,882.7	2,971.4	2,374.8	-596.6	-20.1%
Income tax	-485.8	-557.8	-545.1	-663.1	-660.4	+2.7	-0.4%
Net financial profit/loss	1,523.8	1,658.7	1,337.6	2,308.3	1,714.4	-593.9	-25.7%

*including net income of associates accounted for using the equity method; **including legal costs of foreign currency mortgage loans

Profit before tax and net profit

In 2022, ING Bank Śląski S.A. posted the net profit of PLN 1,714.4 million. It implies that the net result deteriorated by 25.7% from 2021.

The result before tax was PLN 2,374.8 million and it was down by 20.1% compared to 2021. The deteriorated profit before tax in 2022 was up by PLN 596.6 million compared to 2021 mainly due to:

- a charge to interest income at the expense of the credit moratorium (PLN -1,549.2 million),
- a decrease in other revenues by PLN 100.8 million (-46.1% y/y),
- an increase in operating expenses of PLN 667.2 million (+23.7% y/y),

- an increase in the cost of risk (including the cost of legal risk of foreign currency mortgages) of PLN 624.0 million (+182.6% y/y),
- an increase in the cost of bank levy by PLN 102.2 million (+18.8% y/y).

On the other hand, the factors that had positive impact on result before tax compared to 2021 included:

- an increase in net interest income (adjusted for the impact of the credit moratorium) of PLN 2 206.8 million (+47.2% y/y),
- net commission income, which was up (by PLN 240.0 million, +13.5% y/y).

In 2022, ING Bank Śląski’s total income (which includes, in addition to net profit, other income and expense items included in equity) amounted to PLN -3,036.0 million, compared to PLN -4,491.3 million in 2021.

Revenue

Net interest income

In 2022, net interest income of ING Bank Śląski was up by PLN 657.6 million compared to 2021 (+14.1% y/y) up to the level of PLN 5,330.3 million. The increase in net interest income was mainly due to higher interest rates and higher business volumes. At the same time, a very large part of the increase in interest income was consumed by the cost of credit moratoria (negative impact of PLN 1,549.2 million).

Net commission income

In 2022, net commission income of the bank was up by PLN 240.0 million (+13.5% y/y) compared to 2021 to the level of PLN 2 018.8 million.

The most significant increase in the net commission income was recorded for the following items in the:

- FX margin – up by PLN 157.7 million (+28.9% y/y),
- payment and credit cards (net) – up by PLN 86.9 million (+20.4% y/y),
- lending – up by PLN 57.2 million, (+13.7% y/y).

Operating expenses

In 2022, the operating expenses of the ING Bank Śląski S.A. Group grew by 23.7% y/y up to PLN 3,479.7 million. Within the main cost categories, the dynamics were as follows:



- employee costs were up by PLN 99.4 million (+7,1% y/y),
- marketing and promotion costs were up by PLN 7.4 million, (+5.5% y/y),
- other own costs increased by PLN 85.7 million (+11.5% y/y),
- regulatory costs (including the costs of the BGF, the PFSA, the Borrower Support Fund and the Commercial Bank Protection Scheme) increased by PLN 480.7 million (+185.2% y/y),
- depreciation costs up by PLN 6.0 million, (-2.2% y/y).

The headcount level in ING Bank Śląski increased (7,931 FTEs as at 2022 yearend compared to 8,211 FTEs as at 2021 yearend).

Allowances for expected credit losses including the cost of legal risk of foreign currency mortgage loans

In 2022, the value of allowances for expected credit losses (including costs of legal risk of FX mortgage loans) stood at PLN 965.7 million, compared with PLN 341.7 million a year earlier (+182.6% y/y). The increase in the cost of risk was due, among other things, to the negative impact of changes in macroeconomic parameters in credit risk models and higher costs of legal risk of FX mortgage loans.

Tax on certain financial institutions

In 2022, ING Bank Śląski paid tax on certain financial institutions (the so-called bank levy) in the amount of PLN 646.9 million. The bank levy was up by PLN 102.2 million (+18.8%) compared to 2021, was driven by a higher tax base, which is a consequence of higher business volumes.

Income tax

ING Bank Śląski recorded income tax of PLN 660.4 million in 2022. It was down by 0.4% compared to the previous year. The effective tax rate in 2022 was 25.4%, compared to 22.3% the year before. Both in 2021 and 2022 – pursuant to Article 16.1.71 of the CIT Act – a contribution to the guarantee fund of banks, as well as a contribution to the forced bank restructuring fund, were not tax deductible. Bank levy is not a tax deductible cost either (pursuant to Article 16.1.70 of the CIT Act).

Statement of financial position

Assets

Total assets of ING Bank Śląski amounted to PLN 211.2 billion as at 2022 yearend. It implies they were up by 7.8% against 2021. The main driver of the increase was the net client receivables portfolio (up by PLN 8.4 billion, +6.1% y/y). They accounted for 69.0% of total assets. The securities portfolio was the second most important component of the bank’s assets (23.9% share), and the value of this portfolio increased by PLN 1.1 billion in 2022 (+13.3% y/y).

In terms of the net client receivables portfolio, the corporate segment recorded growth, while the retail receivables portfolio contracted. The retail segment’s portfolio fell by PLN 1.5 billion (-2.5% y/y), causing the segment’s share of the total net receivables portfolio to fall to 41%. The corporate segment grew by PLN 11.3 billion (+15.4% y/y) – the share of this segment in the total portfolio was 59% as at 2022 yearend.

ING Bank Śląski is also providing financing to its subsidiaries (corporate segment) for a total of PLN 13.4 billion as at 2022 year-end. All transactions take place on a basis which does not deviate from market conditions. In 2022:

- the Bank will provide ING Lease (Poland) and its subsidiaries with new loan tranches under the existing 2016 financing agreement,
- ING Bank Hipoteczny decreased the use of the revolving credit facility,
- ING Commercial Finance increased the funding limit at ING Bank Śląski and increased its utilisation level.



Portfolio of loans to subsidiaries of ING Bank Śląski S.A. – 2022

PLN million	ING Commercial Finance S.A.	ING Bank Hipoteczny S.A.	ING Lease (Polska) Sp. z o.o.*	Total
Breakdown by maturity				
Up to 1 year	4,062.7	94.5	218.8	4,376.0
Over 1 year	0.0	1,948.6	7,077.2	9,025.8
Total	4,062.7	2,043.0	7,296.0	13,401.7
Breakdown by currency				
PLN	2,754.3	2,043.0	7,217.4	12,014.7
EUR	1,218.9	0.0	78.7	1,297.6
Other	89.4	0.0	0.0	89.4
Total	4,062.7	2,043.0	7,296.0	13,401.7

*including subsidiaries

Portfolio of loans to subsidiaries of ING Bank Śląski S.A. – 2021

PLN million	ING Commercial Finance S.A.	ING Bank Hipoteczny S.A.	ING Lease (Polska) Sp. z o.o.*	Total
Breakdown by maturity				
Up to 1 year	3,913.4	-	344.6	4,258.0
Over 1 year	-	2,453.7	6,754.2	9,207.8
Total	3,913.4	2,453.7	7,098.8	13,465.9
Breakdown by currency				
PLN	2,943.3	2,453.7	7,020.1	12,417.0
EUR	886.2	-	78.7	964.9
Other	84.0	-	-	84.0
Total	3,913.4	2,453.7	7,098.8	13,465.9

*including subsidiaries

Equity and liabilities

The predominant source of funding for ING Bank Śląski’s operations was client funds. As at 2022 yearend liabilities to clients amounted to PLN 192.2 billion, or 90.9% of total liabilities.

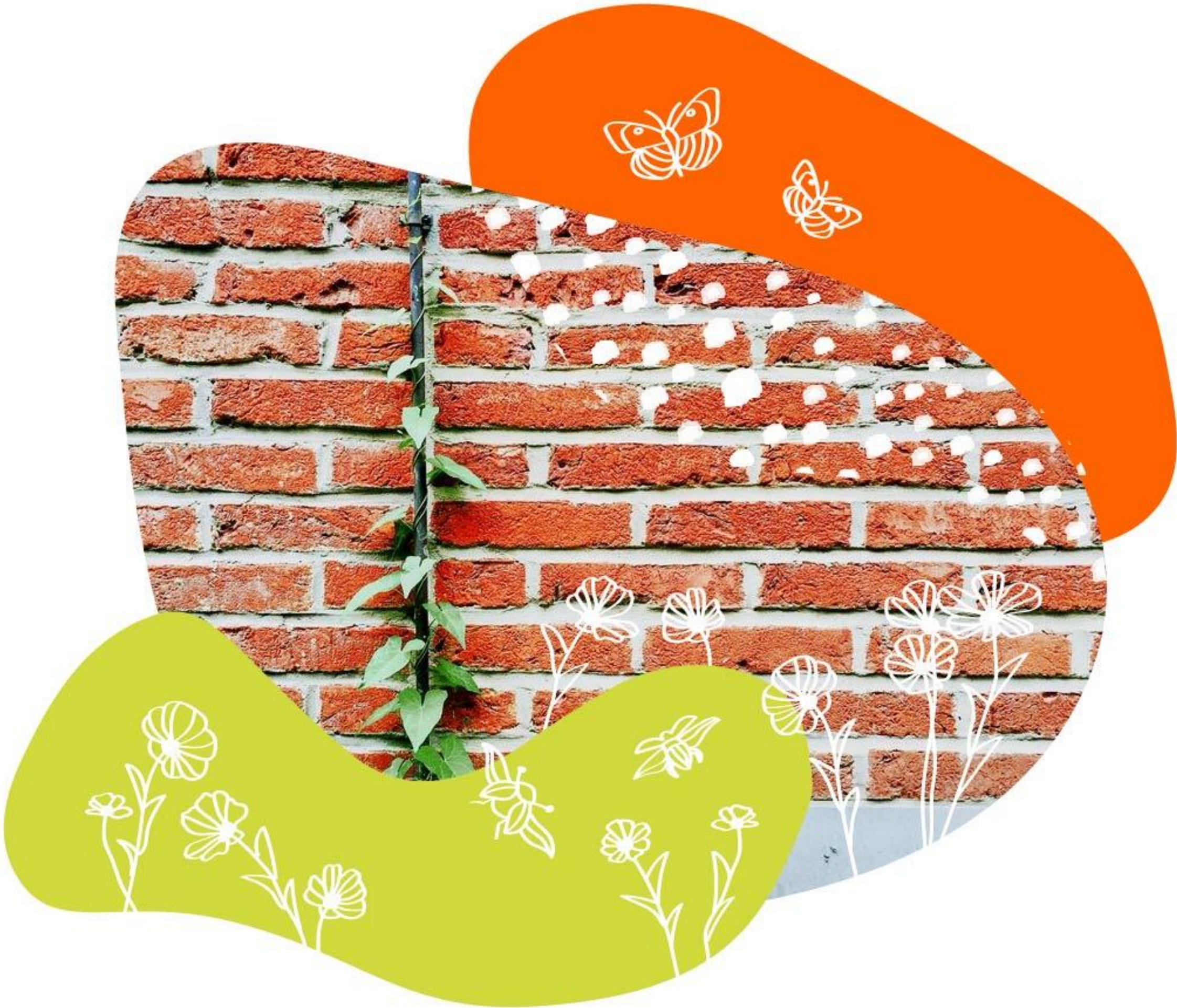
The next material important source of financing was equity, which at the end of December 2022 amounted to PLN 9.3 billion and accounted for 4.4% of total liabilities.

In 2022, deposits and other liabilities to clients increased by PLN 22.1 billion y/y, or 13.0%, mainly due to deposits from the corporate segment (+PLN +15.6 billion, +22.6% y/y), and to a lesser extent from the retail segment (+PLN +5.1 billion, +5.1% y/y).

Off-balance sheet items

Off-balance sheet items of ING Bank Śląski					
PLN million	2018	2019	2020	2021	2022
Contingent liabilities granted	31,958.8	37,583.1	47,544.0	51,390.1	49,982.9
unutilized lines of credit	24,097.0	29,314.1	38,165.3	41,511.7	39,044.9
guarantees	4,943.8	5,257.0	5,847.1	6,372.5	7,458.4
unutilised overdraft facilities	1,371.2	1,425.6	1,580.5	1,563.2	1,549.7
credit card limits	1,251.7	1,390.4	1,520.8	1,549.1	1,548.2
letters of credit	295.1	196.0	430.3	393.6	381.7
Contingent liabilities received	6,374.9	8,285.7	11,727.3	19,564.0	17,256.2
Total off-balance items	38,333.7	45,868.8	59,271.3	70,954.1	67,239.1

Details of off-balance items were presented in the Annual Financial Statements of ING Bank Śląski S.A. for the year 2022.



ING Bank Śląski S.A. Management Board statement on the application of corporate governance principles

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In this chapter, we provide information and a corporate governance statement, including information about our shareholders, articles of association (the company’s charter), general meeting, Supervisory Board and our Management Board.

ING Bank Śląski S.A. Management Board presents the Statement on the application of corporate governance principles in 2022, pursuant to Article 70.6.5) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws, item 57).

Ethics, values and compliance

GRI [2-23] [3-3]

SDG 16

Organizational culture

Our organizational culture is based on clearly defined ethical principles. In determining them, we followed the requirements specified by the Polish Financial Supervision Authority, EBA, the Banking Code of Ethics, and the ING Group’s Global Code of Conduct. We make sure that employees know the ethical principles and apply them in their work. To this end, employees undergo regular e-learning training on the applicable ethical principles and sign annual declarations of knowledge of and compliance with the ethical principles.



The principles of professional ethics of our employees are based on, inter alia, on the “ING Values and Behaviours”, which defines the so-called Orange Code. Compliance with these principles is one of the basic obligations of employees.

Values indicate that we are honest, we are considerate/use common sense and we are responsible. ING behaviours involve taking initiative and acting effectively, helping others to succeed, always being one step ahead.

The Orange Code is an important element of our organization’s culture. It is also present in many banking processes, e.g. in the employee appraisal system. Employees and their superiors designate activities through which they support the implementation of the Orange Code. Our values and behaviours are also part of the

recruitment process. Additionally, employees are encouraged to incorporate feedback based on the Stop, Start, Continue model into their daily activities as a way of expressing appreciation, supporting development and change, reinforcing behaviours that build effectiveness and helping others succeed.

A particular element of our culture is taking the initiative, where, in the spirit of internal entrepreneurship, every employee is encouraged to identify relevant problems to be solved and seek ways to address them. How to be entrepreneurial and act effectively is helped by the staff at the business incubator, where you work with an idea under the guidance of mentors. This is our way of evolving to adapt to change and contemporary faiths, through which we learn in practice and build our resilience.

We also shape our organisational culture by building a mature risk culture. It consists of, among other things:

- Building employees’ knowledge and awareness of applicable laws and internal regulations as well as risk identification and management – numerous training courses for both all employees and selected groups, workshops, webinars (in 2022, between 50 and almost 600 people participated, depending on the topic), chats with experts, communications, competitions (in 2022, the Risk Hero competition received more than 300 entries and almost 2,500 employees took part in the voting).
- Example from the top from management (so-called *Tone from the Top*) – messages, discussions about risks at staff meetings.
- Decision-making according to the Orange Code – a developed methodology used to make balanced decisions in situations where an ethical dilemma arises.
- A defined risk appetite and regular monitoring of its compliance in our bank’s various risk areas.
- An appropriate staff remuneration system as defined, inter alia, in the *Remuneration Policy and Staff Appraisal Principles*, which sets out an incentive system based not only on financial but also on non-financial criteria.
- By building a risk culture, we want each of our employees, regardless of their position, to be aware of the risks they may face in their work and know how to deal with them.



Our ethics and compliance policies

We have put in place a number of regulations in our capital group that set out how our employees are to conduct themselves in order to comply with ethical principles and applicable regulations.

The basic document in this respect is the *Regulations – Principles of Professional Ethics of Employees of ING Bank Śląski S.A.* On the other hand, specific principles for different areas of employee conduct are described in related regulations such as: *Work Regulations; Policy for a Caring Work Environment Free of Discrimination and Mobbing; Whistleblowing Policy for Infringements of Law, Internal Regulations and Ethical Standards; Personal Data Protection Policy; Know Your Client Policy; Competition Law Compliance Policy; Complaints Management Policy at ING Bank Śląski S.A.; Conflict of Interest Policy; Market Abuse Policy* accompanied by other subordinate instructions, regulations, procedures.

We counteract corruption

GRI [3-3] [205-2] [205-3]

As a public trust organisation, the Bank sees anti-corruption practices as the top priority in its relationships with clients, business partners, and government officials. Any and all forms of bribery or corruption are absolutely forbidden. ING Group employees do not accept actions that indicate an attempt at bribery or corruption. The *Regulations – Principles of Professional Ethics of Employees of ING Bank Śląski S.A.*, which lay down the principles of conduct for each employee in the context of anti-corruption and combating conflicts of interest, information protection, and the whistleblowing procedure is the formal document regulating those aspects.

These issues are detailed in the *Anti-Bribery and Corruption Policy*, which all our employees are required to follow. The Policy provides for the restrictions on accepting and giving material and non-material benefits in contact with clients, business partners, and public servants as regards:

- gifts or invitations to events,
- cash or cash equivalents (these are prohibited),
- trip or accommodation funding,
- hiring a given person by the bank or offering him or her a traineeship or internship,

- sponsoring or charity donations by the bank,
- cooperation undertaken with business partners,
- participation in business meals.

In line with the accepted Policy, the Group follows the principles of integrity and ethics and applies the “zero tolerance principle to unfair behaviour”.

The acceptance or provision of gifts or benefits by employees to attend special events must in all circumstances have a sound business justification. There must be always a legally compliant purpose of and accepting or giving gifts or benefits. No such action can entail a conflict of interest, or even imply that such a conflict has occurred. The Bank disapproves giving benefits being political donations among others on its behalf. Staff decisions concerning employee hiring and secondment have to be substantiated with professional and objective criteria and they cannot serve illegal exertion of influence. The Policy provides for the amount thresholds on the benefits being gifts and participation in events which can be given or accepted by our employees.

Benefits given, accepted or refused are recorded in a so-called Register of Benefits – either when they exceed a certain value or whenever they involve relations with persons meeting the definition of a public official.

The above rules are an element of the *Anti-corruption Declaration ING Bank Śląski S.A.*, which is always enclosed with agreements made with vendors. The Bank and the whole ING Group, as per the Declaration, disapproves of actions which satisfy the criteria of bribery or corruption or imply bribery or corruption, and expects its business partners to comply with the anti-corruption standards. Further, the Group does not cooperate with business partners who do not accept our standards. Detailed information on supplier relations can be found on [our website](#).

All employees are required to report bribery-, corruption- or conflicts of interest-related irregularities. Infringements of the above regulations and laws can be reported in person or anonymously via the whistleblowing procedure set out in the *Whistleblowing Policy for Infringements of Law, Internal Regulations and Ethical Standards*.

The text of the declaration on anti-bribery standards can be found on [our website](#) (Polish link).

At ING Bank Śląski, we do not tolerate bribery and corruption. In order for our employees to better recognise these phenomena and be able to counter them effectively, we are continuously raising staff awareness of the principles of the *Anti-Bribery and Corruption Policy*. We carry out this task, among other things, through e-learning training and regular awareness-raising activities, such as e-mail messages or information posted on the intranet, and we



intensify those actions particularly during the festive season, which is conducive to receiving and giving gifts or other benefits. All newly recruited employees are included in a training programme on our bank's existing standards of conduct. Training in the field of Anti-Bribery and Corruption was completed on time by 96.45% of employees of our bank's capital group. The rate is determined by the number of employees who complete the training in relation to all those enrolled in that training (including long-term absences).

As part of our bank's internal control system, elements of the anti-bribery and corruption process are subject to:

- on-going verification, in particular of reports entered in the Register of Benefits,
- independent compliance testing,
- annual key control tests (KCT).

No cases of suspected bribery or corruption were identified in 2022.

We combat conflicts of interest

GRI [2-15]

We introduced internal procedures and controls to combat conflicts of interest. The Bank's *Conflict of Interest Policy* provides for the registration of conflicts of interest: structural and incidental, in order to manage their risks effectively.

The policy sets out conflict of interest requirements covering:

- the operation of the organisation and the methods used in the bank to manage conflicts of interest at the organisational level,
- personal interests of employees that may contribute to a conflict of interest, e.g. between the interests of the bank, clients or other stakeholders and the interests of employees, including the bank's management.

The control mechanisms used at the bank relate to, inter alia:

- the segregation of duties in the bank's organisational structure and relations between different management levels as well as personal links between employees,

- that staff members consult and notify the bank when they undertake additional professional activities and personal interests that may give rise to a conflict of interest,
- implementation of private investments by employees with access to protected information.

We comply with the requirements under the Best Practices and the Corporate Governance Principles for managing conflicts of interest:

- The Bank discloses on its [website](#) the principles of conflict of interest management arising from its *Conflict of Interest Policy*.
- The policy sets out standards of behaviour addressed to members of the bank's bodies in connection with their functions.
- Members of the bank's governing bodies should refrain from engaging in professional activities that could lead to a conflict of interest and should inform the bank immediately if a conflict of interest arises or is likely to arise.
- Members of the Bank's bodies may not participate in decision-making or take part in the settlement of matters in a situation that could give rise to a conflict of interest.
- Issues of potential conflicts of interest of members of the bank's bodies are also examined in the adequacy assessment process.
- The policy also introduces the obligation to assess transactions carried out with related parties for conflicts of interest and to publish information about such conflicts on the bank's website.

We report instances of breach of law and Business Ethics Standards

GRI [2-16] [2-26]

Employees can anonymously report suspected offences, breaches of professional ethics and concerns via a dedicated form on the intranet, which ensures confidentiality, or by post. Employees may also report the same by name and we ensure confidentiality and discretion as well as protection against repressive actions. If a report is confirmed, appropriate corrective and preventing measures are taken for the future. As a rule, applications shall be accepted by the President of the Management Board. This is reflected in the *Whistleblowing Policy for Infringements of Law, Internal Regulations and Ethical Standards* (hereinafter: the Policy) and the bank's internal procedures, which also include protection against retaliation. Alternatively, bank employees may report breaches of professional



ethics using external reporting channels operated by an external entity, via a telephone line (available 24/7), website or email address.

In 2022, 20 reports qualifying for consideration under the procedure set out in the Policy were submitted, concerning, inter alia, discrimination, bullying or breaching of the bank’s internal regulations. After the analysis and explanatory actions, irregularities were confirmed in 2 cases and corrective actions were taken (interviews with employees reminding the rules of conduct in specific cases).

Every new employee of our capital group undergoes mandatory training on reporting breaches of the law and professional ethics. To serve as a reminder of the principles of reporting illegal, inappropriate or unethical behaviour, the Culture at Risk venture held a series of events on Whistleblowers and whistleblowing in Q3 2022. Bank employees were introduced to the topics of whistleblowing and whistleblowers and their importance to the organisation and society. a reminder was also given on how to report breaches at the bank.

Principles and scope of application of corporate governance

Corporate governance determines how the bank’s bodies operate and how its processes and systems function. The Bank’s Management Board accepted and the Supervisory Board approved: *Policy – Principles of Internal Governance at ING Bank Śląski S.A. and Policy – Principles of Internal Governance in the ING Bank Śląski S.A. Group*.

These documents describe the key principles for:

- the bank’s management system, its organisational structure, internal and external relations, (including relations with shareholders and clients), their organisation,
- the functioning of internal supervision and key internal systems and functions, the rules of operation, powers, duties and responsibilities, and the interrelationship of the Supervisory Board, the Management Board and the bank’s key functionaries; and
- gassessment of the bank’s internal governance.

The principles indicated in the Policies, which are followed by ING Bank Śląski S.A., are the implementation and realisation of the requirements resulting from, among others:

- The Banking Act of 29 August 1997 (Journal of Laws of 2020, item 1896, as amended),

- The Act of 15 September 2000 of Commercial Companies Code (Journal of Laws of 2020 item 1526 as amended),
- Recommendation Z of the PFSA concerning the principles of internal governance in banks,
- Principles of Corporate Governance for Supervised Institutions of the PFSA,
- EBA’s internal governance guidelines,
- The provisions of the other recommendations of the PFSA insofar as they relate to internal governance issues, on the principles set out therein and other, national and internationally recognised codes or standards in this respect, including, inter alia, the Best Practice for WSE Listed Companies 2021.

Our bank’s internal governance is based on legal compliance, transparency and efficiency. The implementation of the stated objectives is achieved by implementing the principles described in the internal regulations indicated above and basing the internal governance model on a defined hierarchy. The Bank, to the extent permitted by generally applicable law and guidelines of supervisory authorities, takes into account in its internal governance the considerations arising from its membership of ING Group.

The Bank’s internal governance consists of the following elements:

- Bank Management System;
- Organisation of the bank;
- Principles of operation, powers, duties and responsibilities and mutual relations of the Bank’s Supervisory Board, Management Board and persons holding key positions in the Bank.

In order to ensure efficiency with regard to the elements comprising our bank’s internal governance, the tasks, responsibilities and powers of the various bodies and organisational units (Management Board, Supervisory Board, General Meeting and other bodies/units) with regard to the implementation, operation, assessment and supervision of internal governance at the Bank, together with the assignment of responsibility for these tasks.

In 2022, the Bank’s Management Board and Supervisory Board positively assessed the functioning and observance of internal governance in our bank in 2021.



Best Practice of WSE Listed Companies

The set of corporate governance principles to which the bank was subject in 2022 is contained, inter alia, in the *Best Practices of WSE Listed Companies 2021* introduced by a resolution of the Board of the Warsaw Stock Exchange S.A. of 29 March 2021. The text of this document, together with information on the application of the various principles, is available on the bank's website at [this address](#).

Best Practice of WSE Listed Companies 2021

Pursuant to a resolution of the Bank's Management Board and a decision of the Supervisory Board, the Bank has adopted for application DPSN 2021 with the exclusion of principles 1.4.1, 1.4.2 and 2.9 as announced [in our EIB report](#) of 30 July 2021 (including the [attachment](#)).

The completion of the changes to the composition of the Supervisory Board at the EGM on 29 November 2021 allowed for the publication of a further [EBI report](#) (with [attachment](#)) on 30 November 2021 reporting on the application of Principle 2.9 ("The chairman of the supervisory board should not combine his function with the leadership of the board audit committee"). The EGM also passed a resolution regarding the application of the DPSN addressed to the General Meeting and shareholders.

The presentation in the Bank's 2021 Annual Report of the value of the equality ratio of the remuneration paid to its employees in accordance with Principle 1.4.2, allowed for the publication on 11 March 2022 of a further [EIB report](#) (with [annex](#)) reporting on the application of Principle 1.4.2.

The publication on March 6, 2023, in the ESG tab on our bank's website, of information on managing sustainable development issues, including the competences and roles of the ESG Council and the ESG Risk Committee, results in the application of rule 1.4.1. This allowed for the publication of another [EIB report](#) (including [an appendix](#)) on March 6, 2023, informing about the application of rule 1.4.1.

We currently apply all the rules set out in the Best Practices of WSE Listed Companies 2021.

Principles of corporate governance for supervised institutions

The bank applies the *Principles of Corporate Governance for Supervised Institutions* introduced by Resolution No. 218/2014 of the Polish Financial Supervision Authority of 22 July 2014 (Journal of Laws of the Polish Financial Supervision Authority, item 17) (hereinafter: "Principles of corporate governance"). The Principles of corporate governance were accepted in the scope specified in the Statement of the Bank's Management Board of 30 December 2014, posted on the bank's website at [this address](#).

In order to fulfil the commitment of the Management Board of the Bank made in the aforementioned. Statement, the Ordinary General Meeting of the Bank on 31 March 2015 adopted resolutions 25 and 26, the text of which is available [at this address](#).

Since 2020, in connection with the conduct of the General Meeting with the possibility of electronic participation, the bank has used the principle resulting from Article 8.4 of the Principles of corporate governance. This means that ING Bank Śląski S.A. applies all *Corporate Governance Principles for Supervised Institutions*.

Statement of the Management Board on the application of the principles of corporate governance

Taking into account the explanations presented, the Bank's Management Board makes the following declaration on the application of the corporate governance principles:

ING Bank Śląski S.A. Management Board declares that the Bank complied in 2022 with the corporate governance principles set out in the "Best Practice of WSE Listed Companies" and "Principles of Corporate Governance for supervised institutions", to the extent approved by the Bank.

The Bank found no breaches of the corporate governance principles adopted by the bank in the period covered by this report.

Code of Banking Ethics

Regardless of the corporate governance principles, the bank applies the Code of Banking Ethics adopted at the 25th General Meeting of the Polish Bank Association on 18 April 2013. The Code of Banking Ethics is available on [the website of the Polish Bank Association](#).



Principles of professional ethics of the employees of ING Bank Śląski S.A.

The bank also implemented the Regulations – Principles of Professional Ethics of Employees of ING Bank Śląski S.A. Its purpose is to reduce the compliance risk by indicating to employees the principles, compliance with which is a prerequisite for ensuring the integrity of the bank's activities, including compliance with the law, regulatory requirements and ethical standards applicable in the financial services industry. The principles specified in the Regulations shall apply to the employee's all activities related to the performance of official duties. Some of the principles may also apply to the employee's private activity, if such private activity may negatively affect the bank's reputation or cause a conflict of interest.

Information policy of ING Bank Śląski

The Bank, as an institution of public trust, conducts an information policy based on open and transparent communication towards shareholders, investors, the media and all interested parties. In implementing the information policy, the bank complies with the legal requirements relating to confidentiality and information security incumbent on the bank as a public company and supervised institution. In implementing the information policy, the Bank follows the principles of corporate governance, in particular by providing shareholders, investors, media and all interested parties with proper access to the bank's information. The full content of the Information Policy is available on [this website](#).

Agreements concluded

The Bank Management Board declares that as at 31 December 2022 ING Bank Śląski S.A. did not hold:

- material loan agreements, sureties and guarantees not related to operating activities,
- material underwriting agreements,
- material guarantee agreements granted to subsidiaries,
- liabilities to the central bank,
- material agreements with the central bank or supervision authorities,
- agreements referred to in Article 141t (1) of the Banking Act.

Detailed information on transactions with related parties was presented in the Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group for 2021 and in the 2021 Financial Statements of ING Bank Śląski S.A.

Shares and shareholders of ING Bank Śląski S.A.

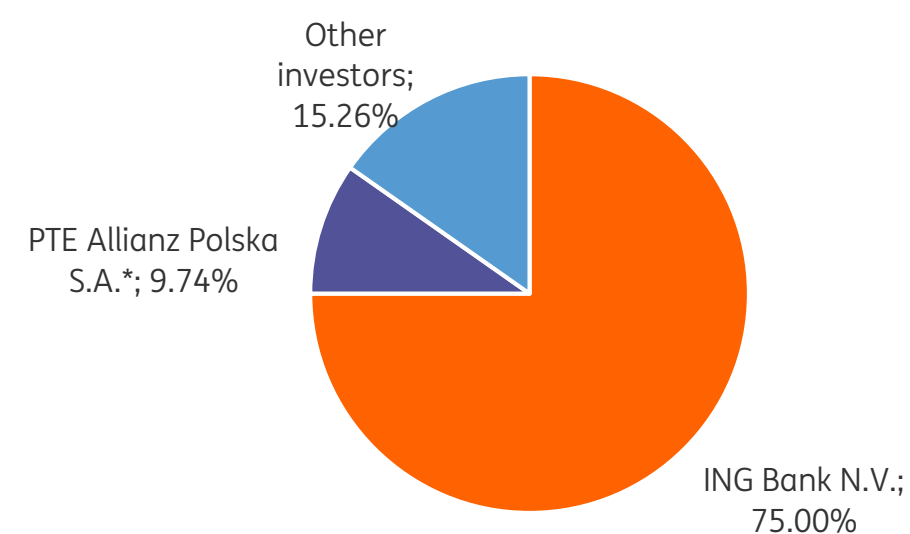
GRI [2-1]

Shares and share capital

In accordance with its Articles of Association, the share capital of ING Bank Śląski S.A. is split into 130,100,000 shares with the nominal value of PLN 1 each share. All the shares issued by the bank are ordinary bearer shares. No special control rights are attached to the bank shares. The Bank's Articles of Association not provide for any restrictions as to transfer of title to the shares issued by the bank, exercising voting rights and contains no provisions according to which equity rights related to securities are separate from holdings of securities.

Additionally, the Articles of Association authorises the Management Board to increase the share capital but maximum PLN 26 million (or issues of maximum 26 million shares) by 21 April 2023 (authorised capital) and to waive pre-emption rights at share issues of the authorised capital. The decisions taken by the Management Board on the share issue price and waiver of pre-emption rights require approval by the Supervisory Board. The authorization to issue the target capital will enable the Management Board to take, if necessary, quick actions aimed at the capital strengthening of the bank. The full justification in this regard was attached to the draft resolution of the General Meeting on this matter (p. 12 of [this document](#)).

Shareholding structure



**As reported in current report 1/2023.*



ING Bank Śląski S.A. is a subsidiary company of ING Bank N.V., which as at 31 December 2022, held a 75% shareholding in the share capital of ING Bank Śląski S.A. and 75% of the total number of votes at the General Meeting – the figures that have not changed since March 2005. The remaining shares of the Bank (25.0%) are in free float. They are held by institutions investors, especially Polish pension funds and national and foreign investment funds, and also individual investors.

In 2022 the value of share capital of ING Bank Śląski S.A. and the share of its core shareholder in capital were not changed.

As at the publication hereof, ING Bank Śląski S.A. is not aware of any agreements that may in the future generate changes to the proportions of shareholdings by the existing shareholders. The Bank is also not aware of any other shareholder exceeding the 5% shareholding threshold.

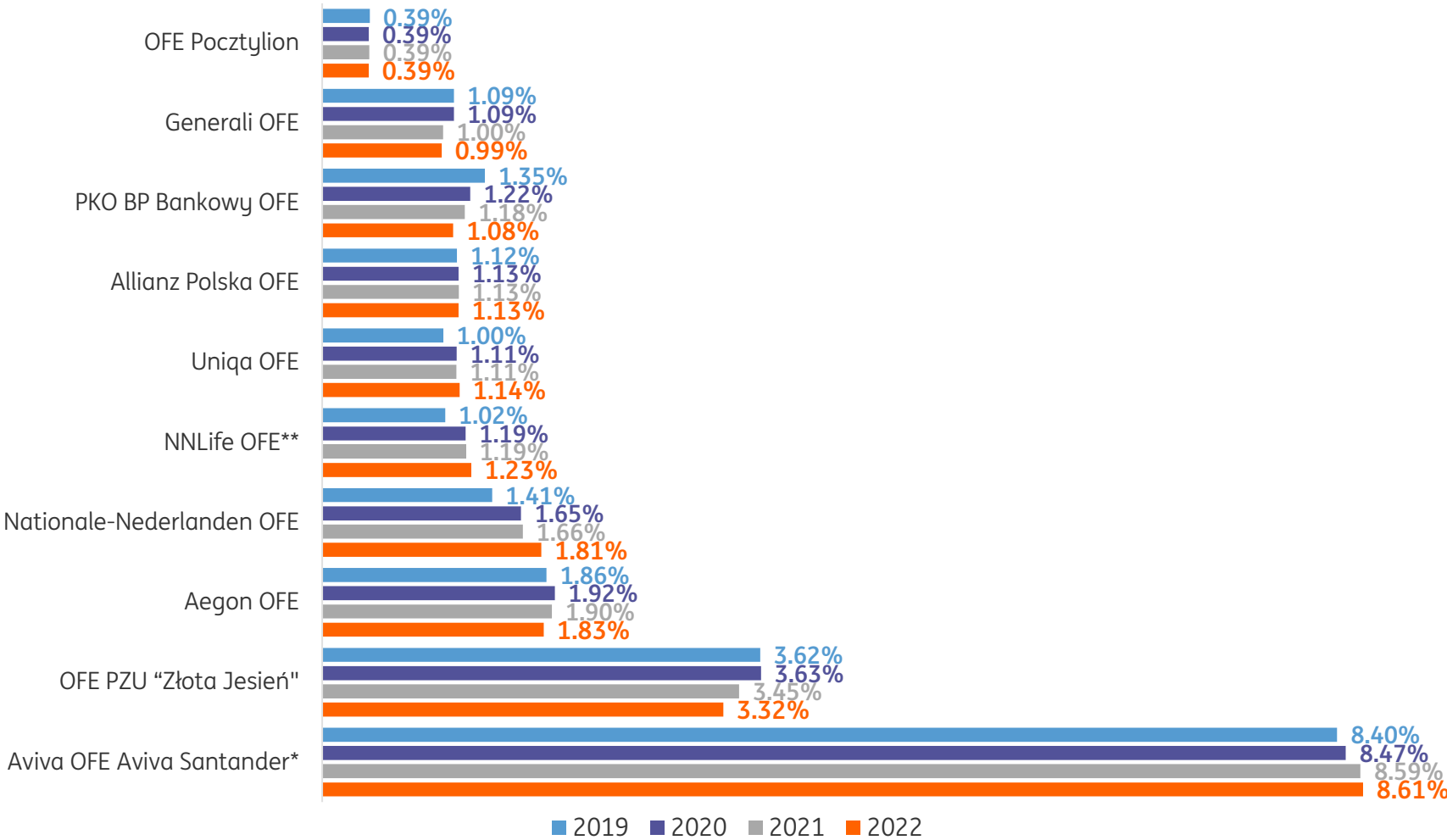
Shareholding structure

Shareholder's name	Number of shares/Number of votes at GM		Share in the share capital and the total number of votes at the General Meeting	
	31.12.2021	31.12.2022	31.12.2021	31.12.2022
ING Bank N.V. (a subsidiary of ING Groep N.V.)	97,575,000	97,575,000	75.00%	75.00%
Aviva Open Pension Fund Aviva Santander*	11,179,441	11,205,030	8.59%	8.61%
Other	21,345,559	21,319,970	16.41%	16.39%
Total	130,100,000	130,100,000	100.00%	100.00%

Based on information on the annual asset structure of Aviva Otwarty Fundusz Emerytalny Aviva Santander as at 31 December 2021 and 31 December 2022; on 2 January 2023 the fund changed its name to Second Allianz Polska Otwarty Fundusz Emerytalny

The structure of the exposure of individual open-ended pension funds (based on their reports on the structure of assets as at the end of the last four years) in the shares of our bank is as shown in the chart below. The share of all OFEs in our bank's shareholding as at 2022 yearend was 21.54% compared to 21.61% as at 2021 yearend.

The share of OFE in the shareholding structure of ING Bank Śląski S.A. at the end of individual years



*On 2 January 2023, the fund changed its name to "Second Allianz Polska Otwarty Fundusz Emerytalny"; **Formerly "MetLife OFE."

With reference to the [current report 1/2023](#), in connection with the message sent by Powszechne Towarzystwo Emerytalne Allianz Polska S.A. (hereinafter "PTE Allianz Polska") by notification of 5 January 2023, PTE Allianz Polska's share in the share capital and total number of votes of our bank amounted to 9.74%. PTE Allianz Polska manages the Allianz Polska OFE, Allianz DFE and Second Allianz Polska OFE funds. The notice was prepared and sent to the bank following the merger of PTE Allianz Polska with Aviva Powszechne Towarzystwo Emerytalne Aviva Santander S.A. on 30 December 2022. The merger of Allianz Polska OFE with Second Allianz Polska OFE is scheduled for 12 May 2023.



Characteristics of the dominating shareholder

ING Bank N.V. is a member of the ING Group – a group of financial institutions with a global reach, offering retail and corporate banking services for 38 million clients. ING Group entities employ over 58 thousand employees and operate in over 40 countries in Europe, North and South America, in the Middle East as well as in Asia and Australia. The ING Group operates in four areas: Market Leaders, comprising operations in the Netherlands, Belgium and Luxembourg; Challengers, comprising operations in Germany, Spain, Italy, Australia; Growth Markets, comprising operations in Poland, Romania, Turkey and Asia; and a global corporate banking network for strategic clients (Wholesale Banking).

ING Groep N.V., the Netherlands, is the dominating entity of the ING Group. It was set up in 1991 as a result of a merger of the Dutch insurance company – Nationale-Nederlanden and the Dutch bank – NMB Postbank Groep. For years, the ING Group kept developing both organically as well as with mergers and acquisitions. As a result of the 2008-2009 crisis, the ING Group was provided with government support (repaid in 2009-2014) subject to restructuring. Inter alia, the restructuring provided for a split of banking activity from insurance and investment activity which was to be sold. The restructuring of the ING Group was finalised in April 2016.

ING Groep NV is a public company listed on the stock exchange in Amsterdam (INGA NA, INGA.AS), Brussels and New York (ADR: ING US, ING.N). ING Groep N.V. has a fragmented shareholding structure. As at 5 January 2023, shareholders with a shareholding of more than 3% (based on filings with the Dutch AFM) are: BlackRock Inc., Goldman Sachs Group Inc. and Norges Bank; shareholders holding more than 5% in the company's capital (based on US SEC filings) are: BlackRock, Inc. and Capital Research Global Investors. In 2022 the ING Group generated net profit of EUR 3,674 million versus EUR 4,776 million in 2021. Total assets amounted to EUR 1,059 billion as at 2022 yearend. Assets of the ING Bank Śląski S.A. Group accounted for 4.4% of total assets of the ING Group as at yearend 2022. Our net profit accounted for 11.3% of the net profit of the ING Group.

More information on the dominant shareholder is available at <https://www.ing.com/Home.htm>.

The Articles of Association and the principles for their amendment

The current Articles of Association ING Bank Śląski S.A. are available on the website at [this address](#).

Principles for changing the Articles of Association

Amending the Bank's Articles of Association requires a resolution of the General Meeting and an entry in the register of entrepreneurs of the National Court Register. An amendment to the Bank's Articles of Association also requires the approval of the Polish Financial Supervision Authority.

Any change to the Articles of Association relating to the bank's business shall not require the redemption of shares held by those shareholders who do not approve the change provided the resolution of the General Meeting on the change is approved by a majority of 2/3 votes in the attendance of persons representing minimum one half of share capital.

Changes made to the Articles of Association in 2022

The changes to the Bank's Articles of Association registered in 2022 include:

- allowing the appointment of two Vice-Chairpersons of the Supervisory Board, with the abolition of the function of Secretary of the Board,
- extension of the possibility of creating reserves and the purposes for which they are used (to include the Bank's acquisition of own shares and the payment of dividends, including advances on dividends),
- authorisation for the Management Board to advance dividends,
- adding to the object of the activity the execution of orders to buy or sell financial instruments, for the account of the principal.

General Meeting

Principles of convening and powers of the General Meeting

The General Meeting is convened by an announcement on the bank's website and in the manner specified for the provision of current information by public companies. The General Meeting works in compliance with the principles specified in the Code of Commercial Companies and these Articles of Association as an Ordinary General Meeting or Extraordinary General Meeting.

General Meetings are convened on a date enabling the participation of all authorized and interested shareholders.



The competences of the General Meeting (apart from other matters stipulated in generally applicable provisions of law) include adopting resolutions, among others in the following cases:

- to consider and approve the annual financial statements as well as the reports of the Management Board on the activities of the ING Bank Śląski S.A. Group, including the Corporate Governance Statement, and to consider and approve the reports on non-financial information of the ING Bank Śląski S.A. Group, including non-financial information,
- accepting reports of the Supervisory Board and assessing the Bank’s remuneration policy,
- acknowledging the fulfilment of duties by members of the Bank’s Management Board and Supervisory Board,
- profit distribution and coverage of losses from previous years,
- dividend payment, determining the dividend record date and dividend payment date,
- amendments to the Bank’s Articles of Association,
- changes in the composition of the Supervisory Board,
- assessment of compliance by Members of the Supervisory Board with the requirements referred to in Article 22aa of the Banking Law (adequacy assessment),
- the remuneration policy for members of the Bank’s Management Board and Supervisory Board,
- increasing or decreasing the Bank’s share capital.

Shareholders’ rights

The bank’s shareholders representing at least 1/20 of the share capital may:

- demand that an Extraordinary General Meeting be convened,
- demand that certain matters be placed on the agenda of the next General Meeting,
- submit, before the date of the General Meeting, draft resolutions concerning matters included in the agenda.

Each shareholder may, during the General Meeting, submit draft resolutions regarding matters included in the agenda.

Operation of the General Meeting

In the case of convening an extraordinary General Meeting, the Bank’s Management Board presents the justification for convening and putting certain matters in order or asks for such justification if the request comes from another authorized entity.

Draft resolutions are submitted to the General Meeting by the Bank’s Management Board after obtaining the opinion of the Supervisory Board.

Subject to the cases specified in the Code of Commercial Companies, the General Meeting is valid regardless of the number of shares represented at it. Each share shall entitle to one vote. Resolutions of the General Meeting are generally adopted by an absolute majority of votes, except for matters specified in the provisions of the Code of Commercial Companies and the provisions of the Articles of Association. Apart from the Commercial Companies Code, the issues related to the convening and functioning of the General Meeting are specified in the Bank’s Articles of Association, the Regulations of the General Meeting and the announcement on convening the General Meeting.

General Meetings are held at the registered office of the Company in Katowice. The proceedings of the General Meeting are broadcast on the Internet. The Company may organize General Meetings in a manner enabling shareholders to participate by means of electronic communication, including, in particular, two-way communication in real time, enabling shareholders to express themselves during the General Meeting, as well as exercising voting rights in person or through a proxy. The interested representatives of the media may participate in the deliberations of the Assembly – as observers.

The principles of shareholders’ participation in the General Meeting and the procedure to be followed during the General Meeting, as well as the method of communication between shareholders and the bank are set out in the Regulations of the General Meeting. Only persons who are the Bank’s shareholders sixteen days before the date of the General Meeting (the date of registering participation in the General Meeting) are entitled to participate in the General Meeting of the Bank. Shareholders may participate in the General Meeting and exercise their voting rights in person or through proxies.

A shareholder has the right to, among other things:

- voting, submitting motions and objections,
- proposing a candidate for the position of Chairperson of the General Meeting,



- submitting draft resolutions on matters placed on the agenda and submitting motions on a formal matter, in particular regarding the manner of deliberating and voting,
- proposing changes and supplements to draft resolutions included in the agenda of the General Meeting,
- proposing candidates for the Supervisory Board,
- dividends in the event of its adoption by the General Meeting (the list of authorized shareholders is determined on the dividend date specified in the resolution).

During the General Meeting, the Bank’s Management Board is obliged to provide the shareholder, at his request, with information about the company, if it is justified for the assessment of an issue on the agenda.

The Bank’s Management Board refuses to provide information if it could harm the company, an associated company or a subsidiary, in particular by disclosing technical, commercial or organizational secrets of the enterprise. a member of the Bank’s Management Board may also refuse to provide information if providing information could constitute the basis of his criminal, civil or administrative liability.

The Bank’s Management Board may provide information in writing outside the general meeting if there are important reasons for it.

The shareholders also have the right to appeal against the resolutions of the General Meeting. This right may be exercised by a shareholder who:

- voted against the resolution and, after its adoption, demanded that the objection be recorded in the minutes,
- was unreasonably prevented from participating in the General Meeting,
- was not present at the General Meeting in the event of a defective convocation of the General Meeting or adoption of a resolution on a matter not included in the agenda.

The right to appeal against the resolutions of the General Meeting includes the possibility of:

- bringing an action to repeal a resolution in the event of a resolution contrary to the articles of association or morality and harming the company’s interest or aimed at harming a shareholder,
- bringing an action for the declaration of invalidity of a resolution contrary to the Act.

The full text of the Regulations of the General Meeting is available [here](#).

The competences of the General Meeting are defined in particular by the provisions of the Commercial Companies Code, the Banking Law and the provisions of the Bank’s Articles of Association.

Supervisory Board

GRI [2-9] [2-10] [2-11] [2-17] [2-18]

Management Board, Supervisory Board

The Supervisory Board of ING Bank Śląski operates pursuant to the Banking Act, the Commercial Companies Code, the Bank’s Articles of Association and the Regulations of the Supervisory Board. The Supervisory Board consists of 5 to 11 members appointed by the General Meeting for a joint term of office, which begins on the date of appointment and covers four consecutive full financial years.

The General Meeting determines the number of members of the Supervisory Board for a given term of office. Members of the Supervisory Board may be dismissed at any time by a resolution of the General Meeting. The current term of office started on 29 March 2019 and expires on the date of the General Meeting approving the financial statements for 2023.

The Supervisory Board is composed of independent members, pursuant to the corporate governance principles adopted by the bank and legal requirements. Pursuant to the Bank’s Articles of Association, at least two members of the Supervisory Board should be free from any relations with the bank, its shareholders or employees, if such relations could significantly affect the member’s ability to make impartial decisions (Independent Members). The minimum number of independent members of the Supervisory Board and the detailed criteria of independence result from the provisions of law and the Best Practices for WSE Listed Companies adopted by the bank and are specified in detail in the Regulations of the Supervisory Board.

In 2022, there was a change in the composition of the Supervisory Board. On 10 February 2022, Mr Remco Nieland resigned as a member of the Bank’s Supervisory Board, effective from the date of the next Ordinary General Meeting. Mr Remco Nieland was affiliated with the ING Group. His resignation also resulted in a change in the composition of the Audit Committee, of which he was a member.

On 7 April 2022, the Bank’s Ordinary General Meeting appointed Mr Aris Bogdaneris to the Supervisory Board as of 7 April 2022. Mr Aris Bogdaneris is affiliated with the ING Group.



In addition, in connection with the amendments to the Bank’s Articles of Association adopted by the Ordinary General Meeting and consequently allowing the appointment of two Vice-Chairpersons of the Supervisory Board, with the simultaneous elimination of the function of the Secretary of the Board, the Supervisory Board elected Mr Michał Szczurek as Vice-Chairperson of the Supervisory Board. At the same time, the Supervisory Board entrusted Ms Małgorzata Kołakowska with the function of First Vice-Chair of the Supervisory Board.

Taking into account these changes and the previous assessments of the suitability of the individual members of the Supervisory Board, on 10 June 2022 the Supervisory Board changed the composition of the Audit Committee and the Risk Committee. The Supervisory Board appointed Ms Małgorzata Kołakowska (previously a member of the Audit Committee) to the Risk Committee and Mr Michał Szczurek (previously a member of the Risk Committee) and Mr Stephen Creese to the Audit Committee.

Composition of the Supervisory Board as at 31 December 2022

	Function in the Supervisory Board	Audit Committee	Remuneration and Appointment Committee	Risk Committee
Mr Aleksander Galos	Chairperson, Independent Member	●	●	●
Ms Małgorzata Kołakowska	First Vice-Chairperson		●	●
Mr Michał Szczurek	Vice-Chairperson	●		
Mr Aris Bogdaneris	Member			
Mr Stephen Creese	Member	●		●
Ms Dorota Dobija	Independent Member	●	●	●
Ms Monika Marcinkowska	Independent Member	●		●

● – Chairperson(s) ● – Member

According to [current report 2/2023](#) of 27 January 2023, Mr Aris Bogdaneris resigned as a member of the Supervisory Board as of the date of the next Ordinary General Meeting of the bank. The reason for the resignation is the planned termination of the ING Group.

Competency profiles of Supervisory Board members

People with high qualifications are appointed to the Supervisory Board of the Bank. All members demonstrate appropriate experience and knowledge enabling them to supervise the bank. Five out of seven members of the Board have Polish citizenship and are fluent in Polish.

In accordance with the Bank’s Policy for the assessment of the suitability of the members of the Supervisory Board, Management Board and key function holders at ING Bank Śląski S.A. Suitability assessment of Supervisory Board Members and candidates for Supervisory Board Members was performed. This assessment was performed by an independent external entity, i.e. Deloitte Doradztwo Podatkowe Dąbrowski i Wspólnicy sp. k. The assessment confirmed that all persons have the knowledge, skills and experience appropriate to perform the function of a Member of the Supervisory Board of ING Bank Śląski S.A., guarantee the proper performance of duties related to the performance of this function and fulfil other requirements specified in Article 22aa of the Banking Law, and thus meet the adequacy criteria specified in the Policy. At the same time, the Remuneration and Appointment Committee stated that the individual competences of individual members of the Supervisory Board complement each other in such a way as to enable the exercise of an appropriate level of collective supervision over all areas of the bank.

Following the principle set out in the Best Practice of WSE Listed Companies concerning the application of a diversity policy, the Bank has a diversity policy and ensures a 30% diversity and with regard to women and men in the Management Board and the Supervisory Board. Hence, the composition of the Supervisory Board is diverse and includes individuals from different backgrounds with a variety of skills, practical experience and knowledge, thus ensuring that the Supervisory Board is effectively supervised in all areas of the Bank’s activities and that the Board is able to duly perform the tasks and responsibilities assigned to it. As at 31 December 2022, the proportion of women and men on the Supervisory Board was 43% and 57% respectively. In terms of age diversity, 29% of Supervisory Board members are between 30 and 50 years old and 71% are over 50 years old.

Qualifications of the members of the Supervisory Board of ING Bank Śląski S.A. are presented on [the bank’s website](#). Below are short biographies of the members of the Supervisory Board indicating their individual competences.

Mr Aleksander Galos – Independent Member of the Supervisory Board

(Chairperson of the Supervisory Board, Chairperson of the Remuneration and Appointment Committee, Member of the Risk Committee, Member of the Audit Committee)



He is a master of law. In 1984, he graduated from the Faculty of Law and Administration at the Jagiellonian University in Krakow. Since 1994, he has been licensed as a legal advisor. In 2009, he completed postgraduate management studies at the Warsaw School of Economics with a diploma. In 2009-2010, he studied postgraduate studies in accounting at the Warsaw School of Economics (he graduated without a diploma). He was a member of the Supervisory Board of Bank PKO BP S.A. and Bank Zachodni WBK SA Since 2017, he remains associated with the law firm Kochański Zięba and Partners Sp. k. He has served on the Supervisory Board of ING Bank Śląski S.A. since April 2014. He served as Secretary of the Board until November 2021. On 29 November 2021, he was elected Chairman of the Supervisory Board.

Mrs Małgorzata Kołakowska – 1st Vice-chairman of the Supervisory Board

(Member of the Remuneration and Nominating Committee, Member of the Risk Committee)

She graduated from the Faculty of Economics and Organization of Foreign Trade at the Main School of Planning and Statistics (now the Warsaw School of Economics). In 2014, she completed the Advanced Management Program (AMP) at Harvard Business School. From February 2010 to March 2016, she was the President of the Management Board of ING Bank Śląski S.A. Since 2018, he has been the President of ING Bank N.V., London Branch (United Kingdom, Middle East Countries). Before joining ING, she was a director at the European Bank for Reconstruction and Development and McDonalds’s Polska.

Mr Michał Szczurek – Deputy Chairman of the Supervisory Board

(Member of the Audit Committee)

He has a master’s degree in economics, obtained after completing a joint program of the University of Warsaw and Columbia University. He also completed studies at the Faculty of Law and Administration of the University of Warsaw and in the field of Computer Science, Faculty of Electronics, University of Warsaw. He has been associated with the ING Group since the beginning of his professional career. He was, among others, the Vice-President of the Management Board overseeing the finances and investment policy of the Nationale-Nederlanden Polska PTE S.A. pension fund and Vice-President of the Management Board of ING Bank Śląski S.A. supervising the Retail Banking Division and President of the Management Board of ING Bank, Romania. From 2019 to 2022, he served as Challengers & Growth Markets (C&G) Market Manager, ING Asia. From January 2023, Chairman of the Board of ING Bank Italy.

Mr Aris Bogdaneris – Member of the Supervisory Board

(Member of the Supervisory Board)

He holds a master’s degree in International Economics and International Relations from Johns Hopkins University, Baltimore (Paul Nitze School of Advanced International Studies (SAIS)). In addition, he holds a bachelor’s degree after graduating with honours in Political Science from the University of South Florida, Tampa. Since 2015, he has been with ING Group, where he is currently a Member of the ING Bank’s Management Board responsible for the Retail Banking area and the Pretenders and Growth Markets area. In addition, since 2015 he has been a member of the Supervisory Board of ING DiBA, in Frankfurt am Main, and a member of the Management Board of ING Australia, in Sydney. From 2004 to 2015, Head of the Retail Banking area and Member of the Management Board – Vice-President for Operations at Raiffeisen Bank International, Vienna. From 1998 to 2004, CEO (AI), Head of Retail Banking area and Vice-President Operations, Six Sigma Leader at Budapest Bank (GE Money). Previously, he worked as an internal auditor at General Electric, Fairfield and as an Investment Banking Assistant at ABN AMRO Bank, Budapest and Warsaw.

Mr Stephen Creese – Member of the Supervisory Board

(Member of the Audit Committee and Member of the Risk Committee)

He holds a Bachelor of Arts (BA) degree, having studied Economics and Economic History in the Faculty of Humanities at the University of Manchester. He also holds a certification in ICT security – Certified Information Systems Security Professional (CISSP). From 1998 until May 2021 he worked for Citigroup Inc., where he was responsible, among others, for the area of global Forex and local markets operations, held the role of Regional Director responsible for operational risk and Managing Director – EMEA Region. He has been with ING Group since June 2021 in the role of Global Head of Non-Financial Risk.

Ms Dorota Dobija – Independent Member of the Supervisory Board

(Chairperson of the Risk Committee, Member of the Remuneration and Appointment Committee, Member of the Audit Committee)

Academic staff member: since 2015 Professor of Economic Sciences, since 2009 certified accountant, since 2005 post-doctoral researcher in economic sciences in the discipline of management sciences. Permanently associated with Koźmiński University – since August 2015 as Professor in the field of social sciences in the disciplines of management and quality and finance and economics and earlier as Professor at Koźmiński University in the field of



economic sciences, discipline of management science, specialisation: accounting. Experience in supervisory positions has given her involvement with the National Investment Fund Fortuna (13Fortuna) and Pekao Investment Banking. Since May 2017 she has been Vice-President of the European Management Association EURAM (responsible for supervision and finance) and since September 2016 she has been Director of PhD studies at Koźmiński University. She has extensive international teaching experience and an extensive academic record. In 2018, she was awarded the Silver Cross of Merit. Non-financial reporting expert. Coordinator of the post-gradual programme for and lecturer on environmental aspects and green finance. Member of Chapter Zero Poland, the Climate Governance Initiative – gathering members of supervisory boards and CEOs of top companies. Researcher in the corporate governance and ESG areas. Results of her research were published in such papers as Corporate Social Responsibility and Environmental Management or Organization and Environment, for example.

Ms Monika Marcinkowska – Independent Member of the Supervisory Board

(Chairperson of the Audit Committee, Member of the Risk Committee)

Academic staff member: since 2014 Professor of Economic Sciences, since 2004 post-doctoral researcher in economic sciences. Permanently affiliated with the University of Lodz, where she has been Head of the Department of Banking since 2006 and also Director of the Institute of Finance from 2010 to 2020. Previously associated with the Faculty of Management and the Chair of Accounting. Her experience in supervisory positions has given her, among other things, involvement since 2016 in the European Banking Authority’s Banking Stakeholder Group, where she has been Chair of the Sustainable Finance Working Group since March 2020. From 2016 to 2021 she was a member of the Supervisory Board of Polski Gaz TUW and from 2016 to 2019 a member of the Council of the University of Łódź Foundation. She has a wealth of teaching experience and an extensive academic record. In 2016 she was awarded the Nicolaus Copernicus Silver Medal of the Polish Bank Association for her exceptional achievements for the development and safe operation of Polish banking. Corporate Governance Person of the Year 2021 - honorary title awarded for contribution to the construction and development of corporate governance in Poland. Member of Chapter Zero Poland, the Climate Governance Initiative – gathering members of supervisory boards and CEOs of top companies. Coordinator of Sustainable Finance Working Group with the European Banking Authority’s Banking Stakeholder Group. Involved in numerous consultations of EU regulations from the sustainable finance area; author of numerous sustainability-related publications, including those assessing results and non-financial reporting. Speaker and moderator at local and international ESG events.

Professional diversity of Supervisory Board members

Number of Council members from the legal sector	Number of Council members from the banking sector	Number of Council members from the higher education sector
1	4	2

Criterion of independence and possessed competences

Meets the independence criterion in accordance with the Act on statutory auditors, audit firms and public oversight		Knowledge and skills in accounting or auditing (including certified auditor's qualifications)		Has knowledge and skills in the field of banking
		Meets the criterion	Acquisition method date	
Mr Aleksander Galos	yes	no	n/a	yes
Ms Małgorzata Kotakowska	no	yes	competence acquired in the course of carrying out professional activities and exercising functions in the Bank's bodies	yes
Mr Michał Rat	no	no	n/a	yes
Mr Aris Bogdaneris	no	yes	competences acquired in the course of professional activities	yes
Mr Stephen Creese	no	no	n/a	yes
Ms Dorota Dobija	yes	yes	certified accountant, professor of economics (higher education – major: data processing and accounting)	yes
Ms Monika Marcinkowska	yes	yes	professor of economics (higher education – specialisation: accounting)	yes



Competences, rights and obligations of the Supervisory Board

The basic mission of the Supervisory Board is to perform the supervisory function – the Supervisory Board exercises permanent supervision over the bank’s activities in all areas. The specific competences and duties of the Supervisory Board include the assessment of the report on the bank’s operations and the financial statements for the previous financial year, the Management Board’s motions regarding the distribution of profit or coverage of loss, as well as submitting an annual written report on the results of this assessment to the General Meeting.

Apart from the above-mentioned rights and obligations, the Supervisory Board adopts resolutions on matters specified in the Bank’s Articles of Association. Resolutions of the Supervisory Board are passed by an absolute majority of votes, and in the event of a tie, the Chairperson of the Supervisory Board has the casting vote. Resolutions of the Supervisory Board may be adopted if the meeting is attended by more than half of the members of the Supervisory Board, including its Chairperson or Vice-Chairperson, provided that all members of the Supervisory Board have been invited. Meetings of the Supervisory Board are held at least 5 times a year. Resolutions of the Supervisory Board may – in the cases specified in the Articles of Association and on the principles set out in the Regulations of the Supervisory Board – be adopted without holding a meeting, in writing or by means of remote communication.

Detailed principles of the Supervisory Board’s operation are set out in the Bank’s Articles of Association and the Supervisory Board Regulations adopted by the Supervisory Board. In addition to the rights and obligations provided for in these regulations, the powers of the Supervisory Board include in particular:

- approval of the following adopted by the Board: the ING Bank Śląski strategy and the annual financial plan,
- approving the acceptable general risk level specified by the Management Board, including operational risk and Compliance,
- supervising the introduction and operation of an adequate and effective risk management system and internal control system at the bank,
- supervising the compliance of the bank’s risk-taking regulations in line with the bank’s strategy and financial plan,
- selection of an audit firm to audit and review the bank’s financial statements and the consolidated financial statements of the bank’s capital group,
- adopting the Regulations of the Supervisory Board and its committees,

- approving the strategies and procedures developed by the Management Board in the scope of the internal control system, risk management system, internal capital assessment process, capital management and capital planning,
- approving the policies and regulations adopted by the Management Board, including: Dividend Policy, Remuneration Policy, Regulations of the Management Board, Organizational Regulations of the Bank,
- giving opinions on motions and matters subject to resolutions of the General Meeting, including draft resolutions of the General Meeting,
- presenting to the Ordinary General Meeting reports and assessments specified in the regulations, recommendations of the supervision authority and other regulations adopted by the bank, including the assessment of the bank’s situation, including the assessment of internal control systems, risk management, Compliance and the internal audit function,
- assessment of the functioning of the remuneration policy at the bank,
- assessment of the bank’s application of the “Principles of corporate governance for supervised institutions”,
- appointment and dismissal of members of the Management Board, as well as suspension of members of the Management Board and delegating members of the Supervisory Board to temporarily perform the duties of members of the Management Board,
- applying to the Polish Financial Supervision Authority for consent to appoint the President of the Management Board and a member of the Management Board overseeing the management of risks relevant to the bank’s operations,
- concluding agreements with members of the Bank’s Management Board regarding the performance of their functions and determining the remuneration resulting from these agreements (as part of the general principles adopted by the General Meeting),
- approving the policy of variable components of remuneration for persons holding managerial positions at the bank,
- expressing consent for Members of the Bank’s Management Board to act as governing bodies of companies, societies, organizations and associations outside the bank’s capital group,



- granting consent to grant credits, loans, bank guarantees and sureties to members of the Management Board and Supervisory Board and entities related to them by capital or organization,
- expressing consent to activities that meet certain statutory criteria, including for the purchase and sale of fixed assets, establishment of a company, acquisition or purchase of shares and stocks, conclusion by the bank of significant transactions with a shareholder, including the consent or opinion on certain transactions with the bank’s related entities,
- expressing consent to the appointment and dismissal of directors of the Internal Audit Department and the Centre of Expertise – Compliance and approval of their remuneration,
- considering the regular and exhaustive information received from the Management Board on all significant matters relating to the bank’s operations, risks related to the business as well as the methods and effectiveness of risk management.

When exercising supervision over the bank’s operations, the Supervisory Board has the right to control the full scope of the bank’s operations, in particular:

- checking books, files and documentation,
- auditing the bank’s assets and financial control,
- request the Bank’s Management Board to present all documents, materials and information regarding the Company’s operations,
- request relevant reports and explanations from the bank’s employees,
- participating in the meetings of the Bank’s Management Board.

Attendance and topics of the Supervisory Board meetings in 2022

In 2022, Members of the Bank’s Supervisory Board devoted the necessary amount of time to perform their duties. Between 1 January and 31 December 2022, the Supervisory Board held seven regular meetings and twelve by circulation. The meetings were held on the following dates: 28 January, 11 March, 7 April, 10 June, 27 July, 23 September and 18 November, including meetings by circulation on: 15 February, 28 February, 3 March, 29 March, 20 April, 12 May, 3 August, 23 November, 8 December, 9 December, 14 December and 29 December. Meetings were held in both in-person and hybrid modes.

In total, the Supervisory Board adopted 118 resolutions, of which 19 were adopted by circulation. All meetings were held in the composition and manner that allowed for the adoption of binding resolutions, with a very high attendance.

The attendance of Supervisory Board members at meetings in 2022 is illustrated in the table below.

Attendance in 2022	
Alexander Galos	18/19
Małgorzata Kołakowska	19/19
Michał Szczurek	18/19
Aris Bogdaneris (member of the Council from the date of appointment by the AGM, i.e. from 7 April 2022)	13/13
Stephen Creese	19/19
Dorota Dobija	19/19
Monika Marcinkowska	19/19
Board members who held office during the reporting period	
Remco Nieland (Council member until the date of the AGM, i.e. 7 April 2022)	6/6

Irrespective of the regular meetings, the members of the Supervisory Board were in constant and direct contact with the Bank’s Management Board, taking active part in all important issues related to the Company’s operations.

During its meetings, the Supervisory Board considered matters resulting from legal regulations and supervisory recommendations, as well as matters related to the current operations of the company. The Supervisory Board received from the Bank’s Management Board extensive information on the current economic and financial situation of the bank, its operation, action plans and any important events that may affect its operation. The agenda of the meetings also included current information on the impact of the coronavirus pandemic on the bank’s operations.

In the course of the work carried out in Q1 2022, the Supervisory Board prepared and presented to the Ordinary General Meeting: the required assessment of the company’s situation, including the assessment of internal control systems, risk management, compliance and internal audit functions, as well as a report on the activities of the Supervisory Board. Moreover, the Supervisory Board presented the Ordinary General Meeting with an assessment of the manner in which the bank fulfils its disclosure obligations, which relate to the application of corporate governance principles, as well as an assessment of the rationality of the bank’s sponsorship and charity policy. In



2022, the Supervisory Board considered and gave a favourable opinion on the draft resolutions presented to the General Meeting convened on 7 April 2022.

In the course of their works, the Supervisory Board periodically discuss and approve ESG-related topics (including ESG-related ones) when discussing the Business Strategy of the bank and the Risk Management Strategy. ESG risk, including climate risk, are also an element of the periodical Risk Report presented to the Board and Risk Committee. Further, the Board periodically review the reports on bank employees' compliance with business ethics, assess the adequacy and effectiveness of the whistleblowing procedure (for laws, internal regulations and standards of ethics) at ING Bank Śląski S.A. as well as analyse staff reports from the periodical OHI surveys at the bank. In 2022, the Board looked very deeply into the charitable and sponsorship initiatives pursued by the bank due to the invasion on Ukraine and tremendous needs to ensure immediate support for refugees, and especially children from Ukraine. Board Members also took part in the ESG workshops. Another round of workshops dedicated to that area is planned to ensure that the Board stay updated with ESG developments.

In order to support members of the Supervisory Board in their tasks, the Supervisory Board shall appoint members of the Audit Committee, Remuneration and Appointment Committee and Risk Audit Committee from among its members.

Remuneration and Appointment Committee

The Remuneration and Appointment Committee supports the Supervisory Board in terms of monitoring and supervision over the bank's human resources and payroll area, and in particular, in the selection of Management Board Members, the diversity policy, suitability assessment of Management Board Members, succession plans, staff rotation processes, satisfaction surveys of the bank's employees, and the remuneration and bonus policy, including the policy of variable remuneration components.

The activities of the Remuneration and Appointment Committee are described in detail in the *Regulations of the Remuneration and Appointment Committee of the Supervisory Board of ING Bank Śląski S.A.* adopted by the Supervisory Board.

The Remuneration and Appointment Committee consists of at least 3 members of the Supervisory Board. Most of the Remuneration and Appointment Committee members, including the Chairperson, should meet the criteria for Independent Members of the Supervisory Board. Currently, the Committee consists of three members, including two independent members of the Supervisory Board.

The Remuneration and Appointment Committee meets at least once a quarter.

There were no changes to the composition of the Remuneration and Nomination Committee in 2022.

As at 31 December 2022, the composition of the Remuneration and Nomination Committee was as follows:

- Aleksander Galos – Chairperson (independent member),
- Dorota Dobija – Member (independent member),
- Małgorzata Kołakowska – Member.

A brief biography of Committee Members, showing individual competencies, is available [here](#).

Competences, powers and tasks of the Remuneration and Appointment Committee

The Remuneration and Appointment Committee's competences include, inter alia:

- selecting and assessing the suitability of Management Board members, including analysing candidates for Management Board members and presenting recommendations to the Supervisory Board in this regard and determining the scope of duties for a candidate to the Bank's Management Board,
- presenting proposals regarding the content of contracts for the performance of the functions of a Management Board member, taking into account the amount of remuneration, including variable remuneration,
- overseeing the policy regarding the selection and appointment of persons holding managerial positions at the bank,
- monitoring succession plans, employee rotation processes and employee satisfaction surveys of the bank,
- supervising the policy of the remuneration system in place at the bank, including monitoring of the remuneration and bonus policy,
- supervising the Variable Remuneration Policy for the Identified Staff of ING Bank Śląski S.A.,
- monitoring the control mechanisms for the level of remuneration of employees of the Internal Audit Department and the Centre of Expertise – Compliance and protection of employees of these units against unjustified termination of employment,



- supervising the remuneration package for persons responsible for control functions reporting directly to the Management Board of ING Bank Śląski S.A.,
- submitting recommendations to the Supervisory Board regarding the approval of the Policy for the Assessment of the Suitability of the Members of the Supervisory Board, Management Board and Key Function Holders at ING Bank Śląski S.A. and changes to its content,
- determining the target value of the representation of the underrepresented gender in the Bank’s Management Board and Supervisory Board,
- developing a diversity policy in the composition of the Bank’s Management Board and Supervisory Board,
- periodic assessment of the structure, size, composition and effectiveness of the Management Board,
- periodic analysis of the knowledge, competences and experience of the Management Board as a whole and of individual members of the Management Board,
- analysis of succession and employee development plans, in particular of managerial staff,
- monitoring the fluctuation process of the bank’s employees based on interim reports presented by the Management Board,
- monitoring the processes of testing the satisfaction of the bank’s employees, in particular with regard to methodology, research results and actions taken on their basis,
- developing proposals for the remuneration of members of the Supervisory Board and presenting them to the Supervisory Board in order to submit a motion to the General Meeting,
- analysis of the remuneration and bonus policy, with particular emphasis on remuneration of senior management,
- presenting the Supervisory Board with recommendations on the results of the review carried out by the heads of units of the Internal Audit Department and the Centre of Expertise – Compliance in cooperation with HR regarding the level and structure of employment and remuneration,
- presenting the Supervisory Board with recommendations regarding information on the implementation of the remuneration policy in relation to the manager and employees of the Internal Audit Department, as well as the

manager and employees of the Centre of Expertise – Compliance, taking into account possible changes and the remuneration budget.

Attendance and topics of the Remuneration and Appointment Committee meetings in 2022

Between 1 January and 31 December 2022, the Remuneration and Nomination Committee held seven regular meetings and two meetings by circulation. The meetings of the Remuneration and Appointment Committee were held on the following dates: 28 January, 8 March, 28 March, 7 April, 9 June, 22 September and 18 November, including meetings by circulation on: 3 August and 23 November. In total, the Committee issued 58 recommendations (including 5 by circulation), 4 opinions and 1 decision.

All the meetings were held in the composition and manner enabling the issuance of binding recommendations, with a very high attendance. The attendance of members of the Remuneration and Appointment Committee at Committee meetings in 2022 is illustrated in the table below.

Attendance in 2022	
Alexander Galos	8/9
Dorota Dobija	9/9
Małgorzata Kołakowska	9/9

In 2022, the work of the Committee focused primarily on the following areas:

- proactively overseeing the process of assessing the suitability of the members of the Supervisory Board, the Management Board and persons performing key functions in the bank, including:
 - periodic annual assessment of the suitability of the Bank’s Supervisory Board and Management Board,
 - assessing the suitability of the candidate for membership of the Supervisory Board,
 - assessing the suitability of the Audit Committee,
 - secondary individual assessments of the suitability of individual members of the Bank’s Management Board in connection with changes in responsibilities, together with relevant collective assessments of the Management Board – as appropriate;
- monitoring the adequacy and effectiveness of the bank’s employment policy,



- supervising the recruitment process for a Member of the Bank’s Management Board in connection with changes in the Bank’s Management Board,
- issuing opinions on the recruitment process for a Member of the Bank’s Management Board,
- review of succession for the positions of members of the Bank’s Management Board,
- monitoring the adequacy and effectiveness of the bank’s remuneration policy,
- analysing information on pay policy/practice assumptions for 2022 and 2023,
- assessment of the level of achievement of goals for 2021 by members of the Bank’s Management Board and setting bonus tasks for 2022,
- development and presentation of recommendations to the Supervisory Board in the scope of the Report on the implementation of the remuneration policy in relation to employees and the Director of the Internal Audit Department,
- development and presentation of recommendations to the Supervisory Board regarding the Report on the implementation of the remuneration policy in relation to employees and the Lead 2 Centre of Expertise – Compliance,
- analysis of the proposed remuneration packages for persons performing control functions at the bank submitted by the Management Board,
- analysis of the results of the remuneration review based on the Hay Group report.

Risk Committee

The Risk Committee supports the Supervisory Board in terms of monitoring and supervision over the risk management process, including the operational risk, the credit risk, and the market risk, and also the internal capital estimation process, capital management and planning and the model risk, and the capital adequacy area.

The activities of the Risk Committee are described in detail in the Regulations of the Risk Committee of the Supervisory Board of ING Bank Śląski S.A. adopted by the Supervisory Board.

According to the Regulations, the Risk Committee is composed of at least 3 members of the Supervisory Board. Most Committee Members, including the Chairperson, should meet the criteria for Independent Members of the Board.

The Risk Committee meets at least once a quarter.

Pursuant to the information given above, on 10 June 2022 the Board appointed Ms Małgorzata Kołakowska to the Risk Committee. Thus, as at 31 December 2022, the Risk Committee was composed as follows:

- Dorota Dobija – Chairperson (independent member),
- Aleksander Galos – Member (independent member),
- Stephen Creese – Member,
- Małgorzata Kołakowska – Member,
- Monika Marcinkowska – Member (independent member).

Currently, the Risk Committee consists of 5 members, including 3 independent members.

A brief biography of Committee Members, showing individual competencies, is available [here](#).

Competences, powers and tasks of the Risk Committee

The competences of the Risk Committee include inter alia:

- determining the bank’s current and future risk appetite;
- giving opinions on the risk management strategy in the bank’s operations developed by the Bank’s Management Board and the information submitted by the Management Board regarding the implementation of this strategy,
- supporting the Supervisory Board in supervising the implementation of the risk management strategy in the bank’s operations by senior management, estimating internal capital and reviewing strategies and procedures for estimating internal capital and maintaining internal capital on a permanent basis,
- verification whether the prices of liabilities and assets offered to clients fully reflect the bank’s business model and its risk strategy,
- giving opinions on the appointment of external experts by the Supervisory Board,



- making recommendations to the Supervisory Board regarding changes in key risk positions,
- presenting the Supervisory Board with recommendations on granting a cash loan, bank guarantee, surety or other off-balance sheet obligations to members of the Management Board, Supervisory Board and other persons indicated in Article 79-79c of the Banking Law, to the extent that the consent of the Board is required.

Attendance and topics of the Risk Committee meetings in 2022

During the period from 1 January to 31 December 2022, the Risk Committee held ten regular meetings and three meetings by circulation. The meetings of the Committee were held on the following dates: 28 January, 8 March, 9 June, 22 September and 17 November, and by circulation on: 15 February, 28 February, 29 March, 20 April, 4 May, 3 August, 2 November, 23 November, 8 December and 29 December.

In total, the Committee issued 26 recommendations (of which 7 were made by circulation) and 3 decisions (all by circulation). All the meetings were held in the composition and manner enabling the issuance of binding recommendations, with a very high attendance.

The participation of members of the Risk Committee in Committee meetings in 2022 is shown in the table below.

Attendance in 2022	
Dorota Dobija	15/15
Stephen Creese	15/15
Alexander Galos	14/15
Małgorzata Kołakowska (Committee member as of 10 June 2022)	7/7
Monika Marcinkowska	15/15
Board members who held office during the reporting period	
Michał Szczurek (Member of the Committee until 10 June 2022)	7/8

As part of the risk level monitoring process at the bank, a permanent item on the agenda of the Risk Committee in 2022 was a risk report, the components of which are reports on credit, market, operational (non-financial) and model risk. Information on the risk of a coronavirus pandemic, the risk situation in relation to the war in Ukraine and in the area of credit holiday facilities and foreign currency-indexed mortgages were an important part of the report.

In 2022, the work of the Committee was also focused, inter alia, in the following areas:

- development and presentation of recommendations to the Supervisory Board in the field of documents relating to the risk management area, including the Risk Management Strategy for 2022-2024,
- development and presentation of recommendations to the Supervisory Board in the scope of key risk appetite limits for the retail and corporate credit risk area and the declaration of appetite for non-financial risk,
- developing and presenting recommendations to the Supervisory Board in the area of concluding agreements by the bank, which should be classified as likely to have a significant impact on the financial or legal situation of the bank,
- analysis of the Report on the Capital Management and Capital Adequacy Process (ICAAP) at ING Bank Śląski S.A. for 2021,
- analysis of the Report on the review of the internal liquidity adequacy assessment process (ILAAP) at ING Bank Śląski S.A. for 2021.

Audit Committee

The Audit Committee supports the Supervisory Board in monitoring and supervising the financial reporting process, internal and external audit and the management system at the bank and its subsidiaries, in particular the adequacy and effectiveness of the internal control system and the risk management system, relations between the bank and the entity performing the audit bank’s financial statements.

The activities of the Audit Committee are described in detail in the *Regulations of the Audit Committee of the Supervisory Board of ING Bank Śląski S.A.* adopted by the Supervisory Board.

Pursuant to the Regulations, the Audit Committee consists of at least 3 members of the Supervisory Board. Most members of the Audit Committee, including its Chairperson, should meet the criteria of independence, and at least one of the Independent Members in the Audit Committee should additionally have qualifications in the field of accounting or financial audit. Currently, the Audit Committee consists of three independent members of the Supervisory Board, which meets the requirements set out in the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

The Audit Committee meets at least once a quarter. While performing its tasks, the Audit Committee may use the assistance of experts.

In 2022, the following changes to the composition of the Audit Committee took place:



- On 10 February 2022, the Bank received a statement from Mr Remco Nieland (Remco Nieland) resigning as a member of the Bank’s Supervisory Board as of the date of the next Ordinary General Meeting of the Bank. The reason for his resignation is his planned retirement.
- Following the recommendation of the Remuneration and Nomination Committee on the assessment of the Audit Committee candidates and current Audit Committee members, made through the process described above, the Board appointed Mr Stephen Creese and Mr Michal Szczurek to the Committee on 10 June 2022.

The Remuneration and Appointment Committee has confirmed that the Audit Committee meets the criterion of collective suitability, which includes having a sufficient number of members with knowledge and skills in accounting, auditing and banking, and the criterion of independence of a sufficient number of members, including the independence of the Chairperson of the Audit Committee of the Supervisory Board of Bank ING Śląski.

Thus, as at 31 December 2022, the composition of the Audit Committee was as follows:

- Monika Marcinkowska – Chairperson (independent member),
- Stephen Creese – Member,
- Dorota Dobija – Member (independent member),
- Aleksander Galos – Member (independent member),
- Michał Szczurek – Member.

As required by the Act of 11 May 2017 on Statutory Auditors, the majority of members, including the Chairperson of the Committee, meet the criteria for independence. In addition, Ms Monika Marcinkowska and Ms Dorota Dobija have knowledge and experience in the field of accounting/auditing confirmed by the title of professor.

A brief biography of Committee Members, showing individual competencies, is available [here](#).

Competences, powers and tasks of the Audit Committee

The competences of the Audit Committee include inter alia:

- financial reporting process,
- monitoring the effectiveness of internal control systems, internal audit and risk management, including financial reporting,

- monitoring of financial audit activities, especially performance of an audit by an auditing firm taking into consideration conclusions and findings of the National Audit Oversight Committee resulting from controls conducted in an auditing firm,
- controlling and monitoring of the independence of a statutory auditor and an auditing firm, especially in the event whereby an auditing firm performs services other than audit.

The tasks of the Audit Committee also include:

- supervising the bank’s relations with related entities by monitoring the agreements concluded by the bank with these entities,
- performing other supervisory activities in the areas specified separately by the Supervisory Board or resulting from internal regulations approved by the Supervisory Board,
- assessment and presentation of recommendations in the field of dividend policy,
- development and presentation of recommendations to the Supervisory Board regarding the implementation of the policy of selecting an audit firm to conduct the audit and the policy of providing permitted non-audit services by the audit company conducting the audit, by entities related to this audit company and by a member of the audit company’s network,
- defining and adopting the procedure for selecting an audit firm.

Attendance and topics of the Audit Committee meetings in 2022

Between 1 January and 31 December 2022, the Audit Committee held eight regular meetings and three meetings by circulation. The meetings were held on the following dates: 28 January, 11 March, 9 June, 15 September, 22 September, 7 October, 17 November and 8 December, including meetings by circulation on: 15 February, 28 February and 27 April.

In accordance with the requirements of the Best Practice for Public Interest Entities on the Principles for the Appointment, Composition and Functioning of the Audit Committee issued by the Office of the Polish Financial Supervision Authority of 24 December 2019 and the Regulations of the Audit Committee on 11 March 2022 and 17 November 2022, the Committee held separate closed meetings with: Vice-President of the Management Board overseeing the CFO Division and with representatives of the internal auditor and external auditor.



In total, the Audit Committee made 20 recommendations to the Supervisory Board, (including 3 recommendations by circulation) and 3 decisions (including 1 by circulation) and 1 opinion. All the meetings were held in the composition and manner enabling the issuance of binding recommendations, with a very high attendance.

The participation of Audit Committee members in the Committee meetings in 2022 is shown in the table below.

Attendance in 2022	
Monika Marcinkowska	11/11
Stephen Creese (Committee member as of 10 June 2022)	8/8
Dorota Dobija	11/11
Alexander Galos	10/11
Michał Szczurek (Member of the Committee as of 10 June 2022)	8/8
Board members who held office during the reporting period	
Małgorzata Kołakowska (Member of the Committee until 10 June 2022)	6/6
Remco Nieland (Committee member until the date of the AGM, i.e. 7 April 2022)	4/4

In 2022, the work of the Committee focused primarily on the following areas:

- monitoring the adequacy and effectiveness of the internal control system and the risk management system, including compliance risk,
- development and presentation of recommendations to the Supervisory Board regarding the implementation of changes to the policy of selecting an audit firm to conduct an audit and the policy of providing permitted non-audit services by the audit company conducting the audit, by entities associated with this audit company and by a member of the audit company's network,
- determining the scope of work of the entity authorized to audit the financial statements of ING Bank Śląski and the consolidated financial statements of the ING Bank Śląski S.A. Group after selecting the entity authorized by the Supervisory Board,
- supervision over the relationship between the bank and the entity performing the audit of the bank's financial statements, including the analysis of the work performed by the entity authorized to audit the statements and results of the audit, together with the assumptions for the Letter to the Management Board,

- assessment of the annual financial statements of ING Bank Śląski and the ING Bank Śląski Group,
- analysis of information and materials provided periodically by the external auditor and the external auditor's presentations presented to the members of the Audit Committee directly during the Committee meetings,
- constant analysis of the periodic reports provided by the Director of the Internal Audit Department on the status of the implementation of the audit plan of the Internal Audit Department and the status and changes in the timing of the implementation of post-audit recommendations,
- monitoring compliance work.

In 2022, the members of the Audit Committee were actively involved in the process of selecting a new auditor of the Bank's financial statements. They analysed the tender procedure organised by the Bank and also the documentation received by the Bank from the bidders. They reviewed the results of the tender work, held meetings with the bidder and made a recommendation to the Supervisory Board on the selection of the auditor.

In addition, the elected members of the Audit Committee also held a meeting with the inspectors of the Polish Financial Supervision Authority as part of the Bank's inspection.

Other areas of work of the Audit Committee in 2022 include:

- monitoring of the bank's relations with related entities, including the analysis of periodic information on agreements with related entities,
- supervision of the compliance area in the bank, including the development and presentation of recommendations to the Supervisory Board regarding amendments to the *Policy – Principles of Internal Governance in the ING Bank Śląski S.A. Group*,
- constant analysis of interim reports quarterly report of Compliance risk,
- analysis of the list of critical and high-risk recommendations,
- information analysis in the field of financial and regulatory reporting and the reporting control environment.

In addition, in the course of its work in 2022, the Committee leaned, on an ongoing basis, on the issues identified in the *Best Practice for Public Interest Entities concerning the principles for the appointment, composition and functioning of the audit committee* published on 24 December 2019 by the Office of the Polish Financial Supervision Authority. Bearing in mind the provisions of the Practices regarding the activities of:



- financial reporting process,
- monitoring the effectiveness of internal control, internal audit and risk management systems,
- monitoring the performance of audit activities,
- controlling and monitoring the independence of the statutory auditor and audit firm, in particular when services other than audit are provided to the public interest entity by the audit firm.

The Audit Committee – on the basis of information and documents provided by the Bank’s Management Board and analyses conducted during its meetings – carried out a risk assessment of the processes and areas being monitored. The Committee’s assessment did not differ from the assessments made by the Board. The work carried out did not identify any areas for which the actions taken by the Board would be inadequate to the bank’s situation, market requirements or regulatory recommendations. Particular attention was paid to the following areas of banking activity: ensuring the Bank’s compliance with legislation, fraud prevention, Know Your Client (KYC), model risk, IT and outsourcing.

Co-operation with external auditor

In 2022, the audit firm auditing the financial statements (KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp.k.) provided the following non-audit services:

- review of the semi-annual financial statements of the bank and the ING Bank Śląski Group,
- attestation service – fulfilment of requirements for the storage of client assets,
- assurance service – compliance of annual information on the bank’s capital adequacy,
- review of the Bank’s quarterly financial statements for capital requirements purposes.

The provision of the above-mentioned services was approved by the Audit Committee after assessing the threats and safeguards to the independence of the statutory auditor and the audit firm.

Main assumptions of the developed Policy of selecting an audit firm to audit financial statements, assess its independence and provide other permitted services at ING Bank Śląski:

- The Audit Committee decides on consenting to the involvement of a statutory auditor (the audit company conducting the audit, an entity related to that audit firm and by a member of the audit firm’s network) to provide permitted non-audit services,
- the provision of permitted services is possible only to the extent unrelated to the bank’s tax policy, after the Audit Committee assesses the threats and safeguards to the independence of the statutory auditor and the audit firm,
- verification and monitoring of the independence of a statutory auditor or audit firm are performed at every stage of the process of selecting an audit firm to audit financial statements.

When making the final selection, the Supervisory Board, and the Audit Committee at the stage of preparing recommendations, are guided by the following transparent and non-discriminatory selection criteria, which are used by the bank to evaluate offers submitted by audit firms:

- assessment of the independence of the audit firm to conduct the audit already at the stage of the selection procedure,
- the ability to provide the full range of services specified by the bank (audit of individual statements, audits of consolidated statements, reviews, etc.),
- the company’s experience to date in auditing reports of entities with a profile of activity similar to that of the bank,
- the company’s experience to date in auditing reports of public interest entities from the banking sector,
- professional qualifications, experience relevant to the activities performed as part of the audit and the number of people directly involved in the study conducted at the bank,
- proposed price conditions by the auditing company to conduct the audit,
- a commitment to ensuring the quality of the examination as required by the relevant professional standards.

The recommendation of the Audit Committee regarding the selection of an audit firm to audit the bank’s financial statements met the applicable conditions and was drawn up as a result of a selection procedure organized by the bank that meets the applicable criteria.



Selection of an entity authorized to audit financial statements

The selection of the audit firm to audit the separate and consolidated financial statements for 2022 was made in accordance with the applicable regulations, including the provisions on the selection and selection procedure of an audit firm.

The independent auditor for the audit of the financial statements is selected by the Bank’s Supervisory Board on the recommendation of the Audit Committee. The choice is made taking into account the necessity to consolidate the financial statements and the related unified approach of ING Group regarding the principles of change of auditor. This approach meets the requirements of existing EU legislation.

On 30 June 2020, the Bank’s Supervisory Board selected KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. based in Warsaw, as the entity authorised to audit and review the financial statements of ING Bank Śląski and the Bank’s Capital Group for the years 2020-2022. This entity audited the financial statements of the bank and the bank group for the period 2013-2019. The contract for the audit and review of financial statements for the years 2020-2022 between the bank and KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. was signed on 31 July 2020.

According to the presented statement, the audit company KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k. and members of the audit team met the conditions for drawing up an impartial and independent report on the audit of the annual financial statements in accordance with the applicable regulations, professional standards and the principles of professional ethics.

The bank complies with the applicable regulations on the rotation of the audit firm and the key statutory auditor as well as mandatory grace periods. Pursuant to the law currently in force, the maximum, uninterrupted period of employment for the same audit firm may not exceed 10 years. The maximum 10-year mandate given by the bank to the current audit firm (KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k.) will end with the audit of the 2022 report. On 09 December 2022, the Bank’s Supervisory Board selected Mazars Audyt spółka z ograniczoną odpowiedzialnością sp.k. based in Warsaw, as the entity authorised to audit and review the financial statements of ING Bank Śląski and the Bank’s Capital Group for the years 2023-2025. The selection was made on the basis of the recommendation of the Audit Committee, which was prepared following a selection procedure organized by the bank that met the applicable criteria. The selection was made taking into account two bids submitted, and the recommendation of the Audit Committee met the applicable conditions, with the proviso that due to the failure to

meet the condition concerning the need to obtain a permit from the Polish Financial Supervision Authority contained in one of the bids, the recommendation indicated one proposed audit firm.

The Bank has the *Policy of Selecting an Audit Firm to Audit Financial Statements, Assessing its Independence and Providing Other permitted Services at ING Bank Śląski S.A.*, which includes a policy for selecting an audit firm and a policy for providing services to the bank – by an auditing company, related entity with an audit firm or a member of its network – additional non-audit services, including services conditionally exempt from the prohibition of the audit firm from providing. The services provided by the audit firm in 2022 have been assessed as permitted and approved in accordance with the provisions of this policy.

Auditor’s remuneration

Auditor's remuneration										
PLN thousand	2018		2019		2020		2021		2022	
	KPMG	Other auditor	KPMG	Other auditor	KPMG	Other auditor	KPMG	Other auditor	KPMG	Other auditor
Auditing financial statements financial	*700.0	83.5	*790.0	129.5	567.6	129.0	567.6	129.0	661.1	146.0
Other certification services attestation	372.0	-	392.0	56.5	234.0	30.0	234.0	50.0	359.9	40.0

*Additionally, reimbursement of documented expenses

Internal audit

The bank’s risk management and internal control systems are organised on three independent levels (the so-called Three Lines of Defence Model), where the Internal Audit Department (hereinafter: Internal Audit) acts as a third line of defence. Internal Audit’s primary responsibility is to independently and objectively assess the adequacy and effectiveness of the functioning of the internal control system, the risk management system, organisational governance and the systems and processes in place. This task is carried out through regular audits conducted at



the bank, covering all significant areas of the bank's and its subsidiaries' activities. In addition, the internal audit functions of ING Bank Śląski Group have been separated into ING Bank Hipoteczny S.A..

Internal Audit's tasks are carried out in accordance with the *Audit Charter* approved by the Bank's Supervisory Board and with the provisions of the *International Standards for the Professional Practice of Internal Auditing* set out by the Institute of Internal Auditors (IIA), taking into account the requirements set out by the supervision authority (PFSA Office) in particular in Recommendation H. The last positive external verification of the IAD's compliance with these provisions, carried out over a five-year cycle, took place in May 2021. In addition, the bank's internal auditors are required to comply with the principles set out in the Institute of Internal Auditors' Code of Ethics.

A key factor for the proper performance of audit tasks is to ensure the full independence of the bank's internal audit function. a number of organisational arrangements are used for this purpose, the most important of which are:

- proper positioning in the organisational structure – Internal Audit reports directly to the Bank's CEO and is supervised directly by the Audit Committee in terms of audit activities and methodology,
- the auditors' remuneration is not linked to the bank's financial performance,
- approving the appointment and removal of the Head of Internal Audit by the Bank's Supervisory Board,
- monitoring potential conflicts of interest of auditors.

The independence of the IAD is further enhanced by:

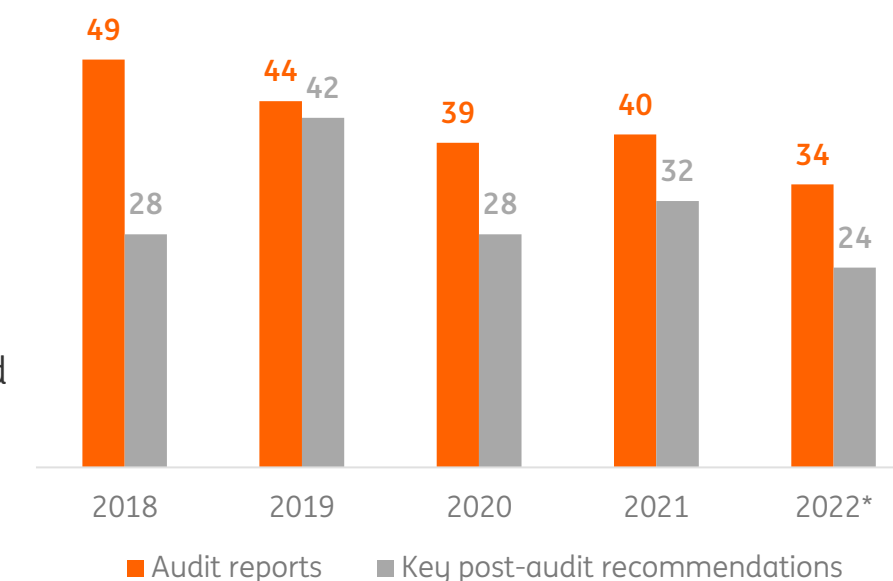
- direct contact between internal auditors and members of the Management Board, Audit Committee, Supervisory Board and the bank's auditor,
- participation of Internal Audit representatives in all meetings of the Bank's Management Board, Audit Committee and Supervisory Board,
- non-involvement of internal auditors in the bank's operational activities.

Internal Audit auditors are required to perform their tasks with objectivity and due professional care. At the end of 2022, 56% of the bank's internal auditors held recognised industry certifications (e.g. CIA, CISA, ACCA). In addition, the bank supported them to further develop their professional skills. The average training hours completed per auditor in 2022 was 80.

In 2022, the IAD performed all planned audit tasks, issuing 34 reports and 24 key post-audit recommendations.

The audit plan was periodically reviewed and modified to cover areas currently relevant to the bank's strategy and to take into account the expectations of the supervision authority. In addition, in four audits Internal Audit also assessed the maturity level of the organisation's risk culture in the audited area. In addition, the IAD monitored the status of implementation of post-audit recommendations and those from regulatory authorities and gave its opinion on the correctness of their implementation. In 2022, the bank implemented the key audit recommendations substantially on time and there were no overdue items as at 31 December 2022. The results of the work and monitoring carried out by internal audit were periodically reported to the Management Board, the Audit Committee and the Bank's Supervisory Board.

Audit plan 2018-2022



*The operational planning period has been changed from December/December to November/November, which has had the effect of shortening the reporting period and reducing the number of audit reports in 2022

Risk control and management system in the process of preparing financial statements

The process of preparing financial statements is carried out within the CFO Division as one of the key elements of compliance with the standards. The basic elements enabling the implementation of the process are the *Accounting Policy* adopted by the Bank's Management Board and the organization of accounting in the bank, defining the main principles of recording the bank's economic events. As a consequence of recording events, the bank's books are created, which are the basis for the preparation of financial statements.

In the process of preparing financial statements, the bank identified the following types of risk:



- the risk of incorrect input data,
- the risk of incorrect data presentation in financial statements,
- the risk of untimely reporting to external recipients,
- the risk of using incorrect estimates,
- the risk of lack of integration of IT systems and operational and reporting applications.

In order to mitigate this risk, the bank defined the structure of the process of preparing financial statements in two layers: application and content.

The application part of the process consists of the data flow from the bank's basic operating systems through a series of interfaces to the reporting database on which reporting applications are embedded. The application layer is controlled in line with the IT systems security policy adopted by the bank. Controls include user management, development environment management, integrity of data transfer systems, including the correct operation of interfaces in terms of completeness of data transfer from operating systems to the reporting environment.

The bank has a description of the process according to the principles adopted at the Bank for the purposes of correct management of the process of preparing financial statements. The description includes the key elements occurring in the process and the identification of their performers. In addition, the *Manual Describing the Approach to Financial and Regulatory Reporting at ING Bank Śląski S.A.* identifies key control points. The key controls embedded in the process of preparing the bank's financial statements include the following:

- quality control of input data for financial statements, supported by data control applications; a number of data correctness rules have been defined in the applications, the error correction path and strict monitoring of the data quality level,
- assessing the impact of new and/or updated regulations on the reporting process,
- monitoring the timeliness of reports submitted,
- review and approval of manual postings/corrections, including supporting documentation,
- review and approval of the results of the reconciliation,

- control of data mapping from source systems to financial statements, which ensures correct data presentation,
- an analytical review based on the knowledge of specialists, the main goal of which is to confront the knowledge of business with financial data and to detect possible signals of incorrect data presentation, or incorrect input data,
- approval of reporting reports.

The description of the estimates adopted by the bank, in accordance with IAS / IFRS, is included in the accounting policy. To avoid the risk of incorrect estimates, the bank adopted, inter alia, the following solutions:

- for the assessment of loan impairment – the bank has implemented specific models and applications as well as internal regulations for credit risk assessment,
- for the valuation of debt financial instruments quoted on active markets or for which the valuation is based on these quotations – the bank has implemented the required functionality of the basic systems, and also introduced controls to be exercised by market risk management units,
- for the estimation of provisions for legal risk related to mortgage loans indexed to the Swiss franc exchange rate – the bank estimated their impact based on a scenario analysis differentiated by the scale of settlements with clients expected by the bank and the probability of occurrence of possible court judgements,
- for the estimation the impact of a change in the interpretation of the provisions on commission reimbursements on consumer loans – assumptions were made regarding the expected outflows from complaints and prepayment profiles based on historical data,
- for the valuation of financial instruments not quoted on active markets – the bank implemented valuation models that were subject to prior verification before their application,
- for the estimation of the provision for retirement and disability benefits – the bank commissioned an independent actuary to make the estimate,
- for the estimation of the provision for employee and managerial bonuses – the bank uses calculations in accordance with the bonus regulations adopted by the bank, using the forecast of the bank's results,
- for the valuation of its own real estate – the bank adopted as a rule obtaining a valuation from independent experts with a frequency of 3-5 years.



A detailed description of the accounting policies is included in the Annual Consolidated Financial Statements of ING Bank Śląski S.A. for 2022, under *Accounting Policy and Additional Notes*.

The introduced organizational structure of the bank allows for the separation of duties between the *Front-office*, *Back-office*, Risk and Finance. Additionally, the introduction of an appropriate internal control system enforces the implementation of control of transactions and financial data in back-office units and support units. This area is subject to an independent and objective assessment by the Internal Audit Department, both in terms of the adequacy of the internal control system, risk management and corporate governance.

Our tax policy

ING Groep has an *ING Global Tax Policy* that applies to the entire ING Groep. It aims to ensure that, with regard to tax matters, all ING employees act in accordance with the tax laws contained in local legislation, the ING Values and the ING Tax Principles.

ING Bank Śląski has a [Tax Policy](#) (Policy) governing the principles we follow with regard to tax matters. In accordance with the Policy, we comply with the principles described in the *ING Global Tax Policy* and the Orange Code. In order to mitigate potential tax risks, we implement lower-level documents, i.e. tax procedures and instructions:

- ING Bank Śląski S.A. Corporate Income Tax settlement Manual,
- Procedure on how to document and determine tax liability and deferred tax at ING Bank Śląski S.A.,
- Manual on Tax Documentation for Transactions with Related Parties and Those Established in Countries with Harmful Tax Competition,
- Manual on Flat-rate Income Taxes on Certain Income (revenue) Earned by Individuals and Non-resident Legal Entities, Together with Operating Procedures,
- Manual on the Preparation by the Bank of information on Income from Other Sources and Information on Certain Income from Monetary Capital,
- ING Bank Śląski S.A. Value Added Tax Settlement Manual,
- Manual and Procedure for Accounting for the Tax on Certain Financial Institutions (bank levy),

- Procedure for dealing with non-compliance with the obligation to provide information on tax schemes, etc.
- Manual on the Definition of Activities to be Performed by Individual Units at ING Bank Śląski S.A. When Obtaining and Submitting Information on US Reported Accounts,
- CRS Reporting Manual (Common Reporting Standard).

We apply the arm's length principle in our transactions with related parties. We strive to comply with national and international laws and regulations, taking into account both the letter and spirit of the law, as well as standards such as the OECD (Organisation for Economic Co-operation and Development) Guidelines.

We take a transparent approach to tax issues. Our disclosures are made in accordance with the relevant national legislation, as well as applicable requirements and reporting standards, such as IFRS.

The tax area is run by the Centre of Expertise TAX (CoE TAX). The mission of this team, following the adopted Policy, is:

- providing high-quality tax support to the bank's business units and management,
- handling of the bank's tax settlements in accordance with applicable laws and regulations,
- ensuring, in cooperation with other units of the CFO Division, that the bank's tax position is correctly reflected in our financial statements.

The main tasks of CoE TAX include:

- rendering opinion, developing and implementing solutions relating to the bank's taxes,
- keeping tax reporting and tax settlements in compliance with applicable laws and the bank's internal needs,
- rendering opinions concerning internal regulations, instructions and procedures, external legal acts, draft contracts and other internal documents of the bank with respect to tax effects,
- providing information on material amendments to tax regulations,
- developing and updates or principles and procedures relating to tax liabilities under CIT, VAT, banking tax, flat/withholding tax, excise tax, customs duties, civil law tax.

Summary information on the tax strategy implemented by the bank in each year is available on [this page](#).



Management Board

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Composition of the Management Board

Pursuant to the provisions of the Bank’s Articles of Association, the Bank’s Management Board consists of 3 to 8 members appointed by the Supervisory Board. The number of members of the Management Board in a given term of office is determined by the Supervisory Board. Members of the Management Board are appointed for a joint term of office, which begins on the date of their appointment and covers four consecutive full financial years. Appointment takes place after conducting the qualification procedure, the purpose of which is to check and evaluate the qualifications of the candidates. The suitability assessment process is carried out with the involvement of an external entity in order to increase the objectivity of the work related to the verification of documents and preliminary suitability assessment. As part of this procedure, the Supervisory Board, based on the recommendations of the Remuneration and Appointment Committee, assesses the individual suitability of candidates for functions in the Management Board (in particular, meeting the requirements of Article 22aa of the Banking Law), as well as the collective suitability of the Management Board as a whole.

Minimum one half of members of the Management Board shall be Polish citizens. Two members of the Management Board, including the President and the Vice-President of the Management Board, supervising the management of risks relevant to the bank’s operations, are appointed with the approval of the Polish Financial Supervision Authority. Members of the Management Board may be dismissed at any time by the Supervisory Board. The dismissal of the Vice-President of the Management Board takes place after obtaining the opinion of the President of the Management Board by the Supervisory Board.

Composition of the Management Board in 2022

There were no changes to the composition of the Bank’s Management Board in 2022. Thus, the composition and division of responsibilities of the Board Members as at 31 December 2022 was as follows:

- Mr Brunon Bartkiewicz – President of the Bank’s Management Board, supervising the CEO Division,
- Ms Joanna Erdman – Vice-President of the Bank’s Management Board supervising the CRO Division,

- Mr Marcin Giżycki – Vice-President of the Bank’s Management Board supervising the Retail Banking Division and its subsidiary Nowe Usługi S.A.,
- Ms Bożena Graczyk – Vice-President of the Bank’s Management Board supervising the CFO Division and the subsidiary ING Bank Hipoteczny S.A.,
- Ms Ewa Łuniewska – Vice-President of the Bank’s Management Board supervising the Business Clients Division and the following subsidiaries: ING Usługi dla Biznesu S.A. and ING Investment Holding (Polska) S.A.,
- Mr Michał H. Mrożek – Vice-President of the Bank’s Management Board, supervising the Wholesale Banking Division,
- Mr Sławomir Soszyński – Vice-President of the Bank’s Management Board, supervising the CIO Division,
- Ms Alicja Żyła – Vice-President of the Bank’s Management Board supervising the COO Division.



Brunon Bartkiewicz

President of the Management Board
He oversees the CEO Division

Mr Brunon Bartkiewicz meets all the requirements specified in the provisions of Article 22aa of the Act of 29 August 1997 – Banking Law.

In the position of President of the Management Board at ING Bank Śląski S.A. since 2016 (previously in 1995-2000 and 2004 -2009).

From June 2021 Member of the Supervisory Board of ING Bank Hipoteczny S.A. – he also held this position during the period March – April 2018. Previously (April 2018 – June 2021) Chairperson of the Supervisory Board of this company. For two years (2014-2016) Chief Innovation Officer at ING Bank N.V. From 2012 to 2014 Managing Director of the International Retail Banking Division at ING Bank N.V., where he oversaw ING’s activities in France, Italy, Poland, Spain, Romania and Turkey. From 2010 to 2016 and from 2000 to 2001, he held supervisory positions at ING Bank Śląski S.A. (April 2010 – May 2011 and from 2000 to 2001) Member of the Supervisory Board and then (May 2011 – March 2016) Vice Chairman of the Supervisory Board. From 2010 to 2012 he was associated with ING Direct N.V. as General Manager.

From October 2010 to March 2012 Member of the Management Board of ING Bank (Australia) Ltd. He also served on the Management Board of ING Oyak Bank A.S. (now ING Bank A.S.) between 2008 and 2009. For 5 years (2004-2009), Member of the Supervisory Board of ING TUnž. In 2004 he became President of the Management Board of ING Bank Śląski S.A. and held this position until the end of 2009. In 2000, he took on the role of CEO and Member of the Management Board at ING Direct N.V. for a further four years. From 2002 to 2003 Member of the Board of ING Direct (UK) N.V..

In addition, from 2000 to 2004 he was: Member of the Management Board of ING Bank Canada, ING Direct Canada, Member of the Supervisory Board of ING DiBa AG and at ING Bank (Australia) Ltd. he was Chairman of the Management Board. From 1991 to 2009, he was associated with Bank Śląski S.A., first as a Bank Director, then as a Member of the Management Board and First Vice-President and President of the Management Board. He previously worked at Penetrator S.A. (1990-1991), Digital Laboratories International S.A. (1986-1990) and at the Central School of Planning and Statistics (now the Warsaw School of Economics), Department of International Finance (1986-1989).

Between 1991 and 2009, he held supervisory positions in the following entities: Dom Maklerski Banku Śląskiego S.A. in Katowice – Member of the Supervisory Board, Nationale Nederlanden Polska – Member of the Supervisory Board, CERA – Member of the Supervisory Board, ING BSK Asset Management – Member of the Supervisory Board, ING Securities S.A. – Chairman of the Supervisory Board and Member of the Supervisory Board, as well as functions as Member of the Management Board in ING Direct – Italian Branch and ING Direct – French Branch.

In addition, he has been a Member of the Programme Board of the Businesswomen’s Leadership Foundation since April 2021. He has been involved in the activities of the Polish Bank Association for many years, where, among others, he was a Member of the Management Board (2005 – 2010), Chairman of the Union Council (June 2020 – April 2021), Member of the Presidium of the Union Council (April 2021 – November 2022), and is currently a Member of the Union Council (since November 2022). For two years (2019-2020) he was a Member of the University Council of the Krakow University of Economics. He has also been a member of the Supervisory Board of Interhyp AG (Munich, Germany) since June 2022.

Graduate of the Central School of Planning and Statistics (now the Warsaw School of Economics) in Warsaw. He has participated in management and banking training courses including CEDEP – Insead France and the Executive Program at the Graduate School of Business at Stanford University.



Joanna Erdman

Vice-President of the Management Board
Supervises the CRO Division

Ms Joanna Erdman meets all the requirements set out in the provisions of Article 22aa of the Act of August 29, 1997 – Banking Law.

She assumed the position of Vice-President of the Management Board at ING Bank Śląski S.A. in April 2013. Since 24 May 2021, he has held the position of Vice-President of the Bank’s Management Board responsible for overseeing material risk management.

Since June 2020, she has been a Member of the Supervisory Board of the subsidiaries: ING Commercial Finance Polska S.A., ING Lease (Polska) Sp. z o.o. and in Nowe Usługi S.A., where she was previously Chairman of the Supervisory Board.

In December 2018, she became Vice Chairperson of the Supervisory Board of ING Investment Holding (Poland) S.A. and continues to hold this position. Since March 2018, she has been a member of the Supervisory Board of ING Bank Hipoteczny S.A.

From 2010 to 2013, Bank Director overseeing the Strategic Clients Division at ING Bank Śląski S.A.. In 2007, she took up the position of Director of the Strategic Clients Department in the Strategic Clients Division at ING Bank Śląski S.A., which she held until 2010. From 2001 to 2007, she was Director of the Strategic Client Centre in the Corporate Banking Division at ING Bank Śląski S.A.. From 1996 to 2001, she worked in the corporate part of the ING Bank N.V. branch, and before that in the Marketing Department of Bank Pekao S.A. from 1995 to 1996.

In addition, she was a member of the Supervisory Board of Biuro Informacji Kredytowej S.A. from June 2020 to September 2021, then Deputy Chairman of the Supervisory Board until August 2022, and currently serves as Chairman of the Supervisory Board.

From 2020 to 2021 (June 2020 to April 2021), she was a Board Member of the Responsible Business Forum. For 5 years – from June 2016 to April 2021 she was associated with the ING Children’s Foundation. First as a Member of the Foundation Board and then as Chair of the Foundation Board (June 2019 – April 2021).

Graduate of the Warsaw School of Economics and London Business School.



Marcin Giżycki

Vice-President of the Management Board
Supervises the Retail Clients Division

Mr Marcin Giżycki meets all the requirements set out in the provisions of Article 22aa of the Act of 29 August 1997 – Banking Law.

In the position of Vice-President of the Management Board at ING Bank Śląski S.A. since August 2016.

Since December 2018, he has been a Member of the Supervisory Board at ING Investment Holding (Poland) S.A. He was a member of the Supervisory Board at ING Bank Hipoteczny S.A. from March to April 2018 and subsequently became Vice-Chairperson of the Supervisory Board and continues to hold this position. Since August 2015, he has held supervisory positions in the company Nowe Usługi S.A. – first as a Member of the Supervisory Board and currently as Chairman of the Supervisory Board. In 2015, he became a Member of the Board of ING Securities S.A. and later President of the Board (August 2015 – May 2016). In 2006, he took on the role of Bank Director responsible for part of the Retail Banking Division at ING Bank Śląski S.A. and held this position for 10 years, while in 2016 he held the position of Bank Director of the Brokerage Division. Between 1996 and 2006, he held various positions in sales and retail network management at ING Bank Śląski S.A.

In addition, from May 2017 to June 2020, he held supervisory positions at the Credit Information Bureau S.A. as Deputy Chairman of the Supervisory Board, Chairman of the Supervisory Board and Member of the Board).

He has been a Board Member at the ING Children’s Foundation since May 2021.

Graduate of the University of Economics in Katowice and Poznań School of Banking.



Bożena Graczyk

Vice-President of the Management Board
Supervises the CFO Division

Ms Bożena Graczyk meets all the requirements set out in the provisions of Article 22aa of the Act of 29 August 1997 – Banking Law.

She assumed the position of Vice-President of the Management Board at ING Bank Śląski S.A. in June 2017.

Since June 2021, she has been Chairman of the Supervisory Board of ING Bank Hipoteczny S.A. and was previously a member of the Supervisory Board of

She also serves as a Member of the Supervisory Board in subsidiaries: ING Commercial Finance Polska S.A., ING Lease (Polska) Sp. z o.o., ING Investment Holding (Polska) S.A., ING Usługi dla Biznesu S.A. and SAIO S.A.. From April 2018 to June 2020, she was a Member of the Supervisory Board of Solver Sp. z o.o. in liquidation, and from June 2020 to August 2022, she was Chairman of the Supervisory Board of this company.

From 1994 to 2017 she was associated with KPMG, in 2001 she became Partner in the audit and advisory area for the financial services sector. She held the positions of Director of the Accounting Advisory Services Team and then Director of the Financial Risk Management Team. Between 1996 and 1997, she participated in the audit of the financial statements of financial institutions carried out by KPMG Spain.

Graduate of the University of Łódź. She completed the Executive MBA in International Business, University of Bristol and École Nationale des Ponts et Chaussées, as well as the Advanced Management Program, IESE Business School at the University of Navarra and participated in the Tempus programme of the University of Limburg.

She is qualified as a chartered accountant.



Ewa Łuniewska

**Vice-President of the Management Board
Supervises the Business Clients Division**

Ms Ewa Łuniewska meets all the requirements set out in the provisions of Article 22aa of the Act of 29 August 1997 – Banking Law.

In the position of Vice-President of the Management Board at ING Bank Śląski S.A. since January 2021.

She is Chairperson of the Supervisory Board of subsidiaries: ING Lease (Polska) Sp. z o.o., ING Commercial Finance Polska S.A., ING Usługi dla Biznesu S.A. and ING Investment Holding (Polska) S.A., and Member of the Supervisory Board of SAIO S.A..

From 2012 to 2020, she also held other supervisory roles at ING Commercial Finance Polska S.A., ING Usługi dla Biznesu S.A., ING Investment Holding (Polska) S.A., ING Usługi dla Biznesu S.A. and Nowe Usługi S.A..

From the beginning of 2016 until the end of 2020, she held the position of President of the Management Board of ING Lease (Polska) Sp. z o.o. and until November 2018 the position of Member of the Management Board of ING Investment Holding (Polska) S.A.

In 2006, she was appointed Bank Director in the Corporate Sales Network Division of ING Bank Śląski S.A., where she worked until 2015. Prior to that, she was Head of Strategic Clients in the Strategic Clients Division from 2001 to 2005. For two years (2000 – 2001) she was with ING Bank N.V., where as Managing Director she supervised the Corporate Banking Department, the Treasury Management Department, the Structured Finance Department and was a member of the Executive Committee.

From April 1997 to 1999 she was Deputy Director and then Director of the Capital Markets and Structured Finance Department at ING Bank N.V. She started her career in 1991 in the Corporate Banking Department of ING Bank N.V.

In 2020, she held the position of Chairperson of the Executive Committee of the Polish Leasing Association. Since 2016, she has been involved in the ING Polish Art Foundation, where she first served as a member of the Foundation’s Council and has been Chair of the Foundation’s Council since 2021.

Graduate of the Warsaw School of Economics.



Michał H. Mrożek

**Vice-President of the Management Board
Supervises the Wholesale Division**

Mr Michał H. Mrożek meets all the requirements specified in the provisions of Article 22aa of the Act of 29 August 1997 – Banking Law.

In the position of Vice-President of the Management Board at ING Bank Śląski S.A. since July 2020.

He has been a member of the Supervisory Board of the subsidiary SAIO S.A. since October 2022.

From April 2019 to June 2020, he held the position of General Manager and Head of Wholesale Banking at HSBC France HBFR, Poland Branch. He was President of HSBC Bank Polska S.A. from 2015 to 2019, while he was Managing Director of Citibank N.A. from 2011 to 2014. Previously, between 1998 and 2011, he was with Citibank Handlowy – first as Deputy Head of Corporate Banking, then as Director of Strategic Planning and Corporate Development, and between 2004 and 2011 he was Deputy CEO of the Management Board. Between 1995 and 1998, he was Head of Corporate Banking Department at Bank Handlowy in Warsaw.

From 1991 to 1995 he was with Price Waterhouse (International Privatization Group), Washington, D.C., first as Manager and then as Department Head. He started his professional career at a branch of Bank Austria in New York.

In addition, he served as Vice-President at the Employers’ Association of Banks and Financial Institutions LEWIATAN from 2019 to 2021. From 2018 to 2019, he was Chairman of the Board at the Council of the Polish Bank Association. Since 2013, he has been a member of the New York Council of the Kosciuszko Foundation and the Council of the Jan Karski Educational Foundation.

Graduate of Georgetown University School of Foreign Service in Washington, DC.

In 2013, awarded by the Minister of Foreign Affairs with the Badge of Honor “Bene Merito” for his contribution to promoting and strengthening the role of Poland in the international arena. In 2011 awarded the Bronze Cross of Merit by the President of the Republic of Poland for his contribution to the development of the Polish banking market.



Sławomir Soszyński

Vice-President of the Management Board
Supervises the CIO Division

Mr Sławomir Soszyński meets all the requirements set out in the provisions of Article 22aa of the Act of 29 August 1997 – Banking Law.

He assumed the position of Vice-President of the Management Board at ING Bank Śląski S.A. in October 2019.

From 2017 to 2019, he was a board member overseeing J.P.’s Global Corporate Center. Morgan Poland Services Spółka z o.o. in Warsaw. Previously, he had been associated with J.P. since 2015. Morgan in London as Executive Director of Architecture for the Corporate Technology and Technology Infrastructure Sector.

From 2014 to 2015, he served as Global Head of Technology at OSTC Group in Poland.

Previously, he spent 10 years with Citibank in Poland, London, New York and Singapore. During this time he was responsible for IT security, technology in the Global Audit Division and then retail banking technology and IT architecture in EMEA as CTO.

Since February 2020 he has been a member of the Presidium of the Electronic Banking Council of the Polish Bank Association.

Graduate of the Nicolaus Copernicus University. He completed the MBA programme at Kozminski University.



Alicja Żyła

Vice-President of the Management Board
Supervises the COO Division

Ms Alicja Żyła meets all the requirements set out in the provisions of Article 22aa of the Act of 29 August 1997 – Banking Law.

She assumed the position of Vice-President of the Management Board at ING Bank Śląski S.A. in September 2021.

She has been Chairman of the Supervisory Board of the subsidiary SAIO S.A. since October 2022.

From November 2018 to August 2021 associated with ING Lease (Poland) Sp. z o.o., first as Vice-President of the Management Board (November 2018 – February 2021) and then as President of the Board (March 2021 – August 2021). For 10 years, from 2008 to 2018, Bank Director responsible for the Operations Division at ING Bank Śląski S.A. From 1998, she worked for 10 years in the Retail Banking Division, where she held a number of key positions, including as Head of Product Development since 2006. In 1996, she started working at ING Bank Śląski S.A. in the HR department.

In addition, from 2009 to 2020 she served as a Member of the Supervisory Board of the National Clearing House (Krajowa Izba Rozliczeniowa S.A.), and from August 2019 to August 2021 she served as a Member of the Supervisory Board of NN Investment Partners TFI S.A. From July to August 2021, she was a Council Member of the ING Polish Art Foundation. From May to August 2021, she served as Vice-Chair of the Executive Committee at the Polish Leasing Association.

Graduate of the University of Economics in Katowice.



Competencies of the Management Board

The Management Board shall manage and represent the bank. All the matters not otherwise reserved by law or the Bank’s Charter to the competence of the other bank’s governing bodies shall be within the scope of the Management Board’s responsibilities. The Management Board operates collectively, subject to the matters which, pursuant to the provisions of the bank’s internal regulations, were entrusted to individual members of the Management Board. As a rule, the bank has two-person representation – in the following configurations:

- two members of the Bank’s Management Board,
- one Member of the Bank’s Management Board with a proxy,
- two proxies.

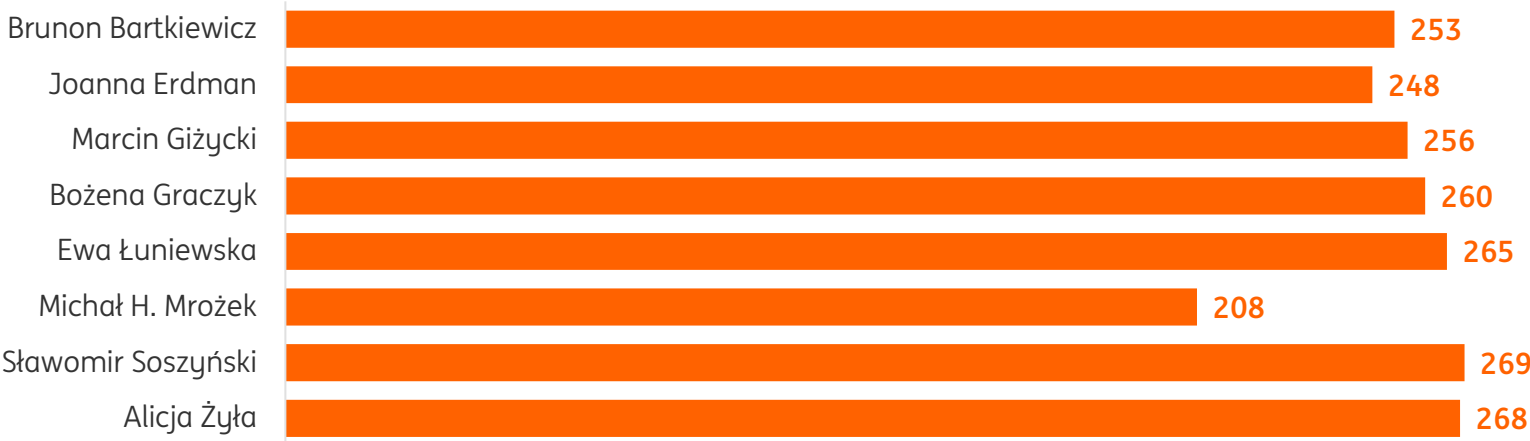
Proxies acting independently or jointly with the persons indicated above or with another representative may be appointed to perform specific activities or perform certain types of activities.

The Bank’s Management Board formulates the bank’s operating strategy as part of the rolling three-year action plan, which requires approval by the Supervisory Board.

The Management Board may approve valid resolution if the meeting is attended by more than one half of its members and all the members of the Management Board have been correctly invited. Resolutions of the Management Board shall be adopted by an absolute majority of votes. In the event of equal votes, the President of the Management Board shall have a casting vote.

In 2022, 70 meetings of the Bank’s Management Board were held. a total of 279 resolutions were adopted unanimously.

Number of resolutions in which individual Members of the Bank’s Management Board participated



Members of the Bank’s Management Board supervise individual divisions and organizational units, in accordance with the division of powers established by the Management Board and approved by the Supervisory Board, being responsible for the implementation of their mission and basic tasks. The organisation of work of the Management Board, matters requiring resolutions of the Management Board and its mode of functioning are set forth in the Regulations of the Management Board resolved by the Management Board and approved by the Supervisory Board.

Resolutions of the Management Board, apart from the matters listed in the Articles of Association or the Organizational Regulations, require – subject to the powers of the Supervisory Board – in particular the following matters:

- all matters which, in accordance with generally applicable laws and the provisions of the Bank’s Articles of Association, require decisions of other statutory bodies of the bank,
- defining the bank’s policies, including in particular the credit policy, risk management policy and remuneration policy,
- determining the principles for acquiring funds from other financial institutions and the principles for their use, and setting the principles for investing own funds in other banks,
- defining the principles for determining the interest rate on products offered by the bank, including, in particular, the interest rate on loans and advances, funds on term accounts and payable on demand, and penalty interest,
- considering applications for recognition of extraordinary losses and the creation of provisions in excess of the amounts determined by the Bank’s Management Board separately,
- adopting investment plans and determining the principles of investment implementation,



- decisions on matters related to the purchase, encumbrance, sale and lease of real estate and other property rights, to the extent exceeding the amounts separately determined by the Management Board,
- decisions on the purchase and sale by the bank shares or stocks of other legal persons with a value exceeding the amounts separately determined by the Management Board,
- establishing principles for granting and revoking powers of attorney to perform specific activities or activities of a specific type,
- matters beyond the scope of day-to-day management, including in particular matters falling outside the competences of individual members of the Management Board and Committees appointed by the Management Board,
- other matters where the decisions have been reserved for the competence of the Management Board in separate regulations adopted by the Management Board and other matters brought by the President of the Management Board or another Member of the Management Board,
- matters where legal or other regulations require an opinion by the Management Board.

In matters other than those listed above, decisions are made in accordance with the following principles:

- decisions in matters where no collective action is required by the Management Board and that have been delegated to the competencies of individual members of the Management Board, are to be made in the form of decisions of such member of the Management Board; however, the Management Board by way of a resolution may identify matters that require a decision of minimum two members of the Management Board,
- decisions in matters that have been delegated by the Management Board to the competencies of the competent committee established by the Management Board, are made in the form of resolutions of such committee,
- decisions in matters not reserved for the competences of the Management Board, a member of the Management Board or the appropriate Committee shall be made in the form of decisions managing the organizational unit at the appropriate level, within the scope of the competences entrusted to him/her.

The competences of individual members of the Management Board are specified in the Organizational Regulations and the regulations concerning the functioning of their areas introduced by the Management Board.

Additionally, the Management Board to authorised to increase the share capital but maximum PLN 26 million (or issues of maximum 26 million shares) by 21 April 2023 (authorised capital) and to waive pre-emption rights at share issues of the authorised capital. The decisions taken by the Management Board on the share issue price and waiver of pre-emption rights require approval by the Supervisory Board.

As at 31 December 2022, the Bank had the following standing committees, which are appointed by the Bank’s Management Board, approving their composition, tasks and rules of procedure:

- Assets and Liabilities Committee (ALCO),
- Credit Policy Committee,
- Credit Committees:
 - ING Bank Śląski S.A.,
 - for Restructuring,
- Retail Product Committee,
- Corporate Products and Financial Markets Committee,
- Model Validation Policy at ING Bank Śląski S.A.,
- Product Parameterization Committee of the Financial Markets Division and the Treasury Department,
- Committee for Client Protection and Product Approval,
- Evaluation Team (SOX) Committee,
- Donation Committee,
- Operational Risk in a Trading Environment (ORiate) Committee,
- IT Architecture Committee,
- Retail Price Committee,
- Reference Rates Committee,
- Client Risk Management Committee (CIRC) at ING Bank Śląski S.A.,



- Know Your Client Committee (KYC) at ING Bank Śląski S.A.,
- IT Risk and Security Committee in ING Bank Śląski S.A,
- Pricing Committee for Business Clients,
- ESG Council Committee,
- ESG Risk Committee,
- Model Risk Committee at ING Bank Śląski S.A.

The committees issue opinions and recommendations and take decisions on matters specified by the Management Board.

Management of sustainability issues

GRI [2-12] [2-13] [2-17] [2-23] [2-24] [3-3]

At ING, we conduct business in an ethical, responsible and sustainable manner. This stems from our values, as defined in [the Orange Code](#). We understand that our activities have an impact on many stakeholder groups. We respect the human rights of all those with whom we work. This is a core, universal value that is reflected in the various aspects of our business. We know that our responsibility is to support diversity and level the playing field. We act with respect for international standards – the Universal Declaration of Human Rights and the principles of the United Nations Global Compact. We are a signatory to the Diversity Charter. We feel responsible for our impact on society, the environment and the economy and are actively working towards the UN Sustainable Development Goals. We are implementing the provisions of our Environmental Declaration. The direction of our commitment to sustainability is set by the ESG Strategy, which we write about [here](#). We care about [responsibility in the supply chain](#) and [responsible product offering](#). The details of our activities are governed by internal policies, which are referred to in the various sections of this report.

Permanent organisational structures

In 2022, the Management Board of ING Bank Śląski established two committees in the organisational structure of the bank: ESG Council and ESG Risk Committee. These committees have decision-making functions vis-à-vis all organisational units of the bank and advisory functions vis-à-vis the Management Board for matters requiring its approval.

The ESG Council's mission is to create the right ecosystem to make ESG an important, sustainable and inherent element for the entire organisation. The committee oversees the progress and consistency of ESG and sustainability communication activities across the organisation. The committee's tasks include:

- approval of the ESG Strategy and the actions and metrics for achieving the strategic objectives,
- monitoring the progress of activities and the achievement of targets in the implementation of the ESG Strategy.

The ESG Council is chaired by the President of ING Bank Śląski and is composed of the entire Management Board of the bank and the heads of the areas with the greatest impact on ESG goals. ESG Council meetings are held every two months.

The main tasks of the ESG Risk Committee include: creating ESG risk management policies, approving ESG risk management methodologies, approving tools used for ESG risk assessment, determining standards for ESG risk credit analysis and the ESG risk assessment and monitoring process, as well as principles of ESG risk consideration in collateral valuation. You can read more about the ESG Risk Committee [here](#).

In 2022, the ESG Innovation Centre of Expertise was established at the bank to coordinate activities related to the building and implementation of the ESG Strategy and the functioning of the ESG Council. It also works to strengthen ESG awareness and culture and develop staff knowledge in this area. The combination of ESG and innovation competences allows us to effectively support the business in implementing innovative solutions in line with the idea of sustainable development.

In 2022, an ESG Risk Team was also established within the Risk Regulation Department, responsible for managing ESG risks within the CRO Division and initiating and coordinating further efforts to comprehensively implement ESG risk management into the existing credit, market, liquidity and operational risk management system and to meet the expectations set out in supervisory documents. We write more about the issue of ESG risk management in ESG Risk.

Interdisciplinary collaboration and knowledge sharing

To achieve the objectives of the ESG Strategy, we have adopted two ways of working. The bank's Management Board set up the ESG Transformation Programme to carry out complex, multi-faceted tasks. In addition, we work in interdisciplinary teams – guilds – that ensure continuity of work and synergy of activities. The essence of the guilds is the collaboration of teams made up of people from different areas of the organisation, the exchange of knowledge and the continuation of initiatives, stemming directly from the ESG Strategy. Interdisciplinary teams –



guilds – have been set up in three areas: a friendly and diverse workplace, the financial health of clients and community action.

We want to make it natural for everyone in our organisation to think and act in terms of sustainability. Starting with ourselves, we want to set a good example, share knowledge and best practices. The bank’s management has been actively promoting the idea of responsible business inside and outside the organisation for years, emphasising, among other things, the banking sector’s major role in supporting the green transformation. Responsibility for the achievement of ESG objectives is also expressed in the objectives set for the Management Board for the year and is directly reflected in the level of variable remuneration (see more under [The principles of the Management Board Members remuneration](#)).

Bank officials regularly speak at events and in publications on sustainability issues. We work with the NGO community and are involved in their projects. We are actively working to build the ESG ecosystem. The ING Grant Programme supports innovative projects in line with the Sustainable Development Goals. We organise round tables to foster the exchange of knowledge and experience between experts from different backgrounds, industries and organisations working for sustainable development. We are convinced that the future is our shared responsibility.

Remuneration of the Management Board and the Supervisory Board members

GRI [2-18] [2-19] [2-20]

Since 2020, the bank has been operating a resolution adopted by the Ordinary General Meeting of ING Bank Śląski S.A. [Remuneration Policy for Supervisory Board and Management Board Members of ING Bank Śląski S.A.](#)

The policy has been prepared in line with the requirements arising from EU regulations and national legislation including:

- The Banking Law,
- Principles of corporate governance for supervised institutions,
- The Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies.

The policy sets out the principles for the remuneration of members of our bank’s governing bodies. The latest amendments to the Policy were adopted by Resolution of the Ordinary General Meeting of ING Bank Śląski S.A. No. 32 of 7 April 2022. The changes made related to the level of remuneration for members of the Supervisory Board, changes to the incentive programme for members of the Management Board and clarification of the provisions relating to the link between the total remuneration of members of the Management Board and that of other employees. The vote on the amendments was conducted by open ballot, with votes cast from 115,248,893 shares, representing 88.58% of the shares in the share capital. All votes cast were valid. There were no votes against and no abstentions.

As at 2022 yearend, no member of the Bank’s Management Board or Supervisory Board held shares in ING Bank Śląski or shares in the bank’s affiliates.

The principles of the Management Board Members remuneration

Internal regulations governing remuneration

The remuneration of a member of the Bank’s Management Board is determined in accordance with *the Regulations for the Remuneration of Members of the Management Board of ING Bank Śląski S.A.* adopted by the Bank’s Supervisory Board. The latest amendments to the Regulations were made by Resolution of the Supervisory Board No. 106/XIV/2022 of 18 November 2022.

The Regulations are a clarification of the principles resulting from the *Remuneration Policy for Supervisory Board and Management Board Members of ING Bank Śląski S.A.* and at the same time constitute the implementation of the *Variable Remuneration Policy for the Identified Staff of ING Bank Śląski S.A.*

Agreements with members of the Management Board

The members of the Management Board are employed on the basis of employment contracts concluded for a joint term of office, which commences on the date of appointment of the body and covers four consecutive full financial years.

The agreements set out the terms and conditions of employment and the full remuneration package of the Board member. In this respect, the agreements comply with applicable laws and internal regulations. In addition, the members of the Management Board have entered into non-competition agreements with the Bank upon termination of their employment, which formulate the principles applicable to a member of the Management Board and the benefits to which they are entitled upon termination.



Board Member remuneration package

In accordance with the regulations indicated above, the emoluments of a Board Member consist of:

- fixed remuneration comprising basic remuneration and fringe benefits, and
- variable remuneration, i.e. an annual bonus.

The remuneration package for the members of the Management Board is reviewed annually by the Remuneration and Nomination Committee of the Supervisory Board. In determining the terms and conditions of remuneration for members of the Management Board, the Supervisory Board takes into account a market comparison, including the median values of comparable positions in comparable organisations. Market data sourced from:

- payroll reports, including Korn Ferry, Sedlak & Sedlak,
- stock exchange reports of banks listed on the Warsaw Stock Exchange (internal bank benchmarking).

Comparative market data sourced from independent salary reports includes data for the banking sector covering base salary, variable salary, termination benefits and other benefits. These figures provide a benchmark for the remuneration policy for the members of the Management Board.

As part of the review of the remuneration package, the Remuneration and Nomination Committee of the Supervisory Board:

- analyses salary data from the market,
- recommends the level of fixed remuneration and the proportion of the annual bonus to the basic salary.

Fixed remuneration

The base salary is set in relation to the market salary level, according to the grade according to Korn Ferry’s job evaluation methodology. When determining the basic remuneration of a Member of the Management Board, the following in particular shall be taken into account: the function performed, the scope of responsibility, qualifications and professional experience.

The Bank provides its Management Board members with the following fringe benefits:

- Life and accident insurance with a guaranteed insured sum in the amount of gross annual basic remuneration, another type of protection and investment insurance or an investment fund, with the same premium,

- payments towards an investment fund in the amount of 15% of the monthly basic remuneration of a Management Board member,
- medical care (Golden Family Card Package).

A separate part of the benefits included in the fixed remuneration are benefits related to the termination of the employment contract, i.e.: severance pay and punitive damages. The employment contracts provide for a severance payment of six times the average monthly basic salary of the last six months of service preceding the termination of employment. Severance pay is not payable if a member of the Management Board is dismissed for cause:

- an employment relationship be terminated under Article 52 of the Labour Code,
- termination of employment on the resignation of a member of the Management Board, when the termination of the relationship occurs on the initiative of a member of the Management Board who terminates his or her employment contract in order to take up employment with another entity or to pursue his or her own business,
- the suspension of a member of the Management Board or the suspension of the entire Management Board by the Polish Financial Supervision Authority under the provisions of the Banking Law.

Severance pay is also not paid in situations where a member of the Management Board continues to be employed by ING Group after termination of the contract with the bank.

In addition, the members of the Management Board have entered into non-compete agreements with the bank setting out the rights and obligations of the parties to the agreement with regard to competitive activities during and after the termination of the employment relationship. Under the terms of the contract, for a period of 12 months from the date of termination of employment, the Management Board member is entitled to payment of punitive damages equal to 12 months of the gross base salary received by the Management Board member in the last year of the contract. The amount of punitive damages is reduced in the event of:

- dismissal of a member of the Management Board for reasons justifying termination of the employment relationship without notice (Article 52 of the Labour Code) or due to suspension of a member of the Management Board or the entire Management Board of the Bank by the Polish Financial Supervision Authority under the provisions of the Banking Law – up to 25% of the 12-month gross basic remuneration received in the last year of the contract,



- termination of the employment relationship due to the resignation of a member of the Management Board on his/her own initiative who terminates his/her employment contract in order to take up employment in another entity or to pursue his/her own business – up to 50% of the 12-month gross basic salary received in the last year of the contract. The Supervisory Board may authorise the Chairman to increase the punitive compensation above this level.

The Management Board members and other individuals employed by ING Bank Śląski S.A. receive neither compensation nor awards for holding functions in the governing bodies of subsidiaries or affiliates of the ING Bank Śląski S.A. Group.

Furthermore, the Supervisory Board may decide on granting other benefits, e.g. covering private school tuition for children, rent and fittings of an apartment or a house or payment of a rent allowance, covering membership fees in clubs and associations in Poland and abroad, provided this is justified by interest of the bank.

Variable remuneration

A member of the Management Board may receive a bonus of up to 100% of the annual base salary for the performance of bonus tasks set by the Supervisory Board. The objectives set by the Board support the creation of long-term value for the bank and include attention to the bank's cost of risk, cost of capital and liquidity risk. The objectives include both non-financial and financial elements:

- Targets of a financial nature include selected ratios set according to financial or management accounting standards taking into account the cost of risk, cost of capital and liquidity risk (including long-term). The target levels of the financial criteria are consistent with the *Strategy and Financial Plan of ING Bank Śląski S.A.* adopted by the Supervisory Board for the respective assessment period. As a rule, tasks of a financial nature cannot be linked to the results obtained in the areas controlled by the Board Member concerned.
- Non-financial targets account for at least 50% of all targets, excluding the Board Member responsible for control functions. As a rule of thumb, the objectives of the Member of the Management Board in charge of control functions only include non-financial tasks.

The weights for financial and non-financial purposes are determined annually by the Supervisory Board.

A right to an annual bonus depends on the attainment by the bank in a financial year representing an assessment period of at least 80% of a gross profit forecast in a plan for the given year. Should such profit not be achieved, a Management Board Member shall not have the right to an annual bonus and a base value thereof shall not be

computed. In compliance with the Capital Management Policy at ING Bank Śląski S.A., ING Bank Śląski tests capital to ensure that a total bonus pool for all the employees does not limit the bank's ability to maintain an adequate capital base. In case of such limitation, a decision may be taken not to activate the bonus pool.

The final decision on the amount of the annual bonus for individual Management Board Members is made by the Supervisory Board based on the recommendation of the Remuneration and Nomination Committee of the Supervisory Board. As a rule, 40% of the bonus is deferred and 60% of the bonus is deferred if the amount specified in the regulations is exceeded. The deferral period is five years from the determination of the variable remuneration by the Supervisory Board. The award of deferred variable remuneration is made annually over a period of five years, in five equal parts, unless there are grounds for reduction or non-payment. For the CEO, the deferral period is six years and the deferred variable remuneration is divided into six equal parts.

Non-deferred and deferred variable remuneration is divided into two parts:

- at least 50% in financial instruments – as of 1 July 2022, the treasury share (previously a phantom share) became the primary instrument,
- the remainder in cash to the Board Member's bank account designated for the purpose of remuneration payment, no later than within seven working days after the General Meeting of ING Bank Śląski approves the Bank's annual financial statements.

No bonus shall be due should an employment contract be terminated under Article 52 of the Labour Code. The Supervisory Board may also decide to reduce the annual bonus or not to pay it out in a given bonus award period based on the verification of assessment of the execution of the bonus tasks, taking the ex post risk into account.

Linking remuneration principles to sustainability issues

The criteria for awarding variable remuneration are in line with our bank's long-term business strategy, values and risk appetite, promote and support the process of effective risk management, and support the long-term interests of the bank and its clients. Since 2020, the provisions of the *Remuneration Policy in the ING Bank Śląski S.A. Group* have been in force, which refer to the linking of remuneration principles at all levels with the sustainable development strategy. Pursuant to the provisions, the bank identifies social and environmental risks diagnosed as part of the sustainable development strategy. The remuneration policy is consistent with the bank's strategy for the period and supports corporate social responsibility, which is reflected in the objectives set for the Management



Board and employees for the year and directly translates into the level of variable remuneration. In 2022, the objectives set for Board members were related to the ESG strategy and included, among other tasks, the following:

- development and introduction of (specific) sustainable products,
- achieving zero CO₂ equivalent emissions by 2030 in Scope 1 and 2– progress in line with the Environmental Statement published in July 2021,
- to meet the agreed targets along the climate risk chain in the ESG project in accordance with the adopted roadmap,
- providing green technological solutions in the workplace that contribute to the reduction of CO₂ equivalent emissions,
- promoting increased employee involvement in ESG, Culture of Risk, entrepreneurship and self-development programmes.

Amendment of the incentive scheme

The Bank’s Ordinary General Meeting, by Resolution No. 29 of 7 April 2022, decided to establish an incentive programme in the bank addressed to persons with a significant impact on the bank’s risk profile employed in the bank and in companies forming part of the bank’s capital group and subject to mandatory consolidation, excluding ING Bank Hipoteczny S.A..

Under the Programme, treasury shares will be awarded free of charge as a component of variable remuneration to *Identified Staff* within the meaning of the Regulation of the Minister of Finance, Funds and Regional Policy of 8 June 2021 on the risk management system and internal control system and remuneration policy in banks (Journal of Laws 2021, item 1045).

The assumptions of the Programme are in compliance with the provisions of the Act of 15 September 2000. – commercial Companies Code (i.e. Journal of Laws of 2020, item 1526, as amended) and taking into account Article 5 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (OJ EU L. 2014.173.1 as amended) and Articles 2 to 4 of Commission Delegated Regulation (EU) 2016/1052 of 8 March 2016 supplementing Regulation (EU) No 596/2014 of the European

Parliament and of the Council with regard to regulatory technical standards on the conditions applicable to buy-back programmes and stabilisation measures (OJ EU L. 2016.173.34, as amended).

The new scheme replaced the previous arrangement, which provided for the payment of part of the variable remuneration in a financial instrument, which was a phantom share. The new programme came into effect from 1 July 2022 and the individuals covered by this arrangement (including members of the Management Board) received the relevant addenda to their employment contracts. For the period from 1 January to 30 June 2022, the variable part of the remuneration will be paid in phantom shares under the terms of the existing scheme and in treasury shares under the terms of the new scheme, in proportion to the duration of the existing and new scheme for the period from 1 July to 31 December 2022. The first full assessment period for which the variable part of the remuneration will be paid based on treasury shares will be the period from 1 January to 31 December 2023.

The operation of the Programme is conditional on a sufficient number of treasury shares being raised from the market. Pursuant to the Programme, the Bank’s Ordinary General Meeting authorised the Bank’s Management Board to purchase the Bank’s own shares on the terms and conditions described below:

- own shares will be fully paid up,
- own shares will only be acquired for the purpose of implementing the Programme,
- the maximum number of own shares acquired will not exceed 800,000 (in words: eight hundred thousand) shares, representing 0.6% of the bank’s share capital and representing 0.6% of the total number of votes in the bank, and in no case will the total nominal value of the own shares acquired, taking into account own shares previously acquired by the bank and its subsidiaries which have not been sold or cancelled, exceed 0.6% of the bank’s share capital,
- the total amount that may be allocated for the acquisition of own shares, including the costs of their acquisition, shall not exceed PLN 200,000,000 (in words: two hundred million) and shall in no case exceed the amount of the reserve capital created for this purpose,
- treasury shares will be acquired through an investment firm selected for this purpose,
- the unit purchase price per own share will be no less than PLN 50 (in words: fifty) and no more than PLN 500 (in words: five hundred), with the price per own share determined taking into account Article 5 of the MAR Regulation and the Technical Standards.



In the event that, for any reason, the repurchase of shares from the market is in fact impracticable or not possible without undue difficulty or within the assumed timetable, for the purpose of further fulfilment of the bank’s obligations under the Programme, the Bank’s Management Board, with the consent of the Supervisory Board, may decide to replace the bank’s own shares with another financial instrument whose value depends on the value of the bank’s shares or to fulfil the bank’s obligations under the Programme in another manner that achieves its objectives.

Phantom share rights granted prior to the start date of the new scheme will be exercised under the existing principles. In particular, the deferred portions of the remuneration granted in phantom shares will not be convertible into treasury shares.

Remuneration of Management Board members

Below are the values of the remuneration due and paid by the Bank to members of the Bank’s Management Board in 2022.

Benefits payable

Benefits payable to members of the Management Board of ING Bank Śląski for 2022 (in PLN thousand)					
First name and surname	Period from – to	Remuneration	Awards*	Other benefits**	Total
Brunon Bartkiewicz	01.01.2022 – 31.12.2022	2,685.0	-	480.1	3,165.1
Joanna Erdman	01.01.2022 – 31.12.2022	1,440.6	-	255.0	1,695.6
Ewa Łuniewska	01.01.2022 – 31.12.2022	1,198.2	-	232.1	1,430.3
Marcin Giżycki	01.01.2022 – 31.12.2022	1,417.2	-	273.8	1,691.0
Bożena Graczyk	01.01.2022 – 31.12.2022	1,410.0	-	262.8	1,672.8
Sławomir Soszyński	01.01.2022 – 31.12.2022	1,200.7	-	215.6	1,416.3
Michał H. Mrozek	01.01.2022 – 31.12.2022	1,345.5	-	238.9	1,584.4
Alicja Żyła	01.01.2022 – 31.12.2022	1,098.0	-	207.4	1,305.4
Total		11,795.1	-	2,165.8	13,960.9

**Emoluments of Members of the ING Bank Śląski S.A. Management Board for 2022 under the Variable Remuneration Programme have not yet been awarded. In keeping with the bank’s remuneration system, the Bank’s Management Board members may be entitled to a 2022 bonus to be paid out in 2023-2030. Accordingly, a provision was set up for the payment of the 2022 bonus for the Management Board members, which as at 31 December 2022 stood at PLN 10.6 million. The Bank’s*

*Supervisory Board will take a final decision on the amount of the bonus. **Insurance, investment fund contributions, medical care and other benefits granted by the Bank’s Supervisory Board.*

Benefits paid

Benefits paid to members of the Management Board of ING Bank Śląski for 2022 (in PLN thousand)					
First name and surname	Period from – to	Remuneration	Awards*	Other benefits**	Total
Brunon Bartkiewicz	01.01.2022 – 31.12.2022	2,685.0	1,493.9	480.1	4,659.1
Joanna Erdman	01.01.2022 – 31.12.2022	1,440.6	1,114.7	255.0	2,810.2
Ewa Łuniewska	01.01.2022 – 31.12.2022	1,198.2	251.3	232.1	1,681.6
Marcin Giżycki	01.01.2022 – 31.12.2022	1,417.2	1,168.4	273.8	2,859.4
Bożena Graczyk	01.01.2022 – 31.12.2022	1,410.0	1,129.9	262.8	2,802.7
Sławomir Soszyński	01.01.2022 – 31.12.2022	1,200.7	637.6	215.6	2,053.8
Michał H. Mrozek	01.01.2022 – 31.12.2022	1,345.5	513.4	238.9	2,097.8
Alicja Żyła	01.01.2022 – 31.12.2022	1,098.0	75.8	207.4	1,381.2
Total		11,795.1	6,385.0	2,165.8	20,345.9

**Bonus resulting from the Variable Compensation Plan: for 2021 cash not deferred, for 2019 cash 1st tranche deferred, for 2018 cash 2nd tranche deferred and for 2017 cash 3rd tranche deferred, Phantom Shares resulting from the Variable Compensation Plan: for 2020 retained, for 2018 cash 1st tranche deferred and for 2017 cash 2nd tranche deferred; **Insurance, contributions to the investment fund, medical care and other benefits granted by the Bank’s Supervisory Board.*

Equal pay

GRI [2-21]

We pay very close attention to equal pay in our bank. In addition to the area of equal pay between men and women, an important element is not to allow disparities between the remuneration of the members of the management board and the average remuneration of our employees. Therefore, this area is governed by two policies: *Remuneration Policy for Supervisory Board and Management Board Members of ING Bank Śląski S.A.* and *Remuneration Policy in the ING Bank Śląski S.A. Group*.

According to the provisions of the regulations cited above, the average gross annual total remuneration of the individual members of the Management Board does not exceed 40 times the average gross total remuneration of the other employees in an annual period. This relationship is reviewed annually as part of the pay policy review. The average basic salary received by an employee in our bank is PLN 10.0 thousand gross per month.



Information on the ratio of remuneration of management board members to the average for employees

	Limit	2021	2022
Ratio of times the average gross basic salary (monthly)	40	13	12
Ratio of times the average gross total remuneration (annual)	40	22	27

Total annual salary indicator

	2021	2022
The ratio of the annual total compensation for the highest paid person in the organization to the median annual total compensation for all employees (excluding the highest paid person)	41.9	40.6
The ratio of the percentage increase in total annual compensation for the highest earner in the organization to the median percentage increase in total annual compensation for all employees (excluding the top earner)	0.25	0.79

Remuneration of Supervisory Board members

Each member of the Supervisory Board serves by virtue of appointment by resolution of the General Meeting. The members of the Supervisory Board are appointed for a joint term of office which commences on the date of appointment and covers four consecutive full financial years.

In determining the level of remuneration of the Supervisory Board members and allowances for additional functions on the Board, market medians for these positions in the banking sector are taken into account, taking into account the scale of the Bank's activities and its financial position. Supervisory Board members' remuneration is analysed annually based on Sedlak & Sedlak's independent remuneration report, which presents financial data from the banking sector on remuneration levels and fringe benefits.

In accordance with the Regulations, members of the Supervisory Board who perform other functions at ING Bank N.V. at the same time perform their tasks on the Supervisory Board free of charge. Members of the Supervisory Board waive their right to remuneration by submitting a declaration to that effect in writing.

No variable remuneration is granted to members of the Supervisory Board. The fixed remuneration of members of the Supervisory Board consists of:

- a basic salary,
- a monthly fixed allowance for the performance by the Supervisory Board Members of any additional function on the Supervisory Board or its committees, set as a percentage of the basic remuneration in the amount of:
 - for the Chairman of the Supervisory Board – 100%,
 - Vice-Chairman of the Supervisory Board and Board Members serving as Chairmen of Board Committees – 25%,
 - Members not serving as Chairmen of Council Committees – 15%.

Below are the values of the remuneration due and paid by the bank to the members of the Supervisory Board in 2022.

Benefits payable

Benefits payable to members of the Supervisory Board of ING Bank Śląski for 2022 (in PLN thousand)					
First name and surname	Period from – to	Remuneration	Awards	Other benefits	Total
Alexander Galos	01.01.2022 – 31.12.2022	397.2	0.0	0.0	397.2
Dorota Dobija	01.01.2022 – 31.12.2022	241.4	0.0	0.0	241.4
Monika Marcinkowska	01.01.2022 – 31.12.2022	218.1	0.0	0.0	218.1
Małgorzata Kołakowska	01.01.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Michał Szczurek	01.01.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Remco Nieland	01.01.2022 – 07.04.2022	0.0	0.0	0.0	0.0
Stephen Creese	01.01.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Aris Bogdaneris	07.04.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Total		856.7	0.0	0.0	856.7



Benefits paid

Benefits paid to members of the Supervisory Board of ING Bank Śląski for the year 2022 (in PLN thousand)					
First name and surname	Period from – to	Remuneration*	Awards	Other benefits	Total
Alexander Galos	01.01.2022 – 31.12.2022	401.4	0.0	0.0	401.4
Dorota Dobija	01.01.2022 – 31.12.2022	243.8	0.0	0.0	243.8
Monika Marcinkowska	01.01.2022 – 31.12.2022	218.1	0.0	0.0	218.1
Małgorzata Kołakowska	01.01.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Michał Szczurek	01.01.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Remco Nieland	01.01.2022 – 07.04.2022	0.0	0.0	0.0	0.0
Stephen Creese	01.01.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Aris Bogdaneris	07.04.2022 – 31.12.2022	0.0	0.0	0.0	0.0
Total		863.3	0.0	0.0	863.3

* The remuneration includes the return of contributions to the Social Insurance Institution due to exceeding the annual basis of contributions for retirement and disability pension insurance in keeping with a decision by the Social Insurance Institution.

The monthly fixed remuneration for individual Supervisory Board Members is no more than 10 times the average basic salary received by an employee at ING Bank Śląski.

Diversity Policy

GRI [3-3] [405-1] [405-2]

SDG 5, 10

Our Diversity Policy:

- defines diversity management focus areas at the Bank,
- lays down the way of diversity management at our Bank,
- integrates all actions, including processes, procedures and other documents, that are associated with diversity management at our Bank,

- ensures equal treatment and friendly work environment for all employees and candidates for employees,
- supports the organisation in building the awareness of the principles of equal treatment at work, which means no discrimination in any manner whatsoever, both direct and indirect, because of: gender, age, disability, health condition, race, nationality, ethnic origin, religion, denomination, irreligion, political convictions, trade union membership, sexual orientation, gender identity, family status, lifestyle, form, scope and basis of employment, other cooperation types and other triggers of discriminatory behaviours,
- applies to all employees, regardless of their position, with a particular focus on the bank’s authorities and key managers, as well as candidates applying to ING,
- is regularly monitored, every six months.

In line with the requirements of Recommendation Z and the Banking Act, the *Remuneration Policy in the ING Bank Śląski S.A. Group* ensures gender-neutrality of the principles, which means not creating conditions for unjustified preference for either gender in terms of employment, career development, promotions and the award and payment of remuneration.

The remuneration system is open and transparent and its principles are communicated to all bank employees. The remuneration policy is primarily designed to support the processes of attracting, motivating and retaining talented employees and their development, while treating all employees fairly, regardless of gender.

There are provisions in the Policy that refer explicitly to the principle of equality of remuneration paid to employees, in particular:

- determination of the level of remuneration of members of the Management Board in relation to the remuneration of other employees,
- monitoring the remuneration index and undertaking remuneration analyses as part of the annual remuneration review.

In 2022, the ratio of female to male salaries at ING Bank Śląski Capital Group will be 96% (compared to 99% in 2021).

As for 2020 and 2021, the indicator has been calculated for the total salaries (hourly rate) of the employees remaining in employment as at 31 December 2022, in accordance with the manner of reporting to the Stock Exchange. The method of calculation is an average of salaries weighted by the number of women and men in each



staff grade. Other assumptions used in the calculation include: conversion of salaries to full-time for part-time employees, annualisation of salaries for part-time employees in 2022.

The change in the pay gap from 99% in 2021 to 96% in 2022 was mainly influenced by changes in the workforce structure, particularly transfers of employees between grades (promotions). An important element influencing this ratio is the bonus paid, which is not calculated for newly hired employees and women on long-term absences in accordance with the applicable regulations.

In addition to the gender pay gap indicator, the bank conducts an in-depth analysis on *equal pay for equal work*, which shows a pay mismatch rate of 0.5 per cent for the same jobs, grades, competencies.

ING Bank Śląski is taking steps to ensure that the gender pay gap is reduced over time. One of the Board’s annual objectives in recent years has been to ensure that there is an appropriate gender balance in senior management succession plans. From 2022 onwards, we started analysing the salaries of employees occupying positions with the same profiles, identifying those who earn statistically more or less for a given profile, also relative to the opposite sex – the results of the analyses are one of the elements analysed by managers when making decisions on salary increases. The Bank has a number of diversity and inclusion initiatives in place to equalise opportunities for women and men and to build awareness among managers and employees of the Bank’s gender non-discrimination policy.

For each staff group and grade, the wage gap develops as shown in the table below.

Wage gap (total remuneration of employees)

Employee category	Number of women	Number of men	Ratio of wages between women and men
2022			
Senior management	61	135	94%
Management	291	246	95%
Other employees	5,205	2,687	96%
Total	5,557	3,068	96%
2021			
Senior management	62	127	93%
Management	299	254	94%
Other employees	5,422	2,719	99%
Total	5,783	3,100	99%
2020			
Senior management	59	121	92%
Management	298	245	96%
Other employees	5,380	2,583	98%
Total	5,737	2,949	98%

Diversity policy for supervisory, managing and administrative bodies

ING Bank Śląski applies the principle of diversity in the selection, qualification assessment and succession of supervisory and management bodies. The bank’s *Diversity Policy for ING Bank Śląski S.A Management Board and Supervisory Board Members* (approved by Resolution of the Ordinary General Meeting of ING Bank Śląski S.A. No. 34 of 7 April 2022) formulates principles to ensure that the members of these bodies are characterised by a broad range of competencies, high professional qualifications, adequate professional experience, skills and good reputation. At the same time the policy assumes aiming at ensuring representation of both genders in the processes of



selection and succession plans, keeping in mind the laws on fair treatment while establishing employment relationship.

In making its decision when appointing members to the governing bodies, the bank takes into account that more diverse governing bodies foster constructive dissent and discussion based on different points of view.

The principles specified in the Policy aim to:

- reach a broad spectrum of competence when appointing Supervisory Board and Management Board members so as to have diverse points of view and experience and to facilitate independent opinions and reasonable decisions to be issued by a given body,
- ensure the high quality of tasks performed by managing bodies by way of selecting competent individuals to the Supervisory Board and Management Board, primarily applying objective business-related criteria and taking into account benefits stemming from diversity.

As regards business-related criteria, the diversity strategy ensures selection of persons with diverse knowledge, skills and experience, suitable for positions held by them and duties entrusted to them, who complement each other at the level of the Management Board and Supervisory Board. The criteria are verified in the suitability assessment process described in the *Policy for the Assessment of the Suitability of the Members of the Supervisory Board, Management Board and Key Function Holders at ING Bank Śląski S.A.* Moreover, apart from knowledge, competences and professional experience, the diversity policy covers gender- and age-related differences, and applies them to arrive at the best outcome.

The Remuneration and Appointment Committee of the Supervisory Board of ING Bank Śląski defines the target value of the representation of the underrepresented gender in the Bank’s Management Board and Supervisory Board and adopts a plan aimed at achieving the target value. The target value is determined according to the term of office of the Supervisory Board and the Management Board of the Bank, i.e. once every four consecutive full financial years counted from the beginning of the term of office of a given body.

Since the implementation of the Policy in 2019, the target value of the under-represented gender has been set at 30% of women and 70% of men (with a deviation of +/- 2%). The means to achieve the target value is to verify and update the database of successors. The target value is verified annually on the basis of reports prepared by HR units and presented to the Remuneration and Appointment Committee of the Supervisory Board of ING Bank Śląski S.A..

Where the target value is not met, the bank will document the reasons, the measures that will be taken and the timing of such measures to ensure that the target is achieved.

As at 2022 yearend, the Management Board consisted of 4 women (50% of the number of Management Board members), and the Supervisory Board comprised 3 women (43% of the number of Supervisory Board members). On the Supervisory Board, 25% (2 people) have a nationality other than Polish.

Information on diversity in the Management Board and Supervisory Board

	Management Board	Supervisory Board
Sex		
Females	4	3
Males	4	4
Age		
41-50 years	3	2
51-60 years	5	4
61-70 years	-	1
Citizenship		
Polish	8	5
Other	-	2
Seniority		
to 5 years	6	6
6-10 years	-	1
> 10 years	2	-
Work experience		
banking	7	5
legal	-	1
management	-	1
finance and economics	3	3
IT	2	-



Bank and client safety (G)

Risk and capital management system	117
Credit risk	123
Market risk	129
Liquidity and funding risk	130
Non-financial risk	132
Operational risk	132
Compliance risk	134
Transaction security and stability of IT systems	135
Cyber security	137
Personal data security	139
ESG risk	140
Model risk	146
Business risk	146



Over the last few years, we have been proving that the rapid organic growth of our bank does not come at the expense of compromising our asset quality. The speed and consistency of credit decisions can be a competitive advantage. This is due to the entire organisation and the experience and motivation of our employees. Due to the increasing use of modern technology, the area of IT security and our clients’ data is becoming increasingly important.

Risk and capital management system

GRI [3-3]

Risk management system

The risk management system is an integrated set of principles, mechanisms, and tools (including, among others, policies and procedures) concerning processes related to risks. The role of the risk management system is to manage risks, appropriate to the size and profile of the risks incurred by the Group, through the continuous identification, measurement or assessment, monitoring, control of risks, including risk mitigation, and reporting of risks together with an assessment of the effectiveness of the mitigating actions taken. As part of its risk control, the Group hedges or mitigates risks by putting in place appropriate controls, a system of limits and an adequate level of provisions (write-downs), as well as capital and liquidity buffers.

As part of the risk management system:

- we have a defined frequency of risk measurement or assessment that is appropriate to the scale and complexity of the business,
- we use formalised principles that are used to determine the size of undertaken risks and principles governing risk management,
- we use formalised procedures aimed at risk identification, measurement, or estimation that also includes a predicable risk level in the future,
- we apply formalised risk mitigation limits and principles for dealing with overruns, including introducing ways and means to eliminate future overruns,
- we use an approved management information system supporting risk level monitoring,
- we hold an organisational structure that is adapted to the risk scope and profile,

- we have a qualified risk management unit and provide training for first and second line of defence staff.

We set out our risk management system in the policy *General Principles for Managing and Mitigating Credit, Market, Liquidity and Funding and Operational Risks at ING Bank Śląski S.A.*

Our risk and control structure is based on a model of three lines of defence. The model is to ensure a stable and effective framework for risk management by defining and implementing three levels of “risk management” with various roles, duties and responsibilities related to supervision.

- **First line of defence** – is responsible for adherence to principles arising from approved policies, regulations, instructions and procedures. The responsibilities of the first line of defence include, inter alia, the analysis, control and management of risks in processes, including in relation to outsourced activities. These are the business and organisational units of the bank that support the business operationally and technologically and the units responsible for environmental risk.
- **Second line of defence** – responsible for issuing regulations and providing risk management methods and tools, including supporting the first line of defence during the process. As part of control activities, the Second Line of Defence makes its own independent assessment of the effectiveness of operations of the First Line of Defence by applying the following methods: inspections, tests, reviews, and other forms of control. It also supports the first line of defence in terms of control mechanisms. The second line of defence consists of units from the area of:
 - operational risk,
 - compliance risk,
 - legal risk,
 - credit and market risks,
 - finance,
 - HR management and
 - Credit Risk Inspection Department and Model Validation Department.



- **Third line of defence** – provides an independent assessment of the adequacy and effectiveness of the risk management and internal control system in the first and second lines of defence. The third line of defence – Internal Audit Department.

We have defined the internal control system in the policy *Internal Control System at ING Bank Śląski S.A.*

A special role in the risk management process is performed by the Bank’s Management Board and Supervisory Board. The Bank operates a number of committees that are active in the management of specific risk types. Information on active committees is referred to in [here](#).

Principles of risk management

We manage credit risk, market risk and operational risk in accordance with the principles set out by the norms of Polish law, the regulations of the Polish Financial Supervision Authority (PFSA) and other authorised bodies, and in accordance with the standards set by ING Group to the extent that they do not lead to a breach of the aforementioned regulations and best practice documents.

Irrespective of the need to ensure regulatory and legal compliance (Compliance), we treat credit, market and operational risk management as a fundamental and integral part of the overall management of ING Bank Śląski Group.

Risk appetite

The risk appetite determines the maximum amount of risk we are prepared to accept in support of sustainability and further development. As part of our risk and capital management, we have established risk appetite parameters (RAS – *Risk Appetite Statement*) in the following core areas:

- RAS covering capital adequacy,
- RAS covering liquidity and funding risk and market risk,
- RAS covering credit risk,
- RAS covering operational risk.

RAS covering capital adequacy

In 2022, we monitored dividend enabling levels for the following capital ratios (with dividend levels current as at the date):

- core capital ratio Tier 1 (CET1) at the minimum level of 10.5%,
- Tier 1 (T1) at the minimum level of 12.5%, and
- total capital ratio (TCR) at the minimum level of 14.00%.

In the RAS levels, we have maintained a systemic risk buffer of 3% for dividend purposes. The above RAS levels do not yet take into account the reduction of the buffer level of another systemically important institution from 0.75% to 0.5%, which we were informed of by the PFSA on 20 December 2022.

RAS concerning capital adequacy results from the duty to maintain minimum levels of capital ratios resulting from the following external regulations:

- Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (4.5% for CET1, 6% for T1 and 8% for TCR),
- Act of 5 August 2015 on macro-prudential supervision over the financial system and crisis management in the financial system sanctioning additional equity buffers, including:
 - the conservation buffer, which in 2022 (as in 2021) was 2.5%,
 - another systemically important institution buffer of 0.75% imposed by a decision of the PFSA received on 5 November 2021 (by a decision of the PFSA received on 20 December 2022, the buffer level was reduced to 0.5%),
 - the countercyclical buffer applies to the exposures to which such a buffer has been imposed by the competent authorities. The countercyclical buffer varies over time depending on the structure of the relevant exposures and the levels of countercyclical buffer rates imposed on the relevant exposures (as of the end of December 2022, the countercyclical buffer was effectively 0.005%),
- Regulation of the Minister of Development and Finance of 1 September 2017 on the systemic risk buffer introducing a systemic risk buffer of 3% of the total amount of risk exposure applying to all exposures located in the territory of the Republic of Poland (the Regulation of the Minister of Finance repealing the Regulation on the systemic risk buffer was published on 18 March 2020, however, following a prudent approach we monitor the dividend level taking into account the size of the systemic risk buffer). For the purposes of the RAS, the dividend levels derived from the PFSA’s dividend policy do not take into account the capital charge recommended under Pillar 2.



As part of the capital adequacy RAS, we have also set capital limits for specific risks.

Own funds and capital requirement

Equity

Our own funds on a consolidated basis consist of:

- common Equity Tier 1 capital, which amounted to PLN 14,814.8 million as at 2022 yearend (PLN 15,125.0 million a year earlier),
- tier 2 capital, which amounted to PLN 1,647.3 million as at 2022 yearend (PLN 1,721.6 million a year earlier).

As at 31 December 2022, we have not identified Additional Tier 1 (AT1) capital.

Capital requirement

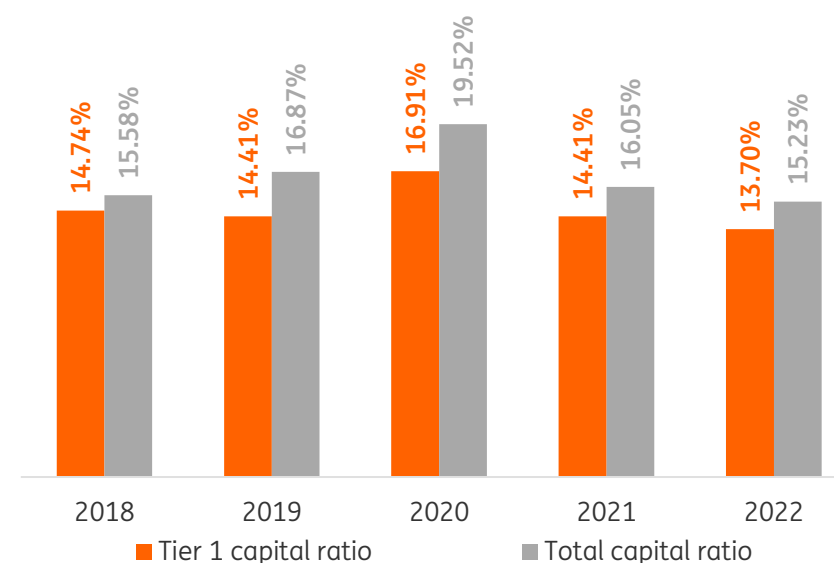
In 2021 and 2022, for reporting purposes, we used the calculation of capital requirement relating to credit risk with an advanced method of internal ratings and the standard method. We are approved by the Polish Financial Supervision Authority and the National Bank of the Netherlands to use the Advanced Internal Ratings Based Approach (AIRB) for exposure classes: corporates and credit institutions for the Bank and ING Lease (Polska) Sp. Z o.o. In the area of operational risk, we have been using the TSA(*the standardised approach*) since June 2020. In the area of market risk, we use the basic method and the updated average return period method (depending on the type of risk). We determine capital requirements relating to concentration risk, settlement risk and adjustment risk or credit valuation (CVA). In all the cases, the requirements are determined in compliance with the CRR.

Our total capital requirement as at 2022 yearend amounted to PLN 8,658.7 million and was PLN 262.6 million higher than a year earlier. Within its structure, it was dominated by the credit risk requirement. As at 2022 yearend, it represented 88% (similar to the end of 2021).

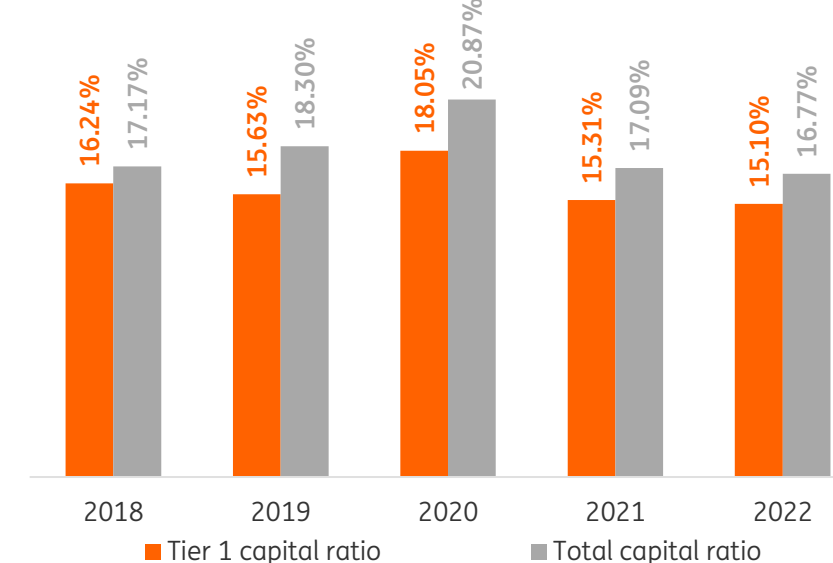
Capital Adequacy

31 December 2022, the value of our total capital ratio on a consolidated basis was 15.23% compared to 16.05% as at 2021 yearend, and the value of our Tier 1 ratio was 13.70% compared to 14.41% at the end of 2021.

Capital ratios for the Capital Group of ING Bank Śląski



Capital ratios for ING Bank Śląski



The main drivers of the change in the total capital ratio are:

- as part of Common Equity Tier 1 capital:
 - an increase in the negative deferred tax impact based on future profitability and not resulting from temporary differences, due to the realised tax loss for 2022 as a result of the valuation of the IRS instruments portfolio – a decrease in the total capital ratio of 0.47 p.p.,
 - an increase in the negative impact from unrealised profits and losses on the portfolio measured at fair value through other comprehensive income, taking into account the provisional treatment under Article 468 of Regulation 575/2013 – a decrease of 0.33 p.p. in the total capital ratio,
 - taking into account the profit for H1 2022, net of expected dividends (PLN 646.4 million) – an increase in the total capital ratio of 0.60 p.p.,
- as part of the capital requirement:
 - increase in risk-weighted assets, including those resulting from model changes – decrease in total capital ratio of 0.46 p.p.



Breakdown of the annual change in the total capital ratio (consolidated approach)



The excess of total capital ratio over regulatory requirement decreased from 4.80% to 3.73% and the excess of Tier 1 ratio decreased from 5.16% to 4.20%.

In the calculation of capital ratios, we use transitional provisions to mitigate the impact of the implementation of IFRS 9 on the level of own funds. In addition, from 31 December 2021, we apply a temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR. If the transition period for the implementation of IFRS 9 is not applied or the temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income in accordance with Art. 468 of the CRR, our capital ratios as at 31 December 2022 would be as follows:

- at the consolidated level, the total capital ratio would be 14.91% and the Tier 1 capital ratio would be 13.39% (compared to 15.82% and 14.16% respectively in 2021),
- at the individual level, the total capital ratio would be 16.43% and the Tier 1 capital ratio would be 14.76% (compared to 16.84% and 15.05% respectively in 2021).

Minimum capital requirements

On 20 December 2022, we received a letter from the Polish Financial Supervision Authority (which we reported on in a [current report](#)) regarding a change in the level of the buffer of another systemically important institution, the adequate amount of which, based on the principles adopted by the PFSA, was set at an equivalent of 0.5% of the

total risk exposure amount. The PFSA’s decision means that the buffer of another systemically important institution for us has changed from 0.75% to 0.5%.

On 27 December 2022, we received a letter from the Polish Financial Supervision Authority (as reported in our [current report](#)) recommending that we mitigate the risks inherent in our business by maintaining own funds to cover an additional capital charge (P2G) to absorb potential losses resulting from stress events, of 0.52 p.p. at the individual level and 0.50 p.p. at the consolidated level. The recommendation should be met above the total capital ratio (referred to in Article 92(1)(c) of Regulation No 575/2013), plus the additional own funds requirement (“P2R”, referred to in Article 138(2)(2) of the Banking Act) and the combined buffer requirement (referred to in Article 55(4) of the Macroprudential Supervision Act). The P2G capital charge should consist entirely of Common Equity Tier 1 capital.

As a consequence of this, as at 31 December 2022, our minimum consolidated capital requirements are as follows (the requirements at the individual level are shown in brackets):

- CET1 >= 8.00% (8.02%),
- T1 >= 9.50% (9.52%),
- TCR >= 11.50% (11.52%).

Dividend policy

The key tenets of our bank’s [dividend policy](#) are as follows:

- We assume realisation of dividend payments in a foreseeable perspective in the amount of up to 50% of the bank’s annual net profit in compliance with the prudent management principle and all regulatory requirements the Bank is obliged to comply with, and taking into account the adopted Best Practice for WSE Listed Companies 2021.
- A proposal to pay dividends in an amount higher than the ratio indicated above is possible if justified by the bank’s financial situation (e.g. from retained earnings) and provided that all other requirements of the law and the Policy are met.
- The dividend policy provides for the possibility to make dividend payments from excess capital above the minimum capital adequacy ratios and above the minimum capital ratio levels set by the Polish Financial Supervision Authority for the purpose of dividend payments.



When deciding on the proposed amount of dividend payment, the Bank's Management Board takes into account the supervisory requirements communicated within the framework of the official communication of the Polish Financial Supervision Authority concerning the dividend policy of banks, as well as the following considerations:

- the current economic and financial condition of the Bank and the Bank's Group, including limitations when financial losses are generated or in case of low profitability (low return on assets / equity),
- assumptions of the management and risk management strategy of the Bank and the Bank's Capital Group,
- restrictions resulting from Article 56 of the Act on Macro-prudential Supervision over the Financial System and Crisis Management in the Financial System of 5 August 2015,
- the need to reduce current period profits or unapproved annual profits included in own funds by foreseeable dividends, in accordance with Article 26 of EU Regulation No 575/2013,
- macroeconomic environment.

PFSA's guidelines with respect to dividend for 2022

On 6 December 2022, the Polish Financial Supervision Authority published its position on dividend policy in 2023 (its full text is available at [this link](#), Polish link).

An amount of up to 50% of the 2022 profit can only be paid out by banks that meet the following criteria at the same time:

- not implementing a recovery programme,
- positively evaluated as part of the Supervisory Revision and Evaluation process (final SREP score not worse than 2.5),
- having a leverage ratio (LR) of more than 5%,
- holding their Tier 1 (CET1) core capital ratio not lower than the required minimum: 4.5% + 56%* P2R requirement + combined buffer requirement (including 3 bps supervisory buffer),
- holding their Tier 1 (T1) capital ratio not lower than the required minimum: 6% + 75%* P2R requirement + combined buffer requirement (including 3 bps supervisory buffer),

- having their total capital ratio (TCR) not lower than the required minimum: 8% + P2R requirement + combined buffer requirement (including 3 bps supervisory buffer).

An amount of up to 75% of 2022 profits can only be paid out by banks meeting the criteria for a 50% payout at the same time, taking into account, as part of the capital criteria, the bank's sensitivity to an adverse macroeconomic scenario (measured by the level of P2G).

An amount of up to 100% of the 2022 profit can only be paid out by banks that also meet the criteria for a 75% payout and whose portfolio of receivables from the non-financial sector has good credit quality (share of NPLs, including debt instruments, of no more than 5%).

The criteria set out in the above paragraphs should be met by the bank both on an individual and consolidated level.

Banks with a large exposure to the foreign currency mortgage loan portfolio need to take additional corrective elements into account when determining the acceptable dividend yield.

History of paid dividends

In 2022, ING Bank Śląski paid a dividend from its 2021 profit.

As a first step, on the day the Q4 2021 earnings estimate was published, the Management Board announced ([in a current report of 3 February 2022](#)) its intention to recommend a resolution to the General Meeting to allocate approximately 30% of the 2021 standalone profit to the payment of dividends.

Subsequently, the bank received an individual recommendation from the Financial Supervision Commission regarding the dividend from the 2021 profit ([as reported in our current report of 1 March 2022](#)). In the recommendation, the FSC indicated that the bank could pay out up to 100% of its net profit for 2021 as a dividend. Following this, the Management Board decided to pay a dividend from the 2021 profit of PLN 689.53 million (PLN 5.30 gross per share; representing 30% of the net profit, in accordance with the adopted dividend policy) – we reported on this in the [current report of 8 March 2022](#).

The Ordinary General Meeting resolved on 7 April 2022 to distribute the net profit for 2021 in accordance with the proposal of the Management Board (information provided [in the current report of 7 April 2022](#)). PLN 689.53 million, or 30% of net profit, was allocated to dividends. On a per share basis, this was £5.30 gross. The dividend date was



set at 15 April 2022 and the dividend payment was made on 4 May 2022. The dividend was paid on all shares issued by the bank.

The history of dividends paid in the last five years is shown in the table below. The full story is available on [our website](#).

Abridged history of dividend payment by ING Bank Śląski S.A.					
	2017	2018	2019	2020	2021
Dividend amount in a given year (PLN million)	416.3	455.4	0	663.5	689.5
Dividend amount per share (PLN)	3.20	3.50	0	5.10	5.30
Dividend payment rate (to consolidated profit)	29.7%	29.8%	0%	49.6%	29.9%
Dividend payment rate (to the share price on the dividend rights acquisition day)	1.6%	1.8%	0%	2.0%	2.3%

Recovery plan and enforced restructuring

On 24February 2023, the group received a positive decision of the Polish Financial Supervision Authority regarding the approval of the updated document of the Recovery Plan for the ING Bank Śląski S.A. Capital Group. The recovery plan is compliant with the provisions of Polish law transposing the requirements of the BRR Directive, i.e. with the Act on the Bank Guarantee Fund of 10 June 2016 and the implementing provisions to this Act.

In parallel to the bank’s work on the Recovery Plan, the Bank Guarantee Fund (BGF) – as part of the tasks described in the Act – is obliged to participate in compulsory restructuring colleges established by competent compulsory restructuring authorities for groups that include a domestic entity or a significant branch operating on the territory of the Republic of Poland. In carrying out these tasks, the BGF participates in the Single Resolution Board (SBR), which was set up by the Single Resolution Board (SRB) of the ING Group *Resolution Board*, consisting of the parent company ING Groep N.V. and subsidiaries, including ING Bank Śląski S.A. The BGF, in a letter of 27 April 2022, reported that, in cooperation with the SRB, acting within the framework of the college, they had agreed and adopted, in the form of a joint decision, a Minimum Requirement for Own Funds and Eligible Liabilities, MREL, on a consolidated basis for ING Group N.V. and for subsidiaries, including ING Bank Śląski, on an individual level (internal MREL). The joint decision indicates that the group compulsory restructuring plan provides for a compulsory

restructuring strategy involving a single point of contact in the event of the commencement of a compulsory restructuring (SPE). The preferred compulsory restructuring tool for the Group is the bail-in tool.

The MREL requirement set by the BGF, in consultation with the SRB, for us is 16.24% of the total risk exposure amount (TREA) and 5.91% of the total exposure measure (TEM), at the unit level. The Bank is required to meet the MREL requirement by 31 December 2023. The entire MREL requirement should be met in the form of own funds and liabilities that meet the criteria set out in Article 98 of the BGF Act, which transposes Article 45f(2) of the BRR Directive. The part of MREL corresponding to the recapitalisation amount should be met in the form of the following instruments: additional Tier 1 (AT1), Tier 2 (T2) capital instruments and other subordinated eligible liabilities acquired directly or indirectly by the parent company. This additional expectation of the BGF relates to the MREL target.

MREL requirement – under the current BGF methodology for subsidiaries in cross-border group structures for which SPE strategies have been defined – with respect to risk exposure, can be estimated based on the formula:

$$(CRR_{TCR} + BFX) + [1 - (CRR_{TCR} + BFX)] * (CRR_{TCR} + BFX) + MCC$$

- CRR_{TCR} – The minimum required by CRR with respect to the total capital ratio,
- BFX – Pillar 2 or add-on for exposures under FX mortgage loans,
- MCC – market credibility buffer (the nominal difference between the MREL requirement on a consolidated basis for the bank and the MREL requirement on a stand-alone basis, expressed as a percentage of the risk exposure on a stand-alone basis).

The MREL requirement, in relation to a measure of total exposure, can be estimated based on the formula:

$$(CRR_{LR}) + [1 - CRR_{LR}] * CRR_{LR}$$

- CRR_{LR} – The minimum leverage ratio required by the CRR.

In addition, the BGF pointed to the mid-term MREL targets, which in relation to:

- TREA are 12.12% as of the receipt of the BGF letter and 14.18% as at 2022 yearend, and
- TEM are 3.00% as of the receipt of the BGF letter and 4.46% as at 2022 yearend.



Common Equity Tier 1 (CET1) instruments held by an entity for the purposes of the combined buffer requirement cannot be counted towards the MREL requirement expressed as a percentage of total risk exposure amount (meaning that the bank should maintain the combined buffer requirement in excess of the MREL requirement indicated).

On 22 September 2022, the BGF published a [communication](#) (Polish link) on the revision of the principles for determining the MREL_{TREA} interim requirement. The BGF will determine the MREL_{TREA} interim requirement that banks should meet by 31 December 2022, based on the same formula as for the MREL_{TREA} interim requirement that banks were required to meet from 1 January 2022. The BGF will apply the revised principles for determining the interim MREL requirement in accordance with the timetable for adopting reviews and updates of compulsory restructuring plans and group compulsory restructuring plans. In the case of domestic subsidiary entities in cross-border groups, for which the adoption of plans and the setting of minimum levels of own funds and eligible liabilities takes the form of a joint decision, it may be the case that the adoption of joint decisions taking into account the revised path to the MREL_{TREA} target level occurs after 1 January 2023. In such cases, pending the adoption of new joint decisions taking into account the updated MREL_{TREA} interim requirements, the BGF will take into account the fact of pending changes to the MREL_{TREA} interim level when monitoring compliance with the MREL_{TREA} interim requirement. What the BGF's announcement means for us is that the minimum level of MREL_{TREA} from 31 December 2022 is 12.12% (compared to the previously adopted level of 14.18%). The restructuring strategy and the MREL requirement may be subject to change, in particular in connection with work within the supervisory colleges.

According to the [current report of 22 December 2022](#), the bank concluded with ING Bank N.V. a Non-Preferred Senior agreement (“Loan”). The value of the Loan was set at EUR 260 million and its duration is 6 years (the bank has the right to repay it early after 5 years). The loan granted is the implementation of the Single Point of Entry strategy for the ING Group. The execution date of the transaction was set at 5 January 2023.

Credit risk

Introduction

The overarching documents governing credit risk management are: *General Principles for the Management and Mitigation of Credit, Market, Liquidity and Funding and Operational Risks at ING Bank Śląski* and *Credit Risk Management Policy at ING Bank Śląski*. Credit risk is understood as:

- a risk of a financial loss that may be suffered by the Group as a result of default by debtors in whole and at the agreed time on their credit obligations to the Group, or
- a risk of reduced economic value of credit exposures or groups of credit exposures as a result of impaired ability of debtors to service their debt at the agreed time.

The Group's credit exposure portfolio risk policy takes into account the fact that credit risk-generating activities may also be linked to other risks, i.e. liquidity, market, operational, legal and reputational risks, among others, which may reinforce each other, and takes into account ESG risk.

The Group optimises and mitigates losses relating to risk exposure by:

- setting internal limits,
- an adequate structure of credit products,
- applying collateral,
- applying functional controls,
- effective monitoring, restructuring and collection,
- monitoring of changes to the clients' credit worthiness and reliability,
- regular monitoring and validation of models used to identify and measure credit risk,
- performing analyses of trends and the values of key risk indicators.

The Group's core objective in the process of credit risk management is to support effective accomplishment of business goals by active risk management and efforts supporting organic growth while:

- maintaining a safe level of capital and liquidity ratio standards and an adequate level of reserves,
- ensuring compliance with the law and supervisory requirements.

The Group manages credit risk in an integrated manner on the basis of:

- strategic planning,
- a consistent system of limits, policies and procedures, and



- tools for risk management, including those to identify, measure and control risks.

The integrated system includes all processes in the Group pursued in connection with credit activity.

Detailed credit risk management objectives are as follows:

- support to business initiatives,
- maintenance of credit losses at a pre-determined level,
- ongoing verification, review of adequacy and development of the applied procedures, models and other elements of the risk management system,
- adaptation of activities to the changing external conditions,
- maintaining an adequate level of credit risk capital requirements and provisions,
- ensuring compliance with the regulator’s requirements.

Risk management strategy and risk appetite parameters

The Group treats credit risk management as a fundamental and integral part of overall management of the Group. The core elements of risk management include determination and monitoring of strategy implementation and RAS parameters.

Credit risk management strategy

The credit risk management strategy supports implementation of business objectives while maintaining the Bank’s safe level of solvency and liquidity and an adequate level of provisions. The strategy is determined in order to ensure an optimum development of the credit portfolio while maintaining an adequate quality and profitability of credit operations and capital allocation. The primary goal of defining the credit risk management strategy is to optimise the risk/return on equity ratio, while considering information on the current and prospective macroeconomic environment, the Bank’s portfolio and the level of execution of the RAS limits.

The credit risk management strategy provides for a “lookout to the future”, including the need to remain competitive, attractive and to develop the bank’s offer.

Risk Appetite Statement (RAS)

RAS means the bank’s risk appetite which is defined by setting key and specific limits. The determination and monitoring of the risk appetite level (RAS parameters) constitute an integral part of the planning process at the Bank and management of concentration risk by the Bank.

Types of RAS limits for credit risk:

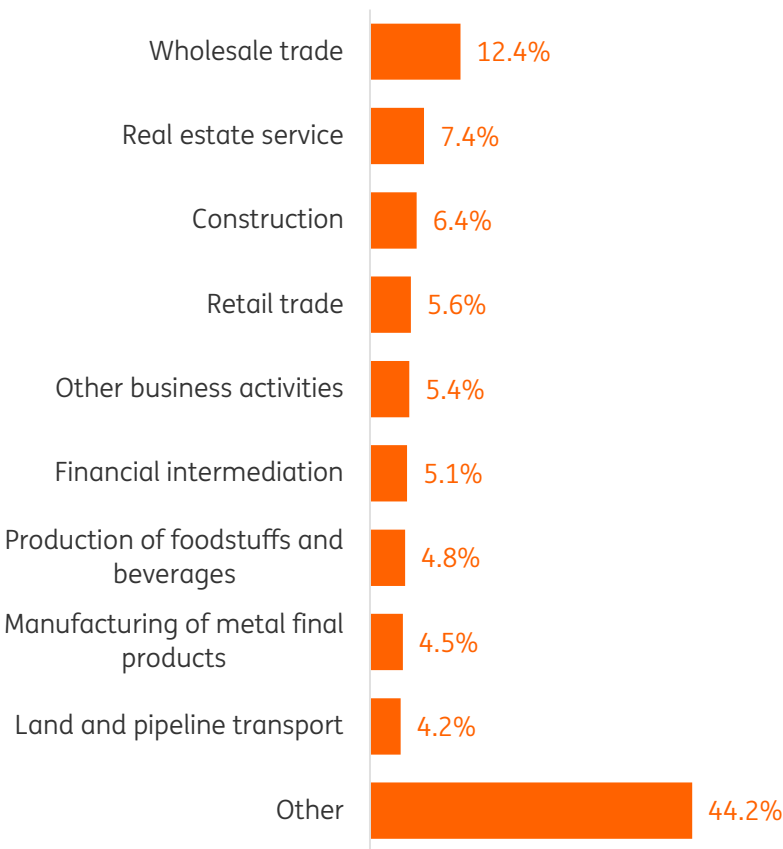
- sales and portfolio size limits,
- portfolio quality limits/risk parameter values,
- monitoring and recovery efficiency limits,
- sectoral limits,
- concentration limits, including limits for the portfolio of mortgage-backed credit exposures, resulting from the requirements of Recommendation S,
- RAS quality parameters for ESG risk.

Apart from RAS limits, the bank sets limits for credit risk for each area, business lines, products and transaction limits that are approved by the competent credit decision maker. Additionally, internal concentration limits are set for economic sectors, accepted collateral, regions and mortgage-backed credit exposures. The compliance with RAS limits is monitored and reported during the year on a monthly basis.

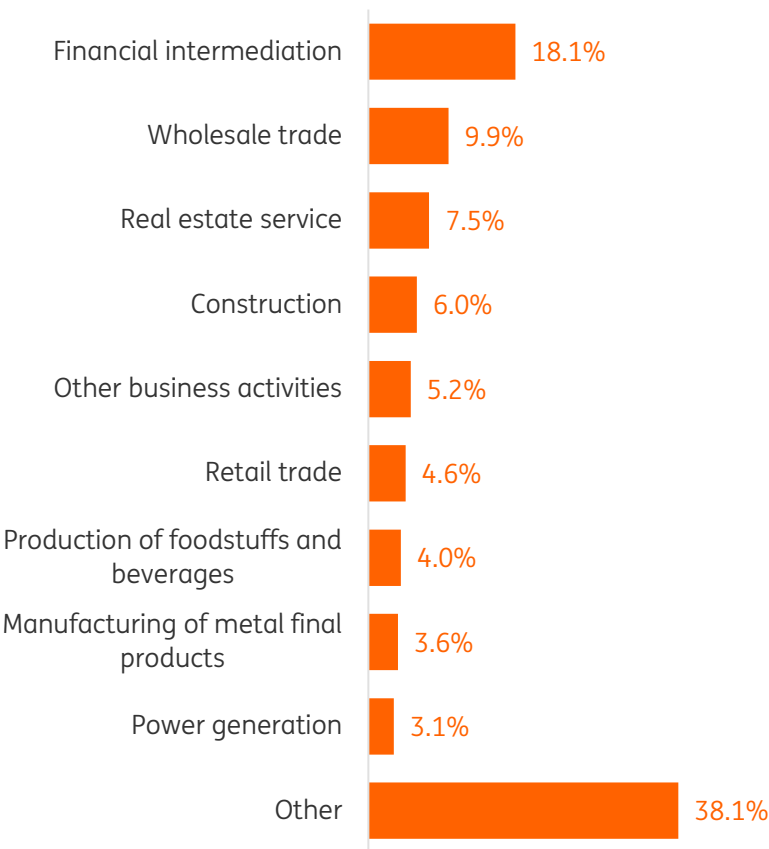


Structure of non-bank corporate portfolio – on- and off-balance sheet exposure

ING Bank Śląski Group



ING Bank Śląsk



Credit risk management process

Credit risk management is a continuous process which includes all activities of the bank related to its credit business. All units and persons that perform tasks in the credit process closely cooperate in order to:

- improve the effectiveness of risk management, and
- maintain risks at a level compliant with the bank’s strategy, risk appetite and financial appetite and the approved RAS level.

The credit risk management process is carried out at the bank within three lines of defence that are independent organisationally and functionally.

The bank applies organisational solutions providing for separation of the sales functions of banking products from the risk underwriting functions at all levels of the organisational structure, including the Bank’s Management Board. The separation of the monitoring functions and risk control of credit exposures (including concentration risk) from

the sales functions of banking products and the risk underwriting functions is maintained below the level of the Bank’s Management Board; for retail credit exposures – also at the level of the Management Board.

In case of simplified, automatic credit process paths, the separation of the sales functions of banking products from the risk underwriting functions of credit exposures relies on the independence of the development and validation process of tools supporting the process of risk underwriting from the sales and operational functions. Competences with respect to credit decisions relating to individual credit transactions are separated from decision authority on the development of credit policies and credit risk management principles.

Risk management organisational structure

Within the CRO Division (Chief Risk Officer, Vice-President of the Management Board Responsible for Risk), three areas of credit risk have been distinguished, reporting to the Directors of the Bank:

- Transactional Credit Risk, including:
 - Central Credit Risk Department,
 - Credit Risk Department in the Regions,
 - Financial Institutions Credit Risk Position,
 - Management Support Team.
- Credit Risk, which includes:
 - Department of Consumer Credit Risk,
 - Business Credit Risk Department.
- Credit Risk – the Models, Data and Reporting area, which includes:
 - Risk Model Department,
 - Risk Regulation Department, including the ESG Risk Team,
 - Risk Systems Department.



In addition, the structure of the CRO Division includes the Increased Risk Loans Department, the Model Validation Department, the Operational Risk Management Department, the Market Risk Management Department and the Credit Risk Inspection Department.

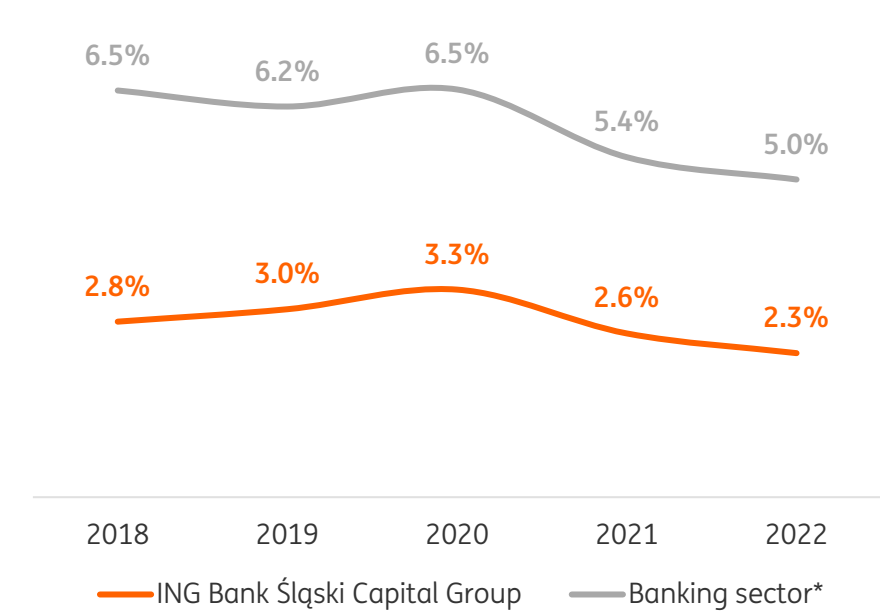
Each area controls and supervises the Bank’s business and risk management processes assigned to them.

For more detailed information on the credit business principles, credit risk management, risk management system, please refer to the Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group for 2022.

Credit portfolio quality

Share of receivables in stage 3 and POCI

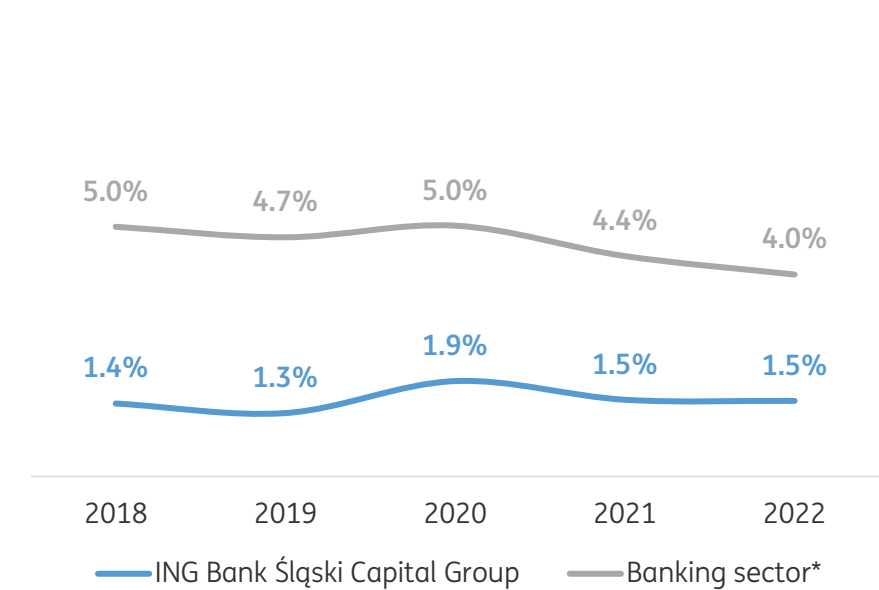
Share of impaired loans / at stage 3 and POCI for the ING Bank Śląski S.A. Group



*PFSA data-based estimates

Importantly, both our retail and corporate loans are of a higher credit quality than the respective averages for the entire banking sector. At 2022 yearend, the share of Stage 3 and POCI loans in the retail segment in ING Bank Śląski Group was 1.5% against 4.0% for the sector (including mortgages of 0.5% for the bank and 2.2% for the sector, respectively). The corresponding ratios for the corporate segment are 2.9% for the ING Bank Śląski S.A. Group and 6.2% for the sector, respectively.

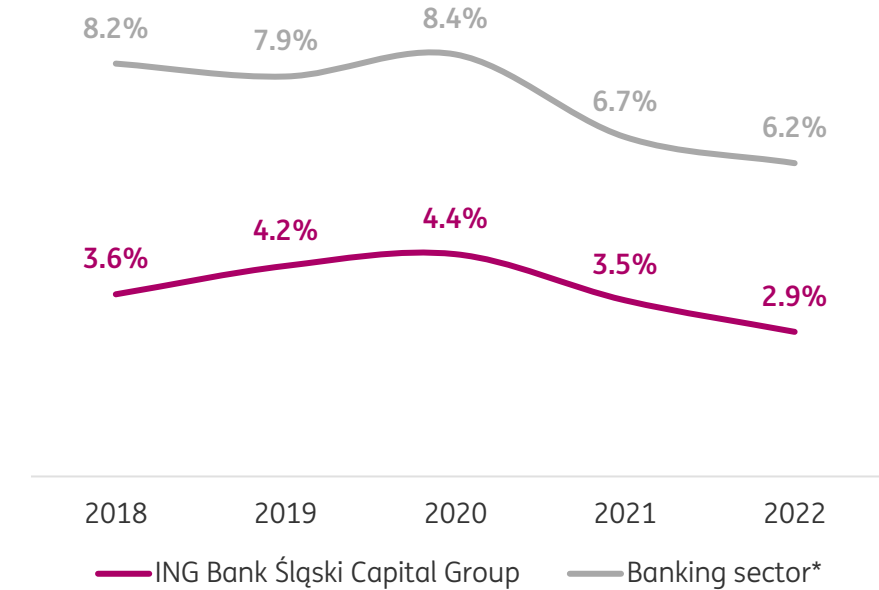
Share of Stage 3 and POCI loans in the retail portfolio



*PFSA data-based estimates

In 2022, the quality of our loan portfolio, apart from the increase in business volumes and prudent lending policy, was also affected by the sale of receivables classified as Stage 3 loans. The total amount of receivables sold (principal, interest, other costs as at the date of the agreement) was PLN 402.9 million in the corporate segment and PLN 274.1 million in the retail segment. As part of one of the sales carried out – for the first time – in agreement with Bank Gospodarstwa Krajowego (BGK), receivables due to BGK under executed BGK guarantees were also disposed of.

Share of Stage 3 and POCI loans in the corporate portfolio





Quality of the portfolio of loans to clients* of the ING Bank Śląski S.A. Group

PLN million	2019	2020	2021	2022	Change 2022 to 2021	
					PLN million	%
Total commitment	118,277.0	125,992.4	146,400.3	156,360.4	9,960.1	6.8%
Stage 1 and 2	114,746.7	121,839.9	142,593.7	152,779.4	10,185.7	7.1%
Stage 3 and POCI	3,530.3	4,152.5	3,806.6	3,581.0	-225.6	-5.9%
Impairment allowances and provisions	2,446.0	3,270.3	3,113.6	3,269.2	155.6	5.0%
Allowance for stages 1 and 2	537.0	751.8	633.5	1,170.8	537.3	84.8%
Allowance for stage 3 and POCI	1,909.0	2,518.5	2,480.1	2,098.4	-381.7	-15.4%
Portfolio share in stage 3 and POCI	3.0%	3.3%	2.6%	2.3%	-	-0.3 p.p.
Portfolio coverage ratio in stage 3 and POCI	54.1%	60.7%	65.2%	58.6%	-	-6.6 p.p.
Commitment – corporate banking	69,916.7	70,159.9	79,914.5	92,478.0	12,563.5	15.7%
Stage 1 and 2	66,995.0	67,064.3	77,120.3	89,823.4	12,703.1	16.5%
Stage 3 and POCI	2,921.7	3,095.6	2,794.2	2,654.6	-139.6	-5.0%
Impairment allowances and provisions	1,686.0	2,183.2	2,158.2	2,192.2	34.0	1.6%
Allowance for stages 1 and 2	211.9	419.8	387.1	687.5	300.4	77.6%
Allowance for stage 3 and POCI	1,474.1	1,763.4	1,771.1	1,504.7	-266.4	-15.0%
Portfolio share in stage 3 and POCI	4.2%	4.4%	3.5%	2.9%	-	-0.6 p.p.
Portfolio coverage ratio in stage 3 and POCI	50.5%	57.0%	63.4%	56.7%	-	-6.7 p.p.
Commitment – retail banking	48,360.3	55,832.5	66,485.8	63,882.4	-2,603.4	-3.9%
Stage 1 and 2	47,751.7	54,775.6	65,473.4	62,956.0	-2,517.4	-3.8%
Stage 3 and POCI	608.6	1,056.9	1,012.4	926.4	-86.0	-8.5%
Impairment allowances and provisions	760.0	1,087.1	955.4	1,077.0	121.6	12.7%
Allowance for stages 1 and 2	325.1	332.0	246.4	483.3	236.9	96.1%
Allowance for stage 3 and POCI	434.9	755.1	709.0	593.7	-115.3	-16.3%
Portfolio share in stage 3 and POCI	1.3%	1.9%	1.5%	1.5%	-	-0.1 p.p.
Portfolio coverage ratio in stage 3 and POCI	71.5%	71.4%	70.0%	64.1%	-	-5.9 p.p.

*net of other receivables

Quality of loans portfolio to clients* of ING Bank Śląski

PLN million	2019	2020	2021	2022	Change 2022 to 2021	
					PLN million	%
Total commitment	102,488.0	106,779.9	126,791.5	138,648.9	11,857.4	9.4%
Stage 1 and 2	99,619.1	103,322.2	123,545.4	135,632.0	12,086.6	9.8%
Stage 3 and POCI	2,868.9	3,457.7	3,246.1	3,016.9	-229.2	-7.1%
Impairment allowances and provisions	2,260.6	2,987.7	2,855.2	2,977.6	122.4	4.3%
Allowance for stages 1 and 2	522.5	690.4	597.2	1,076.9	479.7	80.3%
Allowance for stage 3 and POCI	1,738.1	2,297.3	2,258.0	1,900.7	-357.3	-15.8%
Portfolio share in stage 3 and POCI	2.8%	3.2%	2.6%	2.2%	-	-0.4 p.p.
Portfolio coverage ratio in stage 3 and POCI	60.6%	66.4%	69.6%	63.0%	-	-6.6 p.p.
Commitment – corporate banking	65,193.1	65,586.4	74,724.5	86,025.4	11,300.9	15.1%
Stage 1 and 2	62,932.2	63,170.5	72,460.8	83,901.4	11,440.6	15.8%
Stage 3 and POCI	2,260.9	2,415.9	2,263.7	2,124.0	-139.7	-6.2%
Impairment allowances and provisions	1,504.7	1,922.5	1,917.1	1,934.8	17.7	0.9%
Allowance for stages 1 and 2	201.4	372.4	358.2	617.3	259.1	72.3%
Allowance for stage 3 and POCI	1,303.3	1,550.1	1,558.9	1,317.5	-241.4	-15.5%
Portfolio share in stage 3 and POCI	3.5%	3.7%	3.0%	2.5%	-	-0.6 p.p.
Portfolio coverage ratio in stage 3 and POCI	57.6%	64.2%	68.9%	62.0%	-	-6.8 p.p.
Commitment – retail banking	37,294.9	41,193.5	52,067.0	52,623.5	556.5	1.1%
Stage 1 and 2	36,686.9	40,151.7	51,084.6	51,730.6	646.0	1.3%
Stage 3 and POCI	608.0	1,041.8	982.4	892.9	-89.5	-9.1%
Impairment allowances and provisions	755.9	1,065.2	938.1	1,042.8	104.7	11.2%
Allowance for stages 1 and 2	321.1	318.0	239.0	459.6	220.6	92.3%
Allowance for stage 3 and POCI	434.8	747.2	699.1	583.2	-115.9	-16.6%
Portfolio share in stage 3 and POCI	1.6%	2.5%	1.9%	1.7%	-	-0.2 p.p.
Portfolio coverage ratio in stage 3 and POCI	71.5%	71.7%	71.2%	65.3%	-	-5.8 p.p.

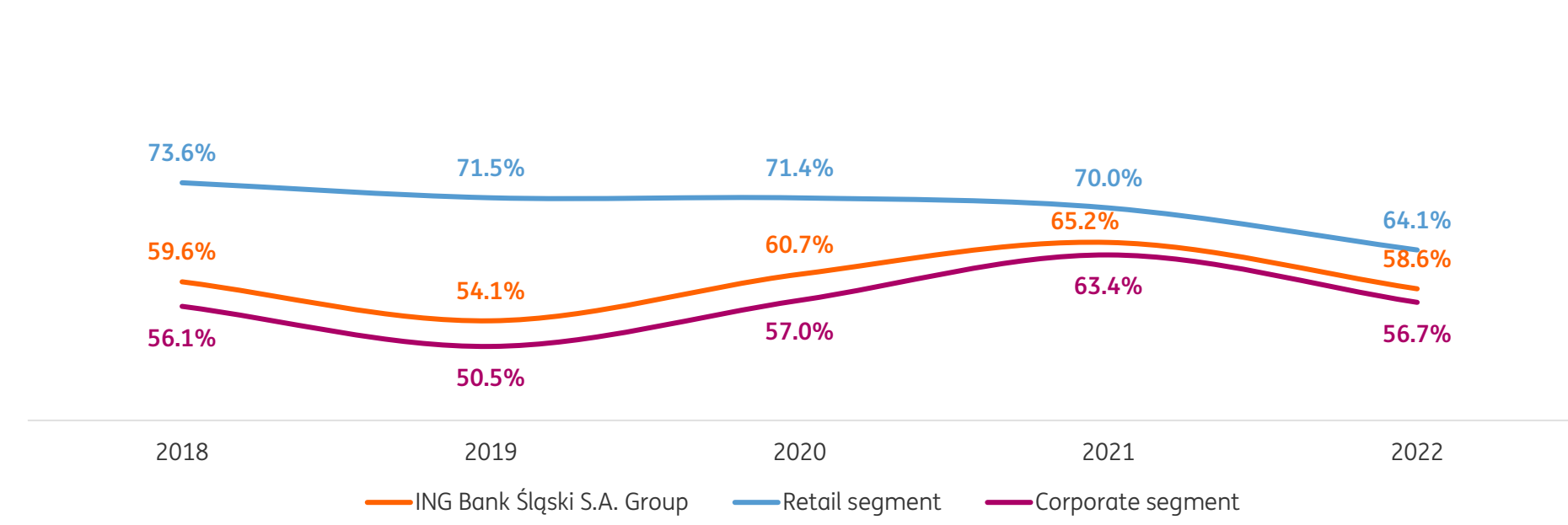
*net of other receivables



Coverage of stage 3 portfolio with allowances

As at the end of December 2022, the ING Bank Śląski S.A. Group held provisions for the stage 3 and POCI loan portfolio of PLN 2,098.4 million. The coverage of the stage 3 and POCI loan portfolio with allowances was 58.6%. The decrease in the coverage ratio was due, among other things, to the sale of stage 3 receivables, which are sold with a higher provision coverage ratio than new exposures entering stage 3.

Impairment/Stage 3 and POCI portfolio coverage ratio



Risk cost

In 2022, there was a significant y/y increase in the risk cost margin ratio (the ratio of the allowance for net loan provisions and provisions for legal risk of foreign currency mortgage loans to the gross loan portfolio). For more information on the cost of risk, see [Our financial results](#) section.

Types of applied credit risk collaterals

In order to secure the credit risk, the Bank accepts personal and material security in various forms, e.g. bank guarantee, surety under civil law, blank promissory note, promissory note surety, transfer of receivables, mortgage, registered pledge, ordinary pledge, securing, transferring a specific amount to the Bank’s account, blocking funds on the bank account.

As at 2022 yearend, the value of Basel2 collaterals on the accounts or assets of the borrowers amounted to PLN 201,374.9 million (of which 66.5% were mortgages) for the ING Bank Śląski S.A. Group and PLN 162,550.2 million (of which 78.2% are mortgages) for ING Bank Śląski S.A.

As a result of the amendment to the Banking Law introduced on 27 November 2015, the Bank does not issue bank enforcement titles.

Development of our competences

As part of the promotion of a risk culture, we improve the skills of our employees by organising internal or participating in external credit risk training courses, among others:

- Knowledge of credit principles,
- Knowledge of systems and risk reporting,
- Plain language training,
- Onboarding of new employees.



Market risk

Introduction

The core objectives of credit risk management at ING Bank Śląski S.A. include: ensuring that awareness and understanding exists of the Bank’s market risk exposure and that the exposure is adequately managed and falls within the approved limits when applicable. Market risk is defined as a potential loss that may be suffered by the Bank in connection with unfavourable changes to market prices (such as profitability curves, FX rate, prices in capital markets), market parameters (volatility of market prices, correlation between price changes) and client behaviour (e.g. loan prepayments).

Policy of market risk management

The Market Risk Department has normative documents that describe the scope, principles and responsibilities of the department. In order to optimise the market risk management process, the *Market Risk Management Policy at ING Bank Śląski S.A.* was created. It describes the bank’s approach to market risk management. It defines the principles, the methodology for managing and measuring market risk in the bank, as well as the general principles for managing the process.

The document is a further specification of *the document General Principles for the Management and Mitigation of Credit, Market and Operational Risk at ING Bank Śląski*, which is approved by the bank’s Supervisory Board, based on the recommendations of the Risk Committee. The policy is subject to approval by the Bank’s Management Board.

Another document is the policy describing the bank’s approach to the process of defining risk appetite in the areas of market risk, liquidity and capital adequacy(*Policy for Determining and Monitoring Risk Appetite in the*

Areas of Market Risk, Liquidity and Capital Adequacy). This policy is also approved by the Bank’s Management Board.

The market risk management process at the bank covers risk identification, measurement, monitoring and reporting. The Department of Market Risk Management provides the managers of the Financial Markets Area in the Wholesale Banking Division and the Centre of Expertise Treasury, selected members of the Management Board and the ALCO Committee with regular risk reports. Additionally, ALCO, the Bank’s Management Board and Supervisory Board are provided with periodic reports with the major measures of market risk. The approval of individual market risk limits is carried out at the level of the ALCO committee, the Bank’s Management Board or the Supervisory Board, in accordance with the division of responsibilities in determining the levels of limits defined in the Policy for determining and monitoring risk appetite in the area of market risk, liquidity and capital adequacy. Employees of the Market Risk Management Department are qualified specialists and the independence of the department is assured by its separation from the risk generating units.

The Bank’s market risk management also includes the Product Control function (“Product Control”), which ensures the correctness of the pricing of Financial Markets products in the Wholesale Banking Division and the Centre of Expertise Treasury by monitoring the correctness of the pricing models and controlling the quality of the market data used for valuation and calculation of the financial result. Decisions related to issues concerning the valuation process, such as the sources of market data used for valuation, the calculation of adjustments concerning market valuation models(*bid-offer spread* and *BVA*), are taken by the Parameterisation Committee.

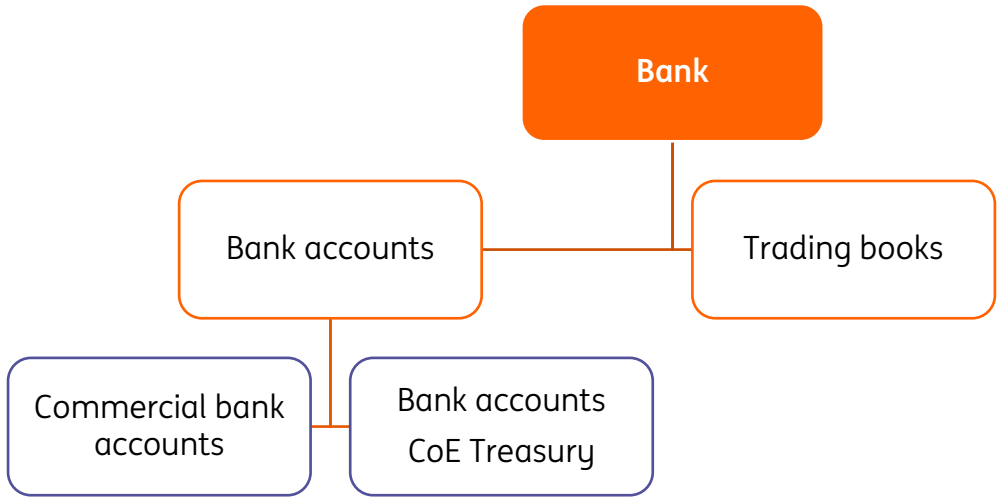
In the period under report, the market risk profile and the risk management methods were not materially changed.

Book structure and risk measurement methods

The Bank maintains the structure of its books relying on intentions which is translated into multiple processes, including market risk management. The book structure reflects the types of market risk that are anticipated and accepted in the Bank’s areas and of the fact that market risk should be internally transferred/mitigated. The books are grouped by an intention to maintain positions split into:

- “trading” (positions taken in order to generate benefits in a short period of time due to market price fluctuations), and
- “banking” (all other positions).

General structure of the bank’s books



Bank books are divided into commercial bank books and Centre of Expertise Treasury (CoE Treasury) bank books. The banking commercial books include books of the retail and corporate divisions containing deposits and commercial loans. The risks relating to those positions are transferred to:

- CoE Treasury’s banking books (for interest rate, basis risk and liquidity risk), and



- trading books of the Financial Markets Area in the Wholesale Banking Business Line (for foreign exchange risk) through internal transactions.

The process ensures that the banking commercial books do not retain any material economic market risk. However, as described in more detail further below, the short-term financial result in those books is sensitive to changes of market rates. The commercial activity of the subsidiary companies are included in the Bank’s commercial books.

CoE Treasury Bank Books, are the books used for management:

- the bank’s liquidity risk as a whole, and
- interest rate risk in the banking book.

Maintenance of open positions is permissible within the approved market risk limits.

For more on risk measurement methods, please refer to the 2022 Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group.

Measurement of interest rate risk in the banking book

In its measurements of interest rate risk in its banking book, the bank applies measures required by the European Banking Authority (EBA/GL/2018/02).

For more on the measurement of interest rate risk in the banking book, please refer to the 2022 Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group.

Measurement of market risk in the trading book

The VaR measured by the Bank is compliant with the best market practices. In the calculation of VaR, the Bank applies the following assumptions:

- one-day positions, 99% confidentiality level,

- 260-day observation period.

For more on the measurement of market risk in the trading book, please refer to the 2022 Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group.

Sensitivity of profit to interest rate risk

To present the sensitivity of net interest income to changes in interest rates, the Bank carried out an analysis of the impact of shock changes in the yield curve (relative to that of 31 December 2022) on net interest income for 2023 compared to the base case scenario. Given the spectrum of posible interest rate changes, the analysis was prepared based on six scenarios, three each for parallel upward and downward shifts of the curve by 50 bps, 100 bps and 150 bps respectively, which would occur on 1 January 2023.

Impact on net interest income (PLN million)			
PLN million	50 b.p.	100 b.p.	150 b.p.
parallel upward shift of the yiel curve*	274	548	823
parallel downward shift of the yield curve*	-225	-449	-674

**relative to data for 31 December 2022*

The above calculations assume, among other things, a constant level of balance sheet balances as at 31 December 2022, taking into account a number of assumptions regarding changes in the level of the cost of financing, which may differ from those resulting from actual business decisions.

Other information on the sensitivity of the result and the bank's equity to interest rates can be found in the 2022 Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group.

Liquidity and funding risk

Introduction

ING Bank Śląski S.A. recognises the process of stable management of liquidity and funding risk as a major process at the Bank.

Liquidity and funding risk is understood by the Bank as the risk of the lack of ability to perform financial liabilities under on- and off-balance sheet items at reasonable prices. The Bank maintains liquidity so that the Bank’s financial liabilities can always be repaid with the available funds, inflows from maturing transactions, available funding sources at market prices and/or liquidation of negotiable assets.

Risk types

The bank splits liquidity risk into two groups:

- liquidity risk resulting from external factors, and
- risk of internal factors relating to the specific bank.

The bank’s objective is to apply a conservative approach to liquidity risk management to support safe survival of events that are specified to ING Bank Śląski S.A. and the entire banking sector.

In terms of time horizon, the bank splits liquidity risk into:

- operational – focused on current funding of the bank’s position and on managing intraday liquidity,
- strategic – focused on ensuring that the bank’s structural liquidity positions are at an acceptable level.

Considering the tenor and clients’ behaviour (the two aspects affecting the bank’s liquidity), the bank identifies three types of liquidity and funding risk:



- structural,
- related to client behaviour,
- related to stress conditions.

Management process

In order to optimise the liquidity and funding risk management process, the Bank has developed the *Management policy of Liquidity and Funding Risk at ING Bank Śląski S.A.* which sets forth the principles ensuring adequate funding sources and mitigation of risks and costs related to funding. The Policy describes a general approach to the liquidity and funding risk management process in the bank. The main objective of this process is to maintain an adequate level of liquidity to ensure the safe and stable operation of the bank under normal market conditions and during a crisis. Complementing *the Management Policy of Liquidity and Funding Risk at ING Bank Śląski S.A.* is the *Emergency Funding Plan Manual*, which sets out the organisation and actions to address liquidity shortfalls under stress conditions.

The Policy was developed on the basis of the market management strategy in business, approved by the Supervisory Board (including the liquidity and funding risk management strategy). In particular, it reflects the risk appetite specified in the strategy and approved by the Supervisory Board.

The acceptable level of liquidity and funding risk is defined through a multi-element system. This approach is in line with that described in the Policy for Determining and Monitoring Risk Appetite in the Areas of Market Risk, Liquidity and Capital Adequacy.

Additionally, the bank prepares a report on the ILAAP process. In a comprehensive and consistent manner, it presents the core indicators and numbers relating to the bank's liquidity risk profile. It provides for the strategy, funding plan and risk tolerance by the bank. The results of the

report are approved by the Management Board which informs the Supervisory Board of the results.

The general approach to liquidity and funding risk management is composed of five recurring activities: 1) risk identification, 2) risk assessment, 3) risk control, 4) monitoring, and 5) reporting.

- Risk identification and assessment. Risk identification is performed on an annual basis by organising risk identification workshops. Each identified risk is assessed in order to determine its materiality for the bank. Risk identification is also performed when new products are launched. Risk valuation and its materiality are assessed in terms of likelihood of risk occurrence and the financial effects should such risk materialise.
- Control Risks are controlled with actions that mitigate the likelihood or risk occurrence or with actions that mitigate the effects should such risk materialise. Important elements of risk management include ongoing verification if the implemented controls are performed. Definition of acceptable risk levels is an element of risk control. Regular inspection should evidence that risk control actions are effective. Adequate reporting is a major element of the liquidity and funding risk management process which provides the managers with information required for risk management.
- Monitoring and reporting. Risk monitoring serves three important objectives: ongoing verification if the implemented risk control is performed; if risk control actions are effective. Such actions support their confidence which is a major element in banking. Well organised and designed regular inspections and monitoring, are essential for good risk management. Adequate reporting provides information to managers as is indispensable for risk management.

As required by Recommendation S, the bank prepares an in-depth analysis of long-term liquidity, with a particular focus on mortgage loans. The above

liquidity analysis shows risk levels related to long-term funding of mortgage loans.

The Bank pursues an active policy of liquidity management with reference to core currencies. For those currencies, liquidity risk measurement and limitation is made per currency and the management of operational liquidity is performed separately for each currency and it is incorporated in the risk transfer system.

Intraday liquidity is actively managed by the Centre of Expertise Treasury. The process manages the position and risk of short-term liquidity (one day and intraday). The objective is to comply with payment and settlement duties in a timely manner in regular operations and in extraordinary/stress situations.

The bank operates a risk transfer system under which market risks, including liquidity risk, are transferred to the Centre of Expertise Treasury. Applying adequate tools, it manages the risks in a centralised manner within the limit system applied by the bank.

The liquidity risk management procedures adopted at the bank are presented annually to the relevant bank staff involved in the bank's liquidity management process. Those involved in the process confirm that they have read and understood the procedures used and that they are checking that they are being carried out correctly.

In 2022, the bank's staff participated in specialised training courses on liquidity and funding, as well as market risk, organised internally and by specialised external companies. In cooperation with representatives of ING N.V., a workshop on the management of the bank's balance sheet, with particular emphasis on liquidity risk management and funding, was held for bank employees; 82 bank employees from various units attended the workshop.



For more on the structure and organisation of the liquidity and funding risk management process, please refer to the 2022 Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group.

Framework risk management principles

The framework liquidity and funding risk management principles contain all material methods with respect to intraday, shorty-term, medium-term and long-term liquidity and funding risk management. This is made up of the following key elements:

- limit system and liquidity risk measurement,
- monitoring of funding sources and concentration risk,
- liquidity reserve management,
- management of intraday liquidity,
- management of hedging items,
- stress tests and contingency plans.

For more on the liquidity and funding risk management framework, please refer to the 2022 Annual Consolidated Financial Statements of the ING Bank Śląski S.A. Group.

Non-financial risk

[GRI \[2-12\]](#) [\[2-13\]](#) [\[2-16\]](#) [\[2-25\]](#) [\[3-3\]](#)

Non-financial risks cover management functions of operational and compliance risk based on a common framework, setting forth clear principles and standards of risk identification, assessment, monitoring, mitigation and reporting. The Bank manages non-financial risks in compliance with the Strategy and Risk Appetite Statement for Non-financial

Risks approved by the Bank's Management Board that set forth risk limits and tolerance. Compliance with the declared risk appetite is monitored in a periodic report on non-financial risks (NFRD). Additionally, the bank operates the Non-financial Risk Committee appointed by the Bank's Management Board – the Committee advises the Bank's Management Board with respect to the management of non-financial risks. The Supervisory Board, with the support of the Risk Committee, supervises the management of operational risk by the Management Board and assesses the effectiveness of its activities in this respect at least once a year.

The common management framework of non-financial risks support the bank in active identification of core hazards and gaps and the related risks which may result in undesirable events. The framework supports such processes as self-assessment of risks and controls, scenario analyses, monitoring of key risk indicators or testing of key controls. The results of analyses of internal and external events keep improving the adequacy and effectiveness of the internal control system functioning in the bank.

We believe that an effective control environment is essential to building and maintaining a sustainable business, and retains and enhances the confidence of clients, employees and shareholders.

In terms of information on significant events that may affect the risk, senior management is notified as part of the quarterly NFRD report. The report presents events with the highest value of potential losses and the biggest possible negative impact on the bank's image. Qualifications are made by operational risk and compliance experts. In 2022, information on 16 events was submitted to the Bank's Management Board. The events concerned, among others, the area of IT security and the impact of the war in Ukraine on the bank. Mitigating measures were implemented for all cases, including updating security messages on the bank's website. Regarding the war in Ukraine, the related costs are recorded in dedicated accounts.

Operational risk

[GRI \[2-12\]](#) [\[2-13\]](#) [\[2-25\]](#) [\[3-3\]](#)

The Bank's objective in operational risk management is to ensure regular improvement of the safety of the Bank and its clients, reduction of operating expenses and improvement of operating effectiveness.

The Bank's Management Board – subject to approval of the Supervisory Board – has developed a strategy of operational risk management. The Bank's management strategy of operational risk provides for legal and regulatory requirements and relies on good practices of the ING Group.

Additionally, the Management Board – also in agreement with the Supervisory Board – in its risk appetite statement defined the maximum acceptable loss limits, capital limits and risk scope that it is willing to accept in the pursuance of the planned business objectives – subject to full compliance with the law and regulations. The level of limit utilisation is monitored and periodically submitted to the Management Board, Risk Committee and the Supervisory Board.

The operational risk management system applies to all business spheres of the Bank and the activity of the Group, cooperation with clients, providers and partners. It is a cohesive, regular practice that covers the following elements:

- risk identification and assessment,
- mitigation or risks and monitoring of mitigation activities,
- performance of inspections,
- quality monitoring and assurance.



In 2022, the bank strengthened its monitoring activities by implementing extended second-line monitoring in the form of, for example, an in-depth analysis or thematic review of selected areas.

Knowledge of risk management issues including risk awareness among bank staff is reinforced through a number of training and awareness programmes. 2022 was dedicated to raising staff knowledge and awareness of risk culture and ethical standards as part of the established Risk Culture Programme. As part of it, employees were able to benefit from initiatives such as webinars, training courses, chats with experts and meetings with external guests, covering the following thematic areas:

- Internal and external fraud,
- Sanctions,
- Climate and environment – risks and regulation,
- Know Your Client CDD – whether and how well I know my client,
- Cyber security,
- Anti-money laundering/financial terrorism,
- “Whistle-blowing” and infringement notices,
- Data processing, confidential information (GDPR),
- Outsourcing: why our business partners can be a source of risk,
- Culture of Risk and Orange Code.

A project to replace the application supporting operational risk management and compliance has also started in 2022 and will be implemented in 2023. The application will allow the efficiency of the operational risk area processes to be increased.

The bank has a coherent and continuously updated set of internal normative documents in relation to operational risk management. The documents regulate the scope, principles and duties of organisational units and employees to mitigate the effects and likelihood of financial and reputational losses in that respect.

Key operational risk management regulations:

- Operational Risk Management Policy at ING Bank Śląski S.A.
- Regulations of the Non-financial Risk Committee at ING Bank Śląski S.A.
- ING Bank Śląski S.A. Capital Group Non-Financial Risk Appetite Statement (for the year)
- Policy – Internal Control System at ING Bank Śląski S.A.
- Policy – Standard for the Implementation, Modification, Review and Liquidation of Products for Bank Clients (PARP) at ING Bank Śląski S.A.
- Policy for the Transfer of Non-financial Risks to the Insurance Market
- Fraud Prevention Policy at ING Bank Śląski S.A.
- ING Bank Śląski S.A. Outsourcing Policy
- ING Business Continuity Management Policy
- Policy – Security of Persons and Resources at ING Bank Śląski S.A.
- Information Risk Policy – Information Processing at ING Bank Śląski S.A.
- Information Risk Policy – IT Security at ING Bank Śląski S.A.
- Information Risk Policy – End-user Software Standard at ING Bank Śląski S.A.
- Information Risk Policy – Data Management Standard at ING Bank Śląski S.A.

- Information Risk Policy – Cyber Resilience at ING Bank Śląski S.A.
- Information Risk Policy – IT Change Management standard at ING Bank Śląski S.A.
- Information Risk Policy – Standard of Basic Safeguards at ING Bank Śląski S.A.
- Information Risk Policy – Operational Resilience Standard at ING Bank Śląski S.A.
- Information Risk Policy – Platform Security Standard at ING Bank Śląski S.A.
- Information Risk Policy – Security Monitoring Standard at ING Bank Śląski S.A.
- Information Risk Policy – Identity and Access Management Standard at ING Bank Śląski S.A.

The subordinate regulations clarify the provisions and implementation of the requirements of the policies listed above.

Operational risk staff are continuously increasing their knowledge and competence in order to fulfil their 2nd line of defence tasks and responsibilities appropriately and effectively. In 2022, employees of the Operational Risk Management Department participated in the following above-standard training courses for obtaining new or maintaining existing certificates:

- CISSP – Certified Information Systems Security Professional,
- CISA – Certified Information Systems Auditor,
- CDPSE – Certified Data Privacy Solutions Engineer,
- Certified Fraud Examiner – ACFE certification,



- PL-900 Microsoft Certified: Power Platform Fundamentals,
- Professional Cloud Security Engineer,
- CompTIA IT Fundamentals (FC0-U61),
- Mile2 CISSO,
- Microsoft Azure Fundamentals.

Compliance risk

Introduction

The Bank’s compliance mission is to build a corporate culture based on knowledge of and compliance with laws, internal regulations, market standards and ING Values and Behaviour, as defined in the [Orange Code](#).

Compliance risk management process

The Bank’s Supervisory Board oversees compliance risk management and the Bank’s Management Board is responsible for effective compliance risk management, including:

- the implementation of organisational arrangements, regulations and procedures that enable compliance risk to be managed effectively, and
- ensuring that the resources and means required to perform the tasks are adequate.

The Centre of Expertise – Compliance is an organisationally separate, independent unit that is responsible for the organisation and operation of the compliance risk management process. The aim of the Centre of Expertise – Compliance is to shape solutions for identifying, assessing, controlling and monitoring the risk of non-compliance of the bank’s activities with the law, internal regulations and market standards, and to

provide reports in this respect. Compliance activities are aimed at the active participation of the bank’s employees in the compliance risk management by shaping a risk culture based on knowledge and compliance with the law, internal regulations and market standards.

Centre of Expertise – Compliance flexibly adapts organisationally to the changing external environment. The changes are necessary to further increase the effectiveness of compliance risk management and to effectively mitigate these risks. With this in mind, the Compliance unit:

- developed the required procedures and methodologies on the basis of which it carried out independent inspections, training programs, issued recommendations and recommendations in banking processes, including in the process of giving opinions on product and legislative changes and marketing materials,
- strengthen the competences of subordinate employees,
- implemented an automation plan in the area of compliance risk,
- continued to cooperate with regulators in monitoring the implementation of the audit recommendations received.

Major initiatives in 2022

In 2022, the bank continued work to improve the compliance risk management system, including the following elements:

- counteracting money laundering and terrorist financing, as well as regulations on counteracting the use of the financial sector for fiscal fraud,
- amendments to bankers’ regulations to align with the EBA’s guidance on compliance management policies and procedures and the role and responsibilities of the AML/CFT inspector in line with the regulator’s expectations,

- raising staff knowledge and awareness of risk culture and ethical standards through the Culture of Risk programme,
- protecting the bank’s reputation,
- maintenance of records of conflicts of interest and internal regulations on conflicts of interest,
- implementing solutions to change the WIBOR reference index to WIRON,
- monitoring the application of the Good Practices of Companies Listed on the WSE.

The following regulations, among others, have been updated: *Know Your Client Policy, Competition Law Compliance Policy, Compliance Policy and Compliance Regulations, Conflict of Interest Policy together with the Control Standard for the Conflict of Interest Process and the Instruction – Conflict of Interest Registers, Whistleblowing Policy for Infringements of Law, Internal Regulations and Ethical Standards together with the Manual for Handling Anonymous Reports of Infringements of Law, Internal Regulations and Ethical Standards, Market Abuse Policy, Policy – Principles of Internal Governance in the ING Bank Śląski S.A. Group., Markets and Investor Protection Policy, Personal Data Protection Policy*. The bank’s principles on reputation protection have been written down and published in the form of a new policy: *Policy – Principles for Reputation Risk Management at ING Bank Śląski S.A.*



Transaction security and stability of IT systems

Introduction

The security of client and partner funds and data is a key issue to which we pay particular attention in our day-to-day operations. We continuously monitor threats and analyses their impact on the ICT infrastructure (applications, systems, networks), as well as business processes, processes of our partners and service providers and their potential impact on clients. On that basis, we design and implement appropriate organisational and technical solutions in the areas of prevention, detection and response.

The bank's ICT systems protect multi-layered cyber security mechanisms and systems.

An extremely important aspect of our efforts to provide the right level of banking services to clients is to ensure that systems are stable. To attain this goal, various measures are taken such as:

- ensuring an appropriate process of change management in IT systems, which guarantees adequate tests of the impact of changes on the operation of systems,
- ensuring proper architecture of critical systems to guarantee full redundancy of components and fail-safe operations,
- implementation of a mechanism for monitoring the correct operation of systems, allowing for early detection of symptoms of malfunctioning components and quick diagnostics of errors,
- implementation of the process of managing the increase in demand for resources ensuring that hardware and software resources are adapted to changes in business volumes and changes in the way clients operate.

IT security management process

Ensuring security for IT systems and the data processed in them is a priority for the bank, therefore its aspects are embedded in every process or area of the bank's operations. The processes aimed at ensuring security, resulting from the policies, standards and procedures adopted in the bank (e.g. IT Security Standards, including in the area of security monitoring, connections and external service providers, identity management, web applications or cryptography), are subjected to continuous performance monitoring, which allows for the continuous improvement of procedures related to: counteracting, detecting and responding to threats, as well as taking action to eliminate their potential effects (e.g. unavailability of banking services).

We approach to security management in the IT area is systemic and continuous, identifying threats regularly, strengthening protection mechanisms, and implementing a long-term cybersecurity strategy. IT security processes and roles are organized in accordance with the best and recognized international standards.

IT security activities are overseen by the Bank's Management Board and by the IT Risk and Security Committee appointed by the Board. It comprises, among others, the management of the units: Tech, cyber security, operational risk, data security and internal audit.

A dedicated unit is responsible for cyber security tasks, including continuous security monitoring. Nevertheless, the bank adopts the principle that each employee is responsible for ensuring the security of data and ICT systems to the extent adequate to their functions, tasks performed and their powers. Raising the awareness and competence of employees in the area of risk protection is an ongoing element of the training and awareness-raising activities carried out (e.g. training within the Tech Academy and a series of webinars as part of the bank's risk culture programme).

We are constantly improving security solutions and systems used to protect our clients, as well as our bank itself, constantly testing their real effectiveness through, among others, penetration tests of banking infrastructure and applications, APT tests (Advanced Persistent Threat), tests of immunity to DDoS (Distributed Denial of Service) and many others.

We design and update the bank's existing security standards and architectures on an ongoing basis. Based on their requirements, ICT systems are designed, built and implemented according to the principle to ensure safety at the earliest possible stages of their life. During development, before implementation and periodically after implementation, the systems are subjected to various tests, verifying the resistance of systems and applications to attempts to breach their integrity and to bypass the applied security measures.

Components of the ICT system are subject to a continuous scanning process aimed at detecting any vulnerabilities and eliminating them immediately. In addition, banking systems (network, infrastructure and applications) have security monitoring in place to detect any anomalies, adverse effects and security incident attempts. Multi-layered protection against malware (such as ransomware) is also implemented.

As part of the activities increasing the level of security, mechanisms of multi-factor authentication of users' access to ICT systems and data and monitoring of their activity are implemented.

We develop model security requirements for each ICT technology and specific application solution, and their effectiveness and correctness of implementation is regularly verified as part of security tests and reviews, as well as internal and external audits. Such audits and tests are performed by renowned expert companies.

We have maintained and updated existing and implement new tools for early detection of all types of fraud and abuse, advanced targeted attacks,



including preventing information leakage or execution of unauthorized transfer of large amounts of money from the banking system.

We use solutions of leading providers of tools and services in the area of cyber security and unique solutions developed in-house by inner specialists. At the same time, we constantly cooperate with ING Group member companies and other companies and organisations in Poland (banks, internet service providers, trade associations). This allows us to observe trends, detect new vulnerabilities and counteract IT security threats in advance.

We actively cooperate with governmental and financial supervision institutions, complying with all recommendations and recommendations of these institutions, including the requirements for the operator of the key service, which the bank has been designated pursuant to the Act on the National Cybersecurity System.

We provide clients with the opportunity to receive free support from cyber security experts to support their security when using auction portals or online shops that involve financial transactions.

In activities related to ensuring the security of client data, we are not limited only to the bank’s infrastructure, but we require an equally high level of security from its partners, both by means of appropriate contractual provisions with IT security requirements and verification of their fulfilment as part of periodically performed audits.

on 24 October 2022, thanks to ING Hubs Poland, our bank migrated its Vision card authorisation system from ING Bank Śląski’s infrastructure to ING Private Cloud. The main benefits of migration are:

- moving the transaction authorisation system to a secure environment certified by the *Payment Card Industry Data Security Standard* – PCI DSS – which means greater security and reliability for our clients,

- increased performance and scalability – the environment is designed to handle 15 million cards,
- environment and all interfaces are integral and equipped with the latest payment organisation components.

In online banking applications, we use the following solutions to enhance client security:

- Authorisation of operations (transactions, logins, data changes, etc.) with a one-time code or the PUSH method – this method enables authorisation of instructions in the internet banking system by means of an authorisation code or confirmation of a message in the mobile application Moje ING. Along with the request for transaction confirmation, the client is provided with comprehensive information on the details of the transaction, which allows for additional verification of the instruction.
- Hard daily limit – the amount limit to which transfers can be made on a given day in Internet banking.
- Encrypted Internet connection – access to banking systems is possible only after entering an ID and password. Communication between clients’ computers and the bank’s server is encrypted with the TLS protocol. The ingbank.pl service and the internet banking system are protected by digital certificates with a high level of trust, which secure the connection via an encrypted HTTPS protocol. This guarantees fully secure data transfer in encrypted form, protects the data against third-party modifications and authenticates the computers that communicate with each other.
- 3D Secure (a standard of card payments over the Internet) – when our clients pay with cards in an Internet store handling 3D Secure, the payment is additionally confirmed with a one-off SMS code. In order to use 3D Secure payments in our Bank, you don’t need to run or activate anything – just a card that supports on-line payments.

- Masked password – logging into the internet banking system is done without entering the whole password – the system automatically draws only selected characters.
- Automatic logout in the event of user inactivity.
- Behavioural biometrics – analysis of user interactions with a computer in order to detect possible interference by undesirable persons. During this verification, it is not checked what a given user does, but how he/she does it. Among other things, we collect and analyse information on how quickly and often the user clicks on individual keys on the keyboard, how they scroll the screen, how quickly and often they click the mouse. The user profile is built only after logging into the Moje ING online banking system and the user’s behaviour is compared after each login.
- Transaction monitoring – the bank monitors the use of internet banking in real time, both in detection and prevention modes.
- Malware detection – a tool has been implemented to detect malware activity at the client’s station when using online banking.

With regard to mobile banking, the bank applies the following security solutions:

- Authorization of transactions in the mobile application – this method is available to clients who use the Moje ING internet banking system, make a transfer on their computer and have Moje ING mobile application installed; it is used interchangeably with SMS code.
- Fingerprint login (this option is available for phones with a fingerprint reader) or using FaceID. Activation of this login method is available after logging into the application.
- Hard daily limit – the amount limit to which transfers can be made on a given day via mobile banking application.



- Automatic logout in the event of user inactivity.
- Voice-code as an additional authentication factor used in the process of pairing a mobile device with a client account.

In the event of a justified suspicion of a threat of cybercrime or fraud against clients, we take preventive measures, e.g. rejecting transactions, blocking services, protecting clients against taking over their data or funds by unauthorized persons.

Cyber security

GRI [3-3]

Observations on cyber security

The specific situation caused by the armed conflict in Ukraine has meant that the frequency of attacks by cybercriminals (already increased in 2021) continues to increase. Attempts to destabilise the operation of individual market players through DDoS attacks (resulting in the unavailability of services) have been observed. Fraudsters use both modern technical means and social engineering in their attacks, while at the same time constantly modifying attack scenarios, which requires very high flexibility and speed of our reaction. The number of attacks in which criminals impersonate a bank has also increased.

Phishing remains the most common method of attack, but clients have also been exposed to losses in cases of investment fraud, in which fraudsters use social engineering to defraud clients' funds under the pretext of high returns after investing them on cryptocurrency exchanges or in securities of well-known Polish companies listed on the WSE.

The high number of attacks using telephone calls(*spoofing*) continues. Spoofing fraudsters pretend to be the bank's helpline or security

department, using appropriate techniques so that the client's phone displays the bank's real helpline number when they call. The criminals are persuading clients to install additional software that allows them to take control of the client's device.

Advanced *Ransomware* attacks often carried out by organised criminal groups, based on the infection of IT devices with malware, also using the previously mentioned social engineering attack techniques, have continuously been one of the most serious threats faced by banks and clients for several years.

The degree of advancement of targeted attacks on enterprises and institutions (mainly financial) carried out by organised groups of cybercriminals was similar to the previous years.

Still one of the obstacles to banks' effective response to emerging threats is legislation that has not kept pace with developments in technology and financial services, as well as low client interest in fraud awareness campaigns. Nevertheless, the regulatory changes being introduced in 2022 have the potential to make a positive contribution to the security of the entire sector in the face of the inevitable increase in the use of cloud solutions.

Bearing this in mind, we are constantly strengthening and developing our own cybersecurity system at the local level and across the ING Group in order to prevent acts of cybercrime against clients, employees and our bank's information and communication system.

The measures taken in the area of cyber security meant that we did not record any significant incidents or frauds as a result of weaknesses in the bank's security system.

Our cyber security activities

All employees are responsible for ensuring the security of data and information systems, within their respective areas and tasks. In particular, this responsibility falls to staff from the IT and risk units, dedicated to countering and responding to cyber threats. In 2022, the special unit set up in 2021 (Anti-Fraud Expert Centre) continued its work, with the aim of coordinating all fraud activities and reacting quickly and adapting prevention measures to the activity of fraudsters.

Cyber resilience is one of the core principles of how our bank builds its IT solutions and client interaction channels. Due to the continuous development of new, advanced attack methods, the bank's security teams are constantly improving existing systems and building new, more effective detection and prevention mechanisms. We have performed, among other things:

- development of security architecture and implementation of security tools and processes for resources created within the Google cloud for ING Bank Śląski,
- extending the scope of vulnerability monitoring to all banking systems,
- improvements in the area of vulnerability monitoring on workstations,
- improving the security monitoring of the bank's systems and networks,
- improving the control process for managing network access principles,
- more than 300 security (penetration) tests of banking systems, including "Red&Blue" exercises and simulated *Advanced Persistent Threat* attacks.

The basic regulations for cyber security in its broadest sense include:

- Information Risk Policy,
- IT Security Standards (ITSS) e.g.:



- Information Risk Policy – Platform Security Standard at ING Bank Śląski S.A.,
- IT Security Standard – Security Monitoring,
- IT Security Standard – Security Validation and Testing,
- IT Security Standard – Identity and Access Management,
- Security Policy for Internet Payment Services at ING Bank Śląski S.A.

These and other policies are further clarified in related downstream internal regulations (e.g. procedures, instructions).

We care about the awareness of our clients and employees. We carry out a number of educational activities on fraud risks, cyber security and programmes to improve the skills and knowledge of staff to ensure that they are well aware of the bank’s fraud and cyber security risks. We provide a range of IT risk control system training, technical training aimed at cybersecurity professionals, IT Academy activities and online training continue. We have expanded the range of training platforms available to employees. We are also continuing the *Security Champions* programme, aimed at developing competence in the areas of cyber security and secure coding among application developers.

We have also carried out a number of activities to educate clients on threats and cyber security, including presentations at conferences and the Tech Blog, as well as a campaign involving recognised cyber security authorities in the market.

Online, e-learning and on-site training courses, particularly for new employees, are provided by highly qualified experts.

One of the important elements of the bank’s development strategy remains the continuous improvement of the competence of security professionals and the testing of systems, processes and people through numerous

exercises and tests. All of these activities are aimed at protecting the bank’s assets from threats from inside and outside, thereby protecting clients and the funds entrusted to them. Cyber resilience is one of the basic principles of building an online banking system. Cyber security and fraud prevention activities are formalised and based on the bank’s internal regulations. Despite rapidly changing trends, fraud scenarios and technology, the Bank’s security units, acting on the basis of and in accordance with internal regulations, efficiently and, above all, effectively counter threats.

All these activities are aimed at protecting the bank’s resources from threats from inside and outside and thus protecting our clients and the funds entrusted to us.

We have implemented and are continuously developing behavioural verification methods to identify potential attempts at criminal activity in the area of electronic banking channels. With this solution, we counteract the impersonation of Moje ING users by third parties. Behavioural verification allows for a better adjustment of protective mechanisms to the user of electronic banking by creating a dedicated behavioural profile of the client. These methods are used after obtaining the consent of the client. In order to encourage clients to use this type of solution, we continue to run awareness campaigns.

We also improve mechanisms for detecting anomalies both in the bank’s transaction system itself and in transactions ordered by clients, thus catching suspicious transactions – ordered by unauthorised persons – and we take care of the integrity of transactions ordered by clients, reducing the risk of internal fraud.

We are constantly developing tools, algorithms and rules to detect various types of fraud and abuse, including preventing confidential data leakage. We execute many of these tasks together with other ING Group member companies, as well as in cooperation with financial institutions, state bodies and law enforcement agencies. We establish cooperation with suppliers of

modern technologies in order to introduce new authorisation methods based, for example, on biometrics or client behaviour.

In addition, information campaigns for our bank’s clients warning them of current risks are already a regular feature of the services we provide. On current basis we keep our clients informed about existing threats through our websites, social media and educate them and show them how to behave in order to use online and mobile banking safely. Such activities are visible in our e-banking system for each user, and information is systematically placed on the basis of the currently detected threat targeting each electronic banking user. As part of client awareness, we also conducted a number of dedicated training courses for selected corporate and strategic clients.

The bank’s activities are not only limited to resources and data managed directly by the bank, but are also carried out in relation to third-party providers of key services. To this end, the bank’s contracts are continuously reviewed for compliance with applicable regulations such as: the PFSA’s Cloud Communiqué, the EBA’s guidelines and ING Group standards regarding security requirements for IT and cloud providers. We oblige the companies we work with to apply the best standards and guidelines in protecting the data and services entrusted to them.

As in previous years, we actively participate in the work of the Banking Cyber Security Centre Fincyber.pl operating within the Polish Bank Association.



Personal data security

GRI [3-3]

Introduction

The stability of IT systems also means protecting personal data of clients, business partners and employees. However, apart from IT security, the bank also cares about the physical security of the data and information stored in the bank and constantly improves its approach to personal data protection. The bank’s internal regulations strictly define the permissibility and principles of the presence of outsiders in the offices and exclude the connection of unverified devices to the bank’s ICT network.

Physical security features are tested on a regular basis and the conclusions of the inspection inspire change. Testing physical security and any method of remote access to systems has become an integral part of the bank’s APT testing of the bank’s cyber security resilience.

Management of personal data security

The Bank is committed to ensuring that the rights to privacy and protection of personal data, as set out in the *Charter of Fundamental Rights of the European Union*, the *European Convention on Human Rights*, the *Data Protection Regulation* (DPA) and the case law of the European Court of Justice, are taken into account when processing personal data.

We have regulated this area in our *Data Protection Policy*, which reflects the requirements under the law and sets out the bank’s obligations in this respect. It also includes principles relating to the processing of personal data, inter alia, their confidentiality, data minimisation and processing for a well-defined purpose, transparency and information requirements for individuals with regard to the processing and their rights.

We have appointed a Data Protection Officer whom any data subject can contact by writing to the bank’s postal address or email address abi@ing.pl. For more information on data protection and its implementation at the bank, please visit [this page](#).

In 2022, the bank found no substantiated complaints of breaches of client privacy, although administrative proceedings are pending before the Provincial Administrative Court in five laws and before the Supreme Administrative Court in three cases.

In 2022, the DPO confirmed the occurrence of 262 data protection breaches, of which 152 breaches required notification to the President of the Data Protection Authority. In the required cases – where violations of the rights and freedoms of individuals were assessed at a high level – we informed the affected persons of these incidents, as well as of possible measures to minimise the negative consequences for them.

Bank employees demonstrate a high level of awareness of personal, financial and business data protection by completing mandatory training cycles on an ongoing basis.

Programs aimed at continuous improvement of employees’ competences in the field of data protection are constantly implemented, indicating how important it is to protect the privacy of clients, business partners and employees themselves. In this respect, the bank uses meetings, workshops, as well as periodic communication to employees.

The security of using banking services also depends on clients, so the bank shares with them information about potential threats and recommends security solutions on devices supporting Internet banking transactions made by the clients. The Bank provides each client with a set of principles for the correct use of online banking:

- showing you how to create a secure password,

- keeping you informed about the risks in Internet banking,
- reminding you of the principles of safe banking,
- explaining how to protect against data theft on the Internet,
- teaching you how to protect your clients’ devices,
- blocking services when reasonable to protect clients against unauthorized access to their data,
- making you aware of the dangers during conversations with clients who visit us at the facility,
- attending workshops for academic circles aimed at raising awareness,
- carrying out numerous awareness-raising activities using bank communication channels.

The bank cares for both the safety of retail clients and the safety of corporate clients. As in previous years, conferences for corporate and strategic clients are held, during which the bank presents threats related to cybercrime and the mechanisms of applications and solutions to counteract abuse.

The bank has not only implemented the requirements related to the implementation of the *European Union Regulation on the protection of personal data*, but also analyses the changes and incorporates them without unnecessary delay into the procedures and internal regulations. Within the framework of the Polish Bank Association, the bank cooperates with other banks to develop the *Principles of Good Practice for the Processing and Protection of Personal Data in the Banking Sector*, as well as to develop consistent solutions related to the protection of personal data.



GRI [418-1] [own indicator – 7]

Key figures on data protection

	2018	2019	2020	2021	2022
Substantiated complaints about breaches of client privacy	0	0	0	0	0
Percentage of employees trained in personal data security*	99%	97%	97%	99%	98%

*does not include long-term absentees

ESG risk

GRI [2-12] [2-13] [3-3]

SDG 3, 8, 13, 14, 15

ESG Strategy

ESG issues are an important, enduring and inherent element for the entire organisation, addressed in the ESG Strategy, which is part of ING Bank Śląski Group’s business strategy. You can read more about our ESG strategy goals [here](#), while about our approach to managing sustainability issues [here](#).

ESG risk as an enabler of core risk categories

We have identified ESG risk as a risk factor that reinforces existing traditional risk categories – credit, market, liquidity and funding and operational risks – as interpreted in the *ECB Guide on climate-related and environmental risks – supervisory expectations relating to risk management and disclosure* of November 2020. ESG risk management is therefore about integrating mechanisms for its identification, measurement, assessment, mitigation, monitoring, reporting into the standard processes of credit, market, liquidity and funding and operational risk management.

Due to the specific nature of this risk – including the expected intensification of this risk in the future – we have adapted our organisational structure to manage it as best as possible and to ensure that it is effectively overseen and that the work of implementing mechanisms to manage this risk is carried out correctly and in a timely manner.

Oversight of ESG risk management

The organisational structure of risk management, including the role of the Supervisory Board, the Bank’s Management Board and the Division supervised by the CRO (Chief Risk Officer), is defined by the *General Principles for Managing and Mitigating Credit, Market, Liquidity and Funding and Operational Risks at ING Bank Śląski S.A.* The Bank’s Supervisory Board monitors and oversees the risk management process, including credit, market, liquidity and funding and operational risks. it is assisted in this task by the Risk Committee, which includes a minimum of three members of the Supervisory Board.

At the beginning of 2022, the Board approved a Risk Management Strategy, in which among the key objectives for 2022-2024 is the continuation of efforts to increasingly identify, measure and assess ESG risks, as well as efforts to ensure that the bank’s policies, procedures and processes are in line with requirements under external regulations.

The Bank’s Management Board is involved in monitoring and overseeing the risk management process, including credit, market, liquidity and funding and operational risks. The Bank’s Management Board approves the Bank’s business strategy and risk management strategy which include ESG risk strategies as elements. In addition, the Bank’s Management Board set up a standing ESG Risk Committee, tasked with creating the structure, policies, methods, models and tools for ESG risk management, and appointed the members of the Committee.

The Management Board has designated the CRO as the Board Member responsible for carrying out key tasks in the implementation of ESG risk management into the risk management system.

ESG Risk Committee

The ESG Risk Committee is the Bank’s standing committee dealing with ESG risk issues. within the framework of its activities, it has decision-making functions towards all the bank’s organisational units and advisory functions towards the Bank’s Management Board. The CRO acts as chairman of the ESG Risk Committee.

The tasks of the Committee include:

- setting and changing the level of ESG risk appetite limits,
- creating a policy for managing ESG risks:
 - approving methodologies for ESG risk management, including its metrics,
 - validating the tools used to assess ESG risks,
 - deciding on the implementation and modifications of regulations dedicated to ESG risks,
 - defining credit analysis standards for ESG risks,
 - defining the general principles of the ESG risk assessment and monitoring process,
 - determining the principles for including ESG risks in collateral valuation,
- defining a process for the comprehensive management of ESG risks, including the definition of IT systems to support the management process,



- approving ESG risk models, including their documentation, the results of their monitoring and validation,
- monitoring and assessing the level of ESG risks at stand-alone and consolidated levels,
- ensuring compliance with laws, supervisory regulations, deciding on the implementation of ING Group’s ESG risk guidance and recommendations and approving any other ESG risk issues.

The Committee is composed of the following:

- President of the Bank’s Management Board,
- Members of the Bank’s Management Board,
- Bank Directors in the CRO Division,
- Bank Director – Tribe Financing,
- Director of the Strategic Clients Financing Department,
- Tribe Lead III – Bank Director Loans and Insurance,
- Director of the Investors Relations Office.

As a general rule, the unit that informs the ESG Risk Committee and provides solutions for the management of ESG risks is the ESG Risk Team within the Risk Regulation Department (the tasks of the Team are further outlined in the information on the division into three lines of defence). The ESG Risk Team prepared an *ESG Risk Management Policy*, which was approved by the Board in January 2023.

ESG risk management under the three lines of defence

First line of defence

With regard to ESG risks, which are an element that reinforces traditional risks, the first line of defence identifies, assesses and monitors ESG risks as part of its standard process/role, described in separate regulations:

- Credit risk management policy at ING Bank Śląski S.A.,
- Operational Risk Management Policy at ING Bank Śląski S.A.,
- The Compliance Policy of ING Bank Śląski S.A.

Second line of defence

The units of the CRO Division ensure that ESG risks are duly and effectively addressed in all relevant processes managed by the unit. They advise the Governing Body on the measures to be taken to ensure compliance with applicable laws, rules, regulations and standards, and assess the possible impact of any changes in the legal or regulatory environment on the bank’s operations and compliance framework. Given that sustainability rules and standards may change over time, the bank may be more exposed to liability, litigation and/or reputational risks in the future. Second line of defence units ensure that all risks are appropriately identified, assessed, measured, monitored, managed and reported. for individual credit transactions, they provide independent analysis and expert opinion on risk exposures, including ESG risks. As ESG risks materialise through existing traditional risks, this analysis/assessment takes place as part of the standard activities performed within the CRO Division units.

The specialised ESG risk management unit within the 2nd line of defence is the Risk Regulation Department, within which the ESG Risk Team has been separated and is responsible for the creation of the ESG risk management policy within the CRO Division and its implementation, including:

- development of methods to manage ESG risks, including their measurement,
- developing the tools used to measure ESG risks,
- implementing and updating ESG risk regulations,
- developing and updating standards for assessing ESG risks in the credit process,
- developing the general principles of the ESG risk assessment and monitoring process,
- how ESG risks are taken into account in collateral valuation,
- development of a comprehensive ESG risk management process including identification of IT systems used in the process,
- supervision of ESG models, including documentation, monitoring results and validation,
- monitoring of the level of ESG risks at stand-alone and consolidated levels,
- ensuring compliance with the law, supervisory regulations and best practice of ING Group.

In December 2022, the ESG Risk Team prepared the *ESG Risk Management Policy*, which sets out how ESG risk is managed at the bank, including how ESG risk management fits into the existing framework for managing credit, market, liquidity and funding and operational risks. It describes in detail the channels for transferring ESG risks, including environmental risks, into traditional risk categories. The document was approved by the Board in January 2023.

In addition, within the CRO Division, sector specialists, through their transactional specialisation in a particular sector, add value in terms of,



among other things, lending directions through, for example, sector guidelines and spreading knowledge of the sector situation based on the analysis of individual transactions and available portfolio analyses. The credit risk factors analysed include ESG risk factors.

The Centre of Expertise Compliance (CEO Division) ensures that compliance risks arising from ESG risks are duly and effectively addressed through appropriate processes. It advises the Governing Body on the measures to be taken to ensure compliance with applicable laws, rules, regulations and standards, and assess the possible impact of any changes in the legal or regulatory environment on the bank's operations and compliance framework. Takes into account that, as sustainability principles and standards may evolve over time, a bank may be more exposed over time to risks related to liability, litigation and/or reputational damage that arise from climate and environmental issues as well as social risk (S) and corporate governance (G) issues. It verifies whether there were planned mitigating actions and, if there were, whether they were designed correctly and executed.

Third line of defence

Internal Audit Department, which – in terms of ESG risks – takes into account and assesses in its reviews the extent to which the bank is prepared to manage these risks. It performs internal controls of the risk management framework, including ESG risks, taking into account changes in the risk profile and in products and/or business lines. The assessment covers the adequacy of ESG risk management policies and procedures and their compliance with the bank's internal policies and procedures and external requirements.

Reporting of ESG risk

We disclose information on environmental risk, social policy and corporate governance in the Annual Management Report of ING Bank Śląski Group.

The ESG Risk team in the Risk Regulation Department, as part of its internal reporting on ESG risks, prepares and periodically presents reports on the level of ESG risks to the Bank's Management Board, Supervisory Board and ESG Risk Committee to enable decision-making and appropriate further action if necessary. This reporting includes:

- periodic reports – provide information on status and developments, and support regular ESG risk management decisions; depending on their content and purpose, they may be provided on a monthly or quarterly basis; an example would be the monthly reports prepared for the Management Board on the environmental risk assessment of client exposures by sector,
- (ad-hoc) reports – those are any reports prepared to decide on a course of action for the ESG Team's internal use or at the request of senior managers.

Reports to regulatory authorities may also be prepared.

ESG risk tolerance framework

The primary internal document that indicates the risk framework in relation to environmental and social issues is the ESG Manual. as part of the ESG risk identification process, we have identified sectors and areas that are excluded from funding and restricted. These are activities/areas with which – in our assessment – there is, among other things, a particularly high risk of negative environmental impact and a high risk of negative social impact.

The environmental and social risk assessment covers the client and the transaction. We make our assessment to the best of our knowledge. At client level, we assess whether the business is conducted with respect for human rights, environmental principles and is not covered by exclusionary policies. At the transaction level, we assess whether it complies with the requirements of the detailed policies.

Sector exclusion policy for corporate clients to whom credit and other banking products/services are offered. It applies to activities with a particularly high risk of negative impacts on the environment and the principles of sustainable development and a risk of human rights violations. We do not establish relationships with clients whose core business is covered by ING Bank Śląski's exclusion policy. Past relationships with this type of client have been terminated or an exit path is agreed.

Sector-specific policies apply to corporate clients to whom credit products are offered. We identify and appropriately manage relationships with clients who operate in areas of greater social or environmental vulnerability. We have specific policies in place to support the protection of the environment and to minimise risks in exposed business areas.

Detailed policies concern the following areas:

- animal welfare,
- forestry and plantations,
- tobacco industry,
- industrial processing,
- chemical industry and utilisation of chemicals,
- defence and the arms industry,
- hard coal mining, coal-fired power industry, and related businesses,
- other mining and power industry, petrochemical industry and metal manufacturing.

We respect and care for the environment and expect a similar approach from all clients. After 2025, we will not finance coal clients whose business is directly dependent on thermal coal to the extent of more than 5%. Furthermore, we do not fund:



- new coal-fired power plants and oil sands projects and dedicated oil sands infrastructure,
- fishing with harmful methods or against protected species,
- harmful or illegal tree felling,
- ship dismantling activities without the appropriate environmental certification,
- operations located in UNESCO World Heritage sites, wetlands listed in the Ramsar Convention or significantly affecting these areas or critical habitats registered by the International Union for Conservation of Nature (IUCN).

We have specific policies for funding areas with, in our assessment, high environmental risk.

We support clients on their journey towards environmentally sustainable operations. We support them in building awareness of:

- environmental impact of their business and the impact of ESG factors on their financial situation,
- take action to eliminate or reduce negative impacts and implement (where possible) sectoral best practice.

We require credit clients operating in sectors with significant environmental risk or significant exposure to environmental risk – in the standard credit process(*Normal Track*), commensurate with the size of the client, type of transaction and materiality of risk:

- transparency as to the client’s environmental impact,
- as far as possible – have a policy/strategy/plan to move towards an environmentally sustainable economy,

- information on environmental objectives/activities – undertaken and planned, as well as the extent to which ESG risk mitigation actions have been implemented.

As part of our social risk management, we have a well-established exclusion policy. The full funding ban applies to the following areas:

- human rights violations/abuses, including in situations of forced labour, child labour, inadequate working conditions, use of violence,
- risks to the health of workers and local communities, including contact with harmful chemical materials, transmission of animal diseases to humans, non-compliance with labour laws,
- production of and trade in controversial weapons, including: anti-personnel mines, cluster munitions, phosphorus bombs, depleted uranium munitions, nuclear, chemical, biological weapons,
- cultivation, processing, production and sale of tobacco and tobacco products and e-cigarettes,
- asbestos-related activities, fur farming, gambling.

We have a detailed policy on defence financing and activities related to the arms industry. We are not opposed to establishing relationships with this type of client. We take the view that sovereign states, within the limits of the law, regulations, national and international conventions, have the right to maintain public order, to participate in joint military missions or peacekeeping missions, and to defend themselves and to have armed forces properly equipped. However, we believe that certain companies, weapons and activities violate our values and business ethics. We do not engage with controversial weapons because of their particularly destructive nature and the results of their use: mass casualties and destruction in the area under attack, from which it is difficult to exclude civilians. By key components of controversial weapons we mean infrastructure, equipment

parts and materials, services and programmes and systems (mechanical, electronic and digital) specifically designed for controversial weapons.

In the *ESG Manual* , we have identified selected standards, guidelines and initiatives whose application can be an important reference in the social risk assessment process, such as: *Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, International Labour Organisation Conventions on Labour Standards, UN Global Compact, Guiding Principles on Business and Human Rights, ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, OECD Guidelines for Multinational Enterprises.*

Any caveats in the *ESG Manual* also apply to the Bank’s suppliers (KYS process – *Know Your Supplier*).

We also pay increased attention to the credit analysis of corporate clients who operate in sectors we have identified as higher environmental and social risk.

Definitions and methodology

In establishing the principles and framework for ESG risk management, we are guided by the EBA guidelines EBA/GL/2020/06 of May 2020 on Loan origination and monitoring. From 30 June 2021, the bank is obliged, among other things, to include an assessment of the ESG exposure of its clients’ business in its lending process. Guided by these guidelines, we have included environmental, social and governance factors in our credit risk appetite and incorporated them into our credit assessment processes for corporate clients. We have developed Environmental Risk Heatmaps, which provide a benchmark for individual corporate client assessments in manual pathways and also allow for sector and/or portfolio approaches in environmental risk assessment. Heatmaps for retail portfolios allowed for the assessment of environmental risk within a specific product group.



In the introduced standards on ESG risk management, we have also taken into account the provisions of the *ECB Guide on climate-related and environmental risks – Supervisory expectations relating to risk management and disclosure*, November 2020, and the *EBA Report on management and supervision on ESG risk for credit institutions and investment firms*, EBA/REP 2021/18, July 2021.

With regard to the ECB Guide, we conducted a compliance analysis in 2021, approved by the Credit Policy Committee. In 2022, we continued to work on fulfilling the recommendations from this document.

We have indicated in the ESG Risk Management Policy the methods, definitions and international standards used. Among other things, there we defined environmental, social and corporate governance risks, using the provisions of the *EBA Report on management and supervision on ESG risk for credit institutions and investment firms*, EBA/REP 2021/18, July 2021. There, we also identified the key ESG risk factors and their channels of transmission to traditional risks.

We continually monitor regulatory risks arising from changes in the legal environment in relation to the financial sector – following the work of regulators and legislative proposals. We participate in the work of the Polish Bank Association on the interpretation of ESG regulations.

Processes to identify, measure and monitor ESG risk-sensitive activities and exposures

As we treat ESG risk as an enabler of the core risks (credit, market, liquidity and funding, operational), most of the processes to identify, measure, monitor these risks have been built into the standard processes for managing these core risks.

The KYC process excludes the risk of establishing a new relationship with a client carrying out environmentally and/or socially harmful activities, and

allows us to identify clients carrying out such activities among existing relationships, with the result that we stop offering them new products and services. Thus, the KYC process significantly mitigates environmental risks in the short, medium and long term, thereby affecting the level of credit, liquidity and funding and reputational risks.

As part of our standard corporate client credit risk management processes, we have included the identification, measurement/assessment and monitoring of individual client ESG risk (assessment in the credit application and the possibility of rating appeals), which affects the level of funding in manual processes. We have also included a sectoral assessment of environmental risk, which influences the level of financing in automated and semi-automated processes and provides a benchmark in the individual client's assessment. The relevant regulations and internal rules are contained in documents: *Credit Risk Management Policy*, *Sector Guidelines*, *Business Banking and Wholesale Banking client environmental risk heatmaps*, *ESG Manual*, *Corporate Client Credit Manual* and *Strategic Client Credit Manual*.

These *Environmental Risk Heatmaps* are based on an expert assessment of the environmental risk factors of each sector. They therefore provide both a benchmark for assessing the ESG risks of an individual client, but also allow for portfolio consideration and assessment of these risks, e.g.:

- by incorporating the Heatmap's assessment of the sector into the process of determining the overall classification of the sector, which is translated into the corporate client's credit limits in the automated and semi-automated processes,
- in the internal reporting of the bank's credit exposure to corporate clients in sectors with a certain level of risk.

Environmental risk heatmaps were drawn up with a medium time horizon of up to 5 years.

For investment projects subject to the *Equator Principles*, we apply this socio-environmental principles standard in the assessment of transactions. Projects that do not comply with the *Equator Principles* are not financed by the Bank.

For the retail mortgage portfolio and the retail cash loan portfolio, we also produced *Environmental Risk Heatmaps*. For the mortgage portfolio, the risks identified are related to physical risk factors and the low energy efficiency of the financed property. For the cash loan portfolio, we assessed the impact of ESG factors as indirect, mainly resulting from the potential destruction of client-owned property, loss/reduction of income due to, for example, loss of a job in a high-risk environmental sector, or reduction or loss of creditworthiness due to increases in energy prices.

For properties hedging retail and corporate credit exposures, we have provisionally assessed the physical risk as low. In addition, we do not accept collateral exposed to environmental risks (the relevant provisions are contained in the internal collateral instructions for each segment). In addition, flood risk for properties taken as collateral is examined in the valuation/valuation review process, e.g. in practice flood risk is part of the risk areas examined.

In 2022, we carried out for the first time an estimation of the physical climate risk in the bank's banking portfolio, in accordance with the *EU Commission Regulation (2022) laying down implementing technical standards with regard to the disclosure of information on environmental, social and corporate governance risks*. For a discussion of the estimate, see the [ING for climate](#) chapter. The table with data along with a discussion of the estimates is included in the Attachments, in the section [Figures - ESG risk](#).

We have defined a method for estimating/measuring the energy efficiency of real estate collateral. The table with data along with a discussion of the estimates is included in the Attachments, in the section [Figures - ESG risk](#).



In the KYC process for the bank’s largest clients (strategic client segment), the ESG risk assessment at client level and the risk assessment at transaction level take into account social factors. Social risk factors such as, for example: human rights, labour rights, the impact of the activity on communities and societies are taken into account. We do not fund clients with an unacceptable level of ESG risk, and for clients with a high level of ESG risk, we conduct an in-depth assessment. We also have specific policies for the financing of areas with – in our view – high social risks, in line with the *ESG Manual* (e.g. arms, tobacco, chemicals, industrial processing, animal welfare).

In the credit process for clients in the medium and large business segment, in the standard path of the credit process we assess the client’s sensitivity to social risk factors and its ability to mitigate these risks. In addition, we have identified and indicated sectors/areas sensitive to social risk – we require additional information from clients operating in these sectors/areas to assess social risk. We do not finance new clients for whom social risk has been assessed at an unacceptable level, and we can set corrective actions for clients with credit exposure with a high risk level. Reporting on the distribution of the portfolio of medium and large companies by level of social risk takes place on a semi-annual basis.

We do not accept collateral with which to bear social risks – the relevant provisions are contained in the internal collateral instructions for each segment.

We have defined corporate governance risk factors in the *ESG Manual* and take them into account in the ESG risk assessment of the bank’s largest clients (strategic client segment clients), carried out as part of the KYC process, at the individual client level. Among other things, we analyse issues such as how the client reports the impact of the E and S factors, having a human rights policy, information on negative NGO/media campaigns or possible stakeholder protests.

In the manual credit process, credit analysis standards for strategic clients and medium and large companies include the requirement to assess the client’s sensitivity to corporate governance risk factors (on a best knowledge basis) and to assess its ability to mitigate these risks. For large companies, the assessment of ESG risks is made on the basis of information contained in published non-financial risk strategies/reports.

As part of our liquidity risk management, we performed a stress test in 2021 with horizons of 5, 10 and 20 years. The test scenarios identified risks, trends in climate, business, legal and social changes that affect the Bank’s liquidity. The results of the climate liquidity stress test indicate that the bank will maintain an adequate level of liquidity despite negative factors related to physical or transformation risk. as part of this stress test, we also considered the impact of physical and transformation risks on bond pricing and the impact on changes in credit volumes. The conclusions of this analysis will be used in determining the bank’s development directions. This stress test will be repeated as necessary and, by design, at least every three years.

The current system for managing non-financial risks, including operational risks (including aspects of legal, compliance excluding greenwashing risks) – including reputational risks, addresses environmental and social risks. For example, there are separate categories of operational risk in the bank, such as business interruption – continuity risk, risk of inadequate staffing practices and workplace security, or risk of compromising the security of people and resources. The process of risk identification, measurement and monitoring is described in the *Operational Risk Management Policy at ING Bank Śląski S.A.* and in the document *Policy – Principles for Reputation Risk Management at ING Bank Śląski S.A.*

We are in the process of defining compliance measures internally to reduce the risk of greenwashing.

We run an internal training programme, as well as participating in external events on ESG risks. Training aims to build awareness of ESG risks and mitigate them through effective action by employees within the processes in which they participate.

ESG data

We are working to acquire environmental risk data, including highly precise location data for the risk of violent and progressive weather events, and precise data on the energy efficiency of buildings. We have access to data that has allowed us to make a very preliminary estimate of the exposure to physical climate risk, the CO2 emissions of the loan portfolio and the carbon footprint of the collateral properties. We are following the external regulatory environment in terms of its translation into the introduction of publicly available databases containing information on, for example: energy performance certificates for buildings, CO2 emissions in bands I, II and III.

Channels of transmission of ESG factors into core risk categories

We expect the impact of higher energy costs from non-renewable sources on the debt repayment and debt service capacity of corporate and retail clients. for corporate clients in high transformation risk sectors, we expect additionally higher levels of their debt for the necessary transformation investments, possibly with increasingly lower yields if they do not address transformation risks. We have excluded corporate clients with environmentally damaging activities from financing, and have introduced steps in our lending processes to take a more prudent approach towards clients in sectors with high environmental risk.

Based on preliminary calculations, we do not expect a high cumulative impact of physical risk factors on the bank’s collateral properties. We are trying to develop an approach to accurately identify the impact of physical risk factors on the type of business being conducted, in order to determine



the potential impact on client PD. We have currently adopted a very precautionary approach in this regard, based on *Environmental Risk Heatmaps*. The area of physical risk will be subject to further analysis.

The results of the 2021 climate liquidity stress test indicate that the bank will maintain an adequate level of liquidity despite negative factors related to physical or transformation risks.

We have assessed that in the short term, social risks may materialise mainly through: major social incidents, fines paid resulting, for example, from non-compliance with labour laws, court cases, investor preferences – which may translate into higher costs of raising capital, contractor and consumer choices, the outflow of valuable labour (costs of recruitment processes, training for new employees, etc.).

Serious incidents in the area of human rights violations or accidents at work, especially when publicised in the media, can lead to a change in investor preferences (increased cost of raising capital) and a change in counterparty and consumer choices, thereby realising themselves in credit and market risk (reduced creditworthiness, reduced asset value).

Inadequate health and safety standards, e.g. a high number of serious occupational accidents or serious incidents of discrimination (especially publicised in the media), can result in court cases (costs) and the payment of fines or damages or compliance costs – compliance (reduced profitability of the company, reduced asset value). Failure to invest in employee well-being can lead to an exodus of the most valuable workforce (recruitment costs, costs of acquiring and training new employees). Consumer boycotts resulting from controversies around the conduct of business, manufacturing of products, services, unethical supply chain, conflicts of interest, can translate into a reduction/loss of creditworthiness, value of assets.

We recognise that the materiality of social risk may increase in the medium to long term, in particular due to changes in policy and market sentiment

related to social transformation, the introduction of enforcement mechanisms into the legal system (e.g. equal pay) and the implementation of social risk reporting requirements (ESRS) to ensure comparability of disclosures. Social risks can be realised in particular in the case of clients who are not prepared or willing to adapt or do not have the necessary resources, and can therefore become the target of complaints, be affected by lawsuits, market pressures or reputational risks.

We expect changes in external legislation to regulate greenwashing. We attach great importance to transparency in our information policy and transparency in the products and services we offer. In our view, this approach minimises the risk of being suspected of greenwashing. We are in the process of defining compliance measures internally to mitigate this risk.

Model risk

Model risk management is performed in compliance with the *Model Risk Management Policy at ING Bank Śląski*. The Policy provides for:

- model life cycle,
- principles for assessing the materiality and risk of models,
- functioning principles of the model register,
- principles for carrying out performance monitoring and model validation,
- principles for calculating risk capital for the models and applying model capital charges.

The Model Validation Department provides a model register, which is a repository of information on the risk and valuation models operating in the bank's group, and which is kept up to date by participants in the model risk management process, including model owners, validators and modellers. The register and model logs contain, among other things,

information on the relevance of the models, the results of monitoring their effectiveness, and the results of model validation and their risk levels.

The bank's capital group regularly assesses the risks of the individual models and, if required, allocates capital charges to the models in accordance with the principles adopted in the internal regulations.

The quality of the performance of the models shall be verified as part of the monitoring of the effectiveness of the models and the validation of the models, during which their exposure to sources of model risk shall also be assessed. Model validation is performed in compliance with the *Model Validation Policy at ING Bank Śląski* and validation instructions.

Management reporting to the Committees, the Management Board and the Supervisory Board on the status of model management and validation activities includes, inter alia, the results of the validation and risk assessment of the models, an assessment of the aggregate level of model risk in the context of the assumed tolerance level for this risk.

Business risk

Within business risk, the group distinguishes one significant risk – macroeconomic risk.

Macroeconomic risk is the risk due to macroeconomic factors and their impact on the levels of minimum capital requirements. The Group manages this risk by conducting regular internal and supervisory stress tests, in accordance with the Stress Testing Policy, which allows for ongoing monitoring of the sensitivity of the minimum capital requirements to macroeconomic factors. In 2022, the group performed full internal capital tests twice: as at the end of Q4 2021 and at the end of Q2 2022. In addition, the group took part in supervisory testing of the banking sector.



Based on the results of the internal stress tests, in accordance with *the Methodology for Estimating Economic Capital for Business Risk*, the group estimates additional *economic* capital to protect against the effects of the materialisation of the tested scenario. Due to events in the previous year, including the war in Ukraine, dynamic changes in the macroeconomic environment and the results of the stress tests, the group decided to add additional economic capital for macroeconomic risk.



ING for clients (S)

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Our mission is to support and inspire people to be one step ahead in life and business. We focus on technological development and on supporting clients in their daily functioning. We respond to needs, increase availability and flexibility. We are committed to simple language and understandable banking.

Support for clients from Ukraine

We want to help refugees return to normality as soon as possible, secure money, regain the ability to pay and make transfers. That is why we have implemented a number of facilities in our banking for them.

We have prepared an offer that responds to the Polish Financial Supervision Authority's expectation of banks to provide refugees with access to basic payment services and to streamline the distribution of financial support intended for them – in case they cannot meet all the standard conditions required to open accounts. In addition, all information about legal requirements and offerings and instructions are available on our website in their native language. Also, the contracts for accounts dedicated to this client group are available in Ukrainian.

Information for refugees

At the very beginning of the war, we set up an information service to present key information about our activities in support of our neighbours and to answer the most common questions. We also encourage our clients to join in to help by making charitable transfers. The service is available at War in Ukraine – client information (ing.pl). We write about the effects of the ongoing collection and other charitable activities for Ukraine in the [ING for community](#) chapter.

In the following months, we presented information about newly produced refugee products and guides – both for refugees and those who assisted them – on our pages. The materials are published in two language versions – Polish and Ukrainian.

Account for Refugees

In response to the situation in Ukraine, in Q1 2022 we introduced an aid account with a debit card – the Account for Refugees – which gives access to basic payment services. The account holder can more easily meet the basic needs of life and benefit from financial assistance targeted at refugees. Due to the limited nature of the product, the holder of such an account cannot use other standard banking products (with the exception of the Deposit Account for Refugees). Once the refugee client has collected all the necessary documents and confirmed his or her identity, he or she can take advantage of the standard account offer with full access to services and features.

An account for Ukrainian refugees can be opened at banking facilities. Also at ING Express outlets, which are located in shopping centres and have longer opening hours than the bank's other outlets. In some of these outlets, clients can expect service in Ukrainian or Russian. Clients also have the option to speak to and make an appointment through a dedicated team on the helpline. In addition, we have provided an appointment form in Ukrainian on the website.

Moje ING version for refugees

We have created a version of Moje ING specifically for refugees, which works with clients who have a Account for Refugees. All the functions recommended by the PFSA are available there, as well as a number of other functions that are necessary to operate the account.

We write more about our work for Ukraine in the [ING for community](#) chapter.

Technological development

GRI [3-3]

SDG 9

We invest in state-of-the-art technology. We see them as a catalyst for change based on digitalisation and data management and as a source of innovation within the company. We support our clients by offering modern, digital solutions tailored to their needs. We are introducing further innovations because banking apps are now the natural centre of expense management.

Implementing a new central system

At the end of 2021, we began implementing Thought Machine's Vault central system. The core banking system is the central point for all banking platforms and applications. Vault is a modern cloud-based *core banking* system and is an important part of the bank's digital and technology transformation.

What does the TMV system give us?

- The current central system does not allow us to respond to customer needs in the way we would like. It takes a lot of work to introduce changes or create new functionality. TMV enables quick product changes. Thanks to the fact that it is not a monolithic system, but surrounded by microservices, we can change its individual elements. Changing one element, without affecting the others, saves time and our work.
- An important benefit of implementing a new central system is the separation of the platform from the product. This means that when



developing a given product or creating a new one, the work will be carried out by one team, which will significantly reduce dependencies with other teams, as well as with other ongoing initiatives.

- The advantage of TMV over other similar systems is that we participate in the construction of a modern platform, which is also used by other banks. And it is important for us to give the market a sign in which direction the changes should go. We want to be and we are pioneers of change.
- TMV is adapted to be implemented in the cloud. This is important due to the high scalability of cloud solutions, and at the same time in line with our company's strategy.

The implementation of the new system started with the transfer of processes related to cash loans for individual clients to the system. In 2022, the target architecture for the infrastructure under the new platform was finalised. All equipment was delivered, implemented and configured in accordance with the bank's policies. This allowed all environments (production and non-production) to be launched and operationalised in the target model.

After launching our first product, a cash loan as part of our so-called Friends & Family offering, in 2022 we focused on:

- stabilisation of the new platform in the ING ecosystem,
- development of further functionalities on the new platform,
- building services that perform specific functions. Such services include a loan repayment processing service and a loan schedule conversion service, which have already been implemented in production.

Another element being implemented as part of the NextGen Core Banking project is the work involved in integrating the new platform with other applications used in the bank, with a focus on automating operational processes. Among other things, the procedure for refunding the loan

origination fee in the event of early repayment has been fully automated. Changes to the *event-driven* feed of the data warehouse, as well as the general ledger, have been implemented.

Moje ING

[own indicator – 5]

We are constantly expanding the list of services available in Moje ING. Our mobile app is already being used by 2.5 clients. We care about the quality and reliability of our systems. Moje ING 2022 availability 99.98% (99.93% a year earlier).

Public transport tickets

We added the ability to purchase public transport tickets in more than 100 cities on the Moje ING app. The service is available on Android and iOS phones. With this service, clients have access to tickets on their app and do not need cash to purchase a ticket. In the event of an inspection, it is sufficient to show the ticket on the phone screen. In 2022, customers bought almost 1.5 million transport tickets.

Geolocated parking and ticketing

If the client agrees to geolocalisation, we will tell them where they are – all they have to do is use the “Locate me” option in the app.

For car parks, we will suggest which parking ticket to buy. With the “Guide me to my car” option, clients will find their car in the car park more easily.

Offer before activation of the mobile application

We present a pre-activation offer to clients who have downloaded the app and do not yet have an account with us or who have not yet activated their app. In the offer, clients will see how they can save, invest and also borrow money with us for any purpose. In addition, we present our wide range of

non-banking services, such as discount codes, the possibility to purchase transport tickets and pay for car parks and motorways.

Benefits for children

Our clients will conveniently apply for the so-called “nursery” benefit in the Moje ING app or in online banking. We have also made it possible to apply for the Family Care Capital, a benefit that is available for the second and subsequent children in a family, aged between 12 and 35 months.

In 2022, our clients submitted:

- 430 thousand applications for 500+,
- 305 thousand applications for 300+,
- 45 thousand applications for Family Care Capital,
- 1.6 thousand applications for funding for nurseries.

mSzafor – qualified signature

Bank clients can obtain a fully qualified single-use mSzafor electronic signature. It has the same legal force as a handwritten signature and documents are signed completely remotely. All you need for this is a smartphone, tablet or computer with internet access.

mSzafor is an innovative version of the qualified electronic signature. Unlike the standard e-signature, mSzafor is a digital product that does not require physical devices such as cards or readers.

Voice-code

We have introduced additional authorisation when activating the Moje ING app. As standard, we asked our clients to enter a text message code. We will now additionally ask you to enter a code transmitted by the machine during the voice call. The provision of the code is preceded by a message warning of the potential danger. The voice message is an additional security



feature designed to protect clients from fraudsters who impersonate a client and install an app on their device on their behalf.

Extension of contractual terms in Moje ING

From March 2022, clients can benefit in Moje ING from the extension of the construction period and the deadline for the delivery of the deed. Until now, to do this it was necessary to order an addendum on the bank’s helpline and then have it signed at the meeting place by all borrowers. Nowadays, clients carry out their request for these changes remotely in Moje ING at the most convenient time for them, without leaving home and one-on-one on behalf of the other borrowers.

In addition, the process in Moje ING is very simple, automatic and free of charge for the client.

Remote handling of the suspension of loan repayments

Following the adoption of the Act of 7 July 2022, we implemented the possibility of applying for suspension of mortgage repayment in Moje ING. The client can request them without having to visit the venue in person.

The remote handling of a request for suspension of loan repayment allows all possible periods to be selected for suspension. The service is free of charge and the whole process has been designed to guide the client step by step. Clients opting for remote servicing save time and avoid the inconvenience of, among other things, travelling or having all the borrowers turn up at our meeting point, in addition to having their needs met efficiently.

Your card Online

On 1 February 2022, we made the “Your Card Online” functionality available to clients. This is a list of mobile apps and online shops where the client has saved their Visa contactless card details. This solution has a positive impact on the control of payments. It lets clients know which online services store

their card data. The list is also educational – we direct you from it to a dedicated page where we write about the most important aspects of safe card payments online.

Provision of Paybynet payments from KIR

At the end of March 2022, we made it possible for clients to make administrative payments, including tax payments, through their bank account by going directly from the tax portal to Moje ING online and mobile banking. This change allows clients to make administrative payments faster and easier.

Another entity in the Add an account from another bank service

From Q2 2022, clients can preview their accounts and cards with Credit Agricole in Moje ING and Moje ING mobile. We also allow you to initiate a transfer from added accounts from this bank. Currently, our clients can already add accounts and cards from as many as 8 banks in Poland. In addition to simply viewing balances or history, we are the only one in the market to allow categorisation of transactions from added accounts. Transactions from other banks are also included in the Expenditure Analysis and Budget. As a result, clients using the Add Account from Another Bank service in Moje ING have a more complete picture of their finances and can manage them more easily.

Changes to BLIK transactions

In Q2 2022, BLIK payments have gained a new quality that improves the client experience. We have refreshed the code page with which clients pay in shops and online. It is now even easier for the client to copy the code and check before payment whether they have enough money in their account for BLIK payments. We have also increased the usability of the code page with links to other useful BLIK payment features. With one click, the client can now go to transfers to the phone, transfer requests, account splitting or change BLIK settings.

In Q3 2022, we made available in Moje ING the possibility for a parent or legal guardian to change the BLIK transaction limits for a child, without having to contact the helpline.

We introduced a mini-guide in Q4 2022 for those clients using BLIK on the mobile app for the first time. The client is guided through a set of screens that suggest what BLIK is used for and how it can be used in practice.

Another change introduced in Q4 2022 is animated and personalised BLIK process summary screens. We appreciate the client on them for processing the payment and activating the service. We also hint at possibilities (e.g. Shopping without a BLIK code).

Visa Mobile – a new payment method

Visa Mobile is a new online card payment method that we made available in Q4 2022 to users of the Visa contactless debit card or ING Visa virtual card for online payments.

This solution makes it easier for clients to pay by card online. He or she does not need to provide full card details, making this method quick and convenient, yet secure. Visa Mobile payments can be activated as soon as a new Visa contactless card is ordered. The client does not have to wait for the card to arrive or activate it to pay in the online shop. Visa Mobile payments can be activated on any phone with the latest version of the Moje ING app installed.

New version of the Broker module

In September 2022, we made a refreshed version of the brokerage module in Moje ING online banking available to our clients. This is the first stage in the evolution of our brokerage system to make investing even more simple and enjoyable. The client and their needs are always put at the centre of our activities, which is why we have developed new solutions together with them through, for example, interviews with investors, cyclical usability tests or analysis of the client’s voice.



The most important changes implemented were:

- Brokerage account history in one place, so you can quickly and easily find the information you need, e.g. stock transactions, deposits and withdrawals, gains/losses.
- Convenient order management – orders can be issued from multiple locations in the Broker Module, e.g. by clicking on the name of the company you have in your portfolio or by clicking on the share price in the quotations.
- A refreshed online application module so that applying for and managing your brokerage account is convenient and accessible without leaving home.

ING Business

[own indicator - 6]

ING Business is an online banking platform designed for corporate clients (companies operating as a company, i.e. other than entrepreneurs, who are serviced through Moje ING). The ING Business ecosystem consists of a browser version, native smartphone apps and a H2H channel – ING WebService. ING Business availability was 99.86% as at 2022 yearend (99.92% a year earlier).

In 2022, we worked on building a new platform based on TouchPoint Architecture technology, common to the ING Group. The changes included both the user interface and a new technology solution. In designing the new system, we paid particular attention to accessibility for people with disabilities in accordance with WCAG 2.1(*The Web Content Accessibility Guidelines*). Modules from the legacy system have been embedded in the new solution and are being successively replaced by new modules.

In 2022, we implemented: a new top bar (navigation menu) and app footer, welcome messages, product page and financial passage, and the ability to authorise 3D Secure transactions using a certificate or mobile app.

In addition, we have changed the login for the ING Business system:

- the new address of the login page, its design and the way to enter the login, password and text message;
- for logged-in users, a new version of the password change function;
- a new look for the login page for users using a certificate as an authentication method. As a result, users who previously used a login and password to log in to ING Business Card do not need to log in separately – they can log in to both systems using a certificate.

A very important element of our change is that we have ensured that the new login page is user-friendly and accessible, i.e.:

- responsive, i.e. adapting to the size of the screen – from the smallest smartphone to a large TV,
- in any light – the font (“font”) is the right size and contrast to read it comfortably if the user has visual difficulties or wants to use the system outdoors,
- is fully keyboard-operated so that assistive technologies (e.g. screen reader) can be used,
- a login reminder and a new password setting function is available,
- the new login is fully accessible for visually impaired and blind people – it meets WCAG 2.1 guidelines at AA level,
- we write each communication according to the principles of plain language – that is, clear, understandable and without banking jargon.

Behavioural verification

As part of the implementation, we launched a new function in the My Profile menu – behavioural verification. The solution is based on technology that enables the creation of a biometric profile of the user based on how the device (e.g. mouse, keyboard, smartphone) is used. The technology used in the solution 'learns' the user, creates a pattern of behaviour and then catches deviations from the previously recorded pattern. In order to enable behavioural verification, the user gives his or her consent to, among other things, data processing and data analysis.

Security

We have introduced a control that monitors the devices from which a user logs on to the ING Business system.

If we identify a device from which we have not recorded any logins so far, we send an email to inform the user that a login from a new device has taken place.

Cancellation of transfers

From May 2022, clients have the option to cancel selected domestic transfers via ING Business. This functionality applies to transfers that have been sent for execution.

The cancellation of a transfer is available from the level of the details of the orders that are still revocable (according to the cut-off times for the individual order types). The action is performed on a one-to-one basis – to use this function, the user must have the authority to cancel transfers and the authority to sign transfers from a specific account.

Cards

In May 2022, we made it possible for users of the ING Business Cards module to activate their corporate cards.



In addition to activation, we have also provided the ability to quickly and easily change the PIN for the card, the ability to block, close, temporarily lock and unlock the card, and the ability to enable and disable contactless on the card.

In addition, we have implemented card tracking in ING Business Cards. This is a new functionality that allows the user to keep track of information about the planned date of shipment and delivery of the card, and also tells the user what to do if the shipping address does not match or if the card has not arrived.

Mobile application

We have released two major updates to the mobile app in 2022.

The first of these included a new application activation process, which can now be done entirely in the mobile app for most users. Thanks to the changes, activating the app is faster, simpler and just as secure as before. As part of the application, users gained an overview of their corporate cards, along with the ability to view and filter their card transaction history.

In the second half of the year, we implemented a number of important corporate card processing features in the mobile app, including 3D Secure card transaction authorisation from push notifications in the mobile app, card activation and PIN assignment, card PIN change, new, more convenient list and card detail views. In addition, we have also been developing BLIK – adding the ability to remember shops and browsers as part of the BLIK One Click service, as well as making BLIK transactions with KIR commission. As part of improving the app’s communication capabilities, we have enabled linking to pages in the browser from push messages sent to clients.

BLIK for corporate clients

on 28 April 2022, we became the first bank in the market to make the BLIK service available for business.

As part of the BLIK service, clients can make: payments online and at terminals, cash withdrawals at ATMs in the country and deposit cash at ING ATMs and the Planet Cash network. In Q4 2022, we added the possibility of BLIK Payments without a code (so-called One Click) in the ING Business mobile app. Once a BLIK payment has been made online, the client can add the online shop where he or she shops or the browser he or she uses to the memories. With this function, BLIK payments on the internet are made even faster and more conveniently with complete security. Another new feature is BLIK Payments using Paybynet, which allows BLIK transactions to be carried out at government offices and online platforms.

We were also recognised by Gazeta Finansowa – BLIK for corporate clients was among the best SME products of 2022.

Card Credit Limit – Application

In March 2022, we launched a new card credit limit application process on the ING Business app – “Card on Click”. Selected companies in the corporate client segment were given the opportunity to order a credit card and conclude a Framework Agreement for a card credit limit of up to PLN 20,000 as part of a prescoring offer – i.e. fully remotely and without the need to provide documents.

SAIO

Launched in 2021, SAIO – created and developed within ING – is a solution that offers companies from various sectors of the economy a platform for the end-to-end robotisation of business processes.

We published articles in online publications and portals and were active on social media. We have also strengthened our recognition through our presence as speakers at industry events, including the Computerworld RPA & AI Conference, the Business Banking event for the Kujawsko-Pomorskie Region, the Executive lunch with Gekko Advisory now, the Meeting for the

Polish Economic Chamber of Electrotechnics. We also promoted SAIO at the European Economic Congress in Katowice.

Building SAIO’s image in the market has had a positive impact on its business performance. In 2022, we started working with further partners, both in Poland and abroad. We have significantly increased our collaboration with ING Group units that use SAIO, and we have established many new relationships with corporate clients who are looking for intelligent business process automation solutions.

Business responsibility

GRI [3-3] [417-1]

SDG 10

At ING Bank Śląski, we are guided by responsibility in our business and non-business activities. In addition to being guided in our daily work by the Orange Code and the principles of the Code of Banking Ethics, we devote much of our attention to ensuring the highest quality and safety of our services and products.

KYC – Know Your Customer

ING Bank Śląski’s priority is to protect clients and the financial system from financial and economic crime. The Know Your Customer (KYC) process plays a key role here, which includes FEC requirements. (*Financial Economic Crime*), tax avoidance including FATCA (Foreign Account Tax Compliance Act), CRS (*Common Reporting Standard*), the DAC 6 (*Directive on Administrative Cooperation* 6) and the ESR (Environmental Social Risk).

Our KYC Policy sets out the requirements and internal controls to ensure bank-wide compliance with regulations on:

- getting to know clients and business partners,



- reducing the risk of financial, economic, fiscal and environmental crime,
- preventing breaches of social norms by employees as well as clients and business partners.

The KYC policy describes the bank’s approach in relation to laws and regulations in respect of:

- The Act on the Prevention of Money Laundering and Terrorist Financing;
- The Financial and Economic Crime Prevention Unit (FEC);
- Agreement between the Government of the Republic of Poland and the Government of the United States of America on improving compliance with international tax obligations and implementing FATCA legislation and the accompanying Final Understanding, as well as the Act on the performance of this contract;
- Law on exchange of tax information with other countries (CRS);
- Environmental and Social Risks (ESR);
- The detailed requirements for reporting MDR tax schemes (*Mandatory Disclosure Rules*) and the tax integrity of CTI clients (Customer Tax Integrity).

In order for the bank to comply with laws and regulations regarding the recognition of its clients, it is always guided by the following principles:

- The Bank complies with laws and regulations related to FEC, FATCA, CRS, CTI, MDR and ESR. Therefore, it does not participate in, enable or otherwise engage in any activities prohibited by Polish law, EU, Dutch, UN and US regulations and the KYC Banking Policy.
- Bank employees do not support or advise clients on laws and regulations, in particular on how to circumvent laws and regulations.

- The bank only accepts and maintains relationships with clients and business partners after conducting Customer Due Diligence (client review).
- The Bank does not enter into new relationships with clients in extremely high-risk countries and exits from existing such relationships.
- The Bank is transparent with clients regarding information and reporting requirements.
- To ensure data quality and compliance with the KYC the Policy requirements, the bank invests in expertise and appropriate tools.
- At any time, the bank may provide evidence of effective implementation of the KYC requirements.

Anti-money laundering

As part of its Anti-Money Laundering (AML) activities, the company has been working with a number of other organisations the bank constantly assesses, monitors and reviews its client relationships. Potentially suspicious transactions are investigated and reported to the relevant authorities.

In recent years, a bank has terminated business relationships with clients in Poland when, as a result of a transaction analysis and due to documentation deficiencies, it was not in a position to apply financial security measures. These activities are carried out on an ongoing basis.

Administrative penalties imposed

GRI [2-27]

In August 2022, the bank received a decision from the General Inspector of Financial Information (hereafter GIIF) to impose a fine of PLN 21.7 million for failing to comply with its obligations under the Act on the Prevention of Money Laundering and Terrorist Financing (hereafter: AML/CTF Act). The

financial penalty is the result of a GIIF audit, completed in March 2021 and covering the period from 1 January 2014 to 31 October 2020. The areas where deficiencies were found were the obligation to apply financial security measures and to provide notifications and complete information to the GIIF.

In recent years, ING Bank Śląski has taken a number of independent measures to improve and strengthen its processes related to ensuring the application of financial security measures, also in areas highlighted by the GIIF.

Corrective actions taken during this time include:

- implementation of programmes to strengthen know-your-client and transaction monitoring processes, across all business lines, including by strengthening the process of identifying clients and identifying the sources of their funds;
- strengthening and implementing a training plan, raising the awareness of the bank’s employees on AML/CTF. Bank staff associated with the KYC process complete mandatory internal training in this area, as well as going through the external ACAMS certification process, which is a global standard;
- the implementation and development of advanced risk assessment and transaction monitoring tools, including, inter alia, detecting changes in clients’ transaction profiles.

Based on the GIIF’s audit recommendations, a recovery plan was created and completed in December 2022.

The Bank is also involved in industry projects aimed at systemically strengthening anti-money laundering and counter-terrorist financing processes in the Polish banking market.



The fight against financial crime can only be effective by joining forces and exchanging information – banks, authorities, the judiciary, as well as public institutions and market participants – at national and international levels. We therefore strongly support initiatives to fight financial crime together.

Responsible marketing

GRI [417-3]

We are guided by three principles when creating advertising activities. Firstly, the message in our advertising materials must be tailored to the target audience, their competence and financial knowledge. Secondly, the content provided shall be reliable, not questionable or misleading. Thirdly, where possible, materials should refer recipients to a website or other place where they can find full and comprehensive information about the product or service.

Our marketing activities must comply with the law and good morals. In particular, with the following acts: the Act on Combating Unfair Competition, the Act on Counteracting Unfair Market Practices, the Act on Personal Data Protection, the Act on Competition and Consumer Protection, the Consumer Credit Act, the Banking Act, the Regulation on the Procedures and Conditions of Conduct of Investment Firms, Banks referred to in Article 70(2) of the Act on Trading in Financial Instruments and Custodian Banks, the Act on Mortgage Credit and the Supervision of Mortgage Credit Intermediaries and Agents and the Principles for Advertising Banking Services of the PFSA.

In addition, our activities are guided by the guidelines and recommendations contained in:

- *Code of Ethics for Advertising* prepared by the Association of Marketing Communication SAR. It protects communication audiences from unethical and unfair advertising messages by taking into account the

specific characteristics of each media and promotes responsible advertising practices. Above all, the principle of non-discrimination on the grounds of gender, age, religion and exploiting consumers' lack of knowledge to achieve advertising and business effects.

- The Polish Bank Association's 2015*Good Practice Standards for Consumer Credit Advertising*. They constitute a set of recommendations for the creation of advertising messages for credit products so that they are understandable and as transparent as possible to the audience at each point of contact with the advertising.

All advertising content prepared by ING is subject to review by participants in the process, including the Legal Department and the Centre of Expertise Compliance. No penalty related to advertising communications has been imposed on us in 2022 and no proceedings have been initiated in this regard.

Responsible product offering

ING Bank Śląski has a process for the implementation, modification, review and disposal of client products, the so-called PARP process – Product Approval and Review Process. It serves to provide an appropriate oversight and risk management framework for the development of new products and the modification of existing ones.

This process is governed by the *Policy – Standard for the implementation, modification, review and liquidation of products for bank customers* (PARP). The PARP policy applies to all products for the bank's clients and aims to ensure an effective product development and review process in line with ING Bank Śląski's strategy, regulatory requirements, common law and internal regulations, compliance standards and ING Group standards. Any amendment to the PARP Policy requires that it be presented to the Bank's Management Board and Supervisory Board for acceptance and approval.

Product risk reporting, approval and review is carried out within the Non-Financial Risk Dashboard.

According to the PARP Policy, each product should ensure that the interests, objectives and characteristics of clients have been taken into account to avoid potential client harm and to minimise conflicts of interest.

When implementing a product initiative, product management units and product regulation developers must adhere to the following principles:

- products should be in line with the bank's strategy,
- the financial and non-financial risks associated with the implementation of the product initiative must not exceed the acceptable risk level established at the bank,
- product initiatives implemented under PARP comply with the provisions of commonly applicable laws and internal regulations,
- the target client group for the products/services is clearly identified and defined on the basis of commercial and risk assessment criteria and (if applicable) in terms of sustainability preferences,
- information about the product, target client groups, functionalities, pricing, sustainability aspects, pilots, risks and exclusions is clearly communicated and is clear to clients,
- the bank does not use loopholes in the law to circumvent financial reporting regulations or to avoid tax burdens, either for the bank or the client – the bank's products do not support the client in potential tax evasion,
- the bank does not use clauses considered to be abusive in its regulations and agreements concluded with clients,



- the bank designs products in a way that is clear and easy to understand by the target client group,
- information is provided to clients in a fair, clear and comprehensive manner, presenting all product features of relevance, in particular the conditions of use and the related costs and potential financial risks for the client,
- the bank complies with the requirements set out in the Golden Rules of Customer Service,
- the bank does not infringe the principles of fair competition, in particular by using unreliable or misleading advertising,
- the bank subjects the products offered to periodic reviews.

The aforementioned Golden Rules of Customer Service are a set of overarching principles that guide our dealings with our clients, i.e.:

- we offer products and services that are suitable for clients throughout the life cycle of the relationship,
- we offer products and services at a fair price taking into account the market situation, costs and risks,
- we provide information on products and services in a clear and not misleading manner,
- we provide services and trusted advice (where consultancy is provided) through professional staff with the necessary knowledge,
- we take into account the Environmental, Social and Governance (ESG) risks and impacts of our products and services.

In addition, we have set fair pricing guidelines to support our pricing decisions:

- price levels are considered fair if they are consistent with client expectations and market practice,
- price levels may vary depending on the client’s relationship with the bank, taking into account risk, costs and profitability,
- discounts are allowed if the conditions are transparent and applied in a consistent manner,
- campaign promotional prices should avoid undesirable effects on price positioning for the ING brand.

The implementation of changes to products as part of the process of implementing, modifying and winding down products for the bank’s clients (the so-called PARP process) follows the outline below:

Product solution preparation process



All new products and changes to existing products are evaluated in the PARP process using input from stakeholders to achieve a standardised approach within the bank that results in legitimate, client-appropriate, consistent, high-quality products that add value to clients and the bank. At the same time, the requirements and course of the PARP process ensure that the scope of the product risk assessment includes the application of Polish, EU and other legislation, e.g. FATCA/CRS, BGF, GDPR, MiFID II, ESG regulations. In terms of Polish law, the bank is obliged to comply, among other things, with the regulations which condition the level of prices in the credit area. This includes the provisions of the Civil Code, which sets maximum levels for contractual and penalty interest rates. Important regulations are also the Mortgage Loan Act (regulates the calculation of the APR and the total cost of loan, the requirements for the content of the

agreement, e.g. regarding fees and costs, and the amount of the early repayment commission) and the Consumer Credit Act (regulates the amount of non-interest loan costs and the amount of the early repayment commission).

The role of management bodies in responsible product offering

The implementation of a new product or significant changes is carried out following a mandatory decision by the relevant standing product committee appointed by the Bank’s Management Board. Those are: Retail Products Committee, Corporate Products and Financial Markets Committee and for credit products: Credit Policy Committee. In terms of price changes, decisions are made: Retail Pricing Committee and Business Client Pricing Committee.

The primary objective of the product committee, as the decision-making body for product implementation, modification, review and liquidation, is to create an optimal portfolio of retail and corporate banking products (including bancassurance products) and financial market products. The tasks of such a committee include:

- making, while ensuring compliance with the Golden Rules for clients, decisions on:
 - implementation of a new product, including a new activity, including a new distribution channel related to a new or existing product,
 - a significant change to a process and/or system, product-related platform, including:
 - implementation of a new process or a significant change in the redesign of an existing process/product resulting in an increase in risk, including operational, legal, compliance risks,
 - the implementation of a new or substantial modification of an IT resource, including in the case of an external provider of such an IT



resource or service, related to new/altered products or new/altered activities,

- the introduction of new regulations, binding on the client and the bank, e.g. regulations, contracts,
- liquidation of the product or its withdrawal from the offer,
- implementation of changes resulting from the recommendations of external regulators and supervisory institutions, which concerned banking products or the processes by which products are offered to clients,
- approving a periodic or ad hoc review of an existing product,
- periodically informing the Bank's Management Board about decisions taken,
- approving the results of the periodic (once every 4 years) quality verification of the process of product implementation, modification, review and decommissioning.

The decision of the product committee is published each time in the form of an order issued by the CEO.

The unit that acts as the owner of the process of implementing, modifying, reviewing and liquidating products for the bank's clients in the bank communicates to the business units that carry out this process each time there are any changes to the standard outlined above and offers participation in the training courses it organises to raise and make consistent the knowledge of the applicable requirements of the process and the application that supports its implementation.

In addition to these committees, a Client Protection and Product Approval Committee was additionally established in 2014. The mission of this committee is to create the right environment for the bank's business

activities related to the production, recommendation and/or offering of financial instruments and structured deposits by minimising the so-called mis-selling risk, i.e. the risk of selling a product unsuitable for the client. The Committee's activities ensure that product transparency and relevance are improved and that market integrity problems are avoided, across all client segments, regardless of distribution channel.

Administrative penalties imposed

GRI [2-27]

The President of the Office of Competition and Consumer Protection, in Decision No. DOZIK-17/2022 of 29 December 2022, found it to be a practice infringing the collective interests of consumers to fail to provide, in paper form or on another durable medium, to consumers who have concluded debit card agreements with a bank, information on the exchange rate applied by the bank when settling a non-cash foreign currency transaction initiated by the consumer. Detailed information is available in the decision of the President of the Office of Competition and Consumer Protection No. DOZIK-17/2022 published on the website of the Office of Competition and Consumer Protection at www.uokik.gov.pl. The decision is final.

Following the PFSA's decision of 17 December 2021 to impose a financial penalty of PLN 4.3 million on the bank for failing to properly supervise the activities of certain investment funds of which we are a depositary, we have applied to the PFSA for reconsideration. In a decision of 14 October 2022, the PFSA reduced the previously imposed fine to PLN 4.285 million. The penalty was paid on 4 November 2022. We have filed a complaint with the Provincial Administrative Court on 21 November 2022 requesting the revocation of the cited decision.

We reliably inform clients about product risks

We pay great attention to clear and transparent communication of products and services to our clients.

Under MiFID II regulation, when we offer financial instruments to clients, we inform them before they enter into a transaction in a fair and not misleading manner of all material risks associated with that instrument or investment service. Clients are informed about risks during discussions with employees of our bank, who are authorised to provide information on financial instruments, and they also receive information on risks in the so-called permanent medium, as well as they can read it on our bank's website. The obligation to report risks applies to all client segments. In addition, on the basis of the Regulation on key information documents for packaged retail and insurance-based investment products (PRIIPs), clients in the retail segment (according to MiFID II categorisation) receive a standardised document called a KID (Key Information Document), which contains key product information, including information on the associated risks. In addition, in accordance with the SFDR Regulation, clients using the counselling service are informed about how sustainability factors are taken into account in the service provided.

Retail segment

In terms of savings and investment products, promotional offers have simple and transparent terms and conditions and are available to all clients. We equip clients with numerous tools to manage their finances and savings. In terms of investment products, we have a friendly and simple process for profiling the client and assigning risk profiles – we avoid complicated terminology in the survey and the survey itself has a simple and friendly form. We provide simple solutions and tools for clients taking their first steps in investing: Fund Account, Investment Robot, Regular Investment of small amounts. Each of these products is available in a low investment risk variant. We conduct educational activities so that clients make investment



decisions with, among other things, an awareness of current economic conditions. We do not aggressively sell investment products. Investment fund companies that take ESG factors into account when selecting companies for their fund portfolios accounted for 98.6% of our clients' assets in these products, of which PLN 262.1 million worth of assets were investments in funds complying with Articles 8 (funds promoting sustainable development) and 9 (impact funds) of the SFDR.

In 2022, client interest in buying listed government bonds has increased significantly. Most clients had no knowledge of these instruments or experience of investing. In response to this demand, we have prepared a special section on the website in which we present the most important information about these financial instruments in a clear and understandable way and explain the risks associated with investing in government bonds. In addition, we have provided clients with a bond finder with simulated projected return and a simple bond purchase form in the app.

Clients taking out cash loans based on a variable interest rate receive information about the risk of a variable rate, together with simulations of the impact of a change in the interest rate on the instalment, before the conclusion of the agreement. Our consumer loan advertisements include a representative example of a loan.

In turn, at the stage of applying for a mortgage product, we provide clients with a range of information regarding, among other things, the risks in terms of changes in property prices, the term of the loan, the interest rate (variable and fixed), changes in the situation after retirement during the loan or the reference index. In addition, we also provide the necessary simulations, which include information on the risks associated with the interest rate, including simulations of changes in the WIBOR index. The application for a mortgage product shall include, inter alia, statements concerning the risks associated with the commitment requested arising

from a loan term longer than 25 years (if applicable) and the deterioration of the financial situation after retirement. Along with a positive credit decision, we provide the clients concerned with a statement from the bank on the consequences of the increased risk resulting from the exceeded DSTI level, indicating the risk of limiting the ability to build savings with a high loan instalment burden. The loan agreement itself cites variable interest rate risks, those arising from the long duration of the loan and those associated with a high DSTI.

As far as insurance products are concerned, prior to the purchase of insurance, each client receives documents containing the details of the offer: general insurance conditions, product card, information card and policy specimen. As part of direct sales, our employees are obliged (in accordance with the sales procedure) to provide clients with the most important information, including coverage and exclusions, prior to purchase. Regardless of the information in the sales processes – the full range of information (the above documents) and descriptions of the scope and cases of protected risks are provided on our website and in the ING Offer section in Moje ING.

Corporate segment

In the product and service design phase, we define the target client groups and a standard range of needs for each of these groups.

Products are individually selected to meet the needs of the business client following a comprehensive analysis carried out on the basis of a number of factors, in particular: the period of business activity, financial data, the industry of the core activity, the experience of the management, the client's business plans, the financial operations performed and the demand for banking products. We make sure that products and services generate benefits for the client.

We explain the risks, financial benefits and costs associated with products and services in a clear and understandable way by presenting their characteristics, benefits and risks associated with them, as well as information on their components. MiFID II guidelines are binding for Financial Markets products.

We operate a pricing policy that is transparent and understandable to all clients, properly reflecting the costs of individual products.

We train our employees

We regularly train staff involved in offering financial instruments. The training courses conducted in the area of distribution of financial instruments (MIFID) contain all the information required by law in accordance with Article 41.1 and Article 41.2 of the Regulation on detailed technical and organisational conditions for investment firms, banks referred to in Article 70.2 of the Act on Trading in Financial Instruments, and Custodian Banks.

In the area of insurance products offered under the agency model, all persons involved in their distribution and servicing are obliged to complete mandatory professional training to improve general insurance and product knowledge to the extent of 15 hours per year. Training is provided in accordance with Article 12 of the Insurance Distribution Act of 15 December 2017.

Settlement scheme for clients with CHF-indexed housing loans

On 25 October 2021, we launched a settlement programme for clients with CHF-indexed housing loans, in line with the proposal of the Chairman of the PFSA. Since the start of the programme until the end of December 2022, our clients have submitted 1,236 applications, 459 of which have resulted in



signed settlements. As at 2022 yearend, we had 3,318 active CHF-indexed PLN mortgage agreements.

Information on legal risks of FX mortgage loans

As at 31 December 2022, there were 1,047 court cases pending against the Bank (755 cases at year-end 2021) in connection with CHF-indexed PLN loan agreements. As at 31 December 2022, the outstanding principal of the loans affected by these proceedings amounted to PLN 251.8 million (PLN 197.8 million at year-end 2021). As at 2022 yearend, the amount of gross carrying amount adjustment resulting from legal risk for this loan portfolio was PLN 581.6 million (PLN 345.6 million a year earlier). The ratio of provisions (plus provisions for loans repaid – PLN 53.7 million in 2022 and PLN 37.6 million in 2021) to the gross portfolio (before gross carrying amount adjustments) was 88% as at 2022 yearend and 46% a year earlier.

Detailed information on the legal risk related to the portfolio of loans indexed to CHF can be found in our Annual Consolidated Financial Statements for 2022.

Client experience

GRI [3-3]

Client experience management

We continually focus our efforts on creating exceptional client experiences, which directly supports the bank's strategy. We are committed to ensuring that service across all client-bank interface channels is continuously improved and that all experiences are created according to *CX principles* – i.e. easy, relevant, personal, instant.

In line with these principles, communication has developed as a response to client behaviour when it occurs. In 2022, we were working on, among other

things, real-time responsive communication to clients' purchasing behaviour. When a client makes a specific type of purchase in a specific type of shop, he or she receives communication that supports his or her current needs. For example, immediately after a purchase at a bike shop, the client receives a communication offering insurance for the bike.

At ING, we manage the client experience using client journey maps. Based on these, we are able to look at our functionalities comprehensively. With journey maps, we not only identify client pain points, but also project satisfaction points along the client path. When creating the maps, we conduct a lot of conversations and research with clients, so we get to know their emotions and validate our business assumptions.

Net Promoter Score

[own indicator – 4]

We strive to ensure that our products and services are best suited to the needs of demanding clients and changing market realities. The voice of the client is very important to us, so that we can reliably identify our strengths and areas for improvement, and consequently respond more precisely to our clients' needs and improve the quality of service.

We measure the effectiveness of our activities using the NPS (Net Promoter Score; Net Recommendation Index), an indicator that tells how much a client would recommend our bank to their friends, family, other companies or business partners. It is the most commonly used indicator for assessing client loyalty to a brand or service, and thus the possibility of clients buying again. However, this indicator is not comparable due to the entity conducting the survey, the type of survey method, the market or the specifics of the clients – their segment or other relevant characteristics.

We work on the results of the NPS survey, combine it with other sources of client knowledge (including the categorised voice of our clients using

elements of artificial intelligence), analyse the results by type of client relationship, product, channel, so that we can ultimately take appropriate action.

This is more than a survey – we work with feedback directly from the client, analyse it honestly, identify weaknesses and strengths. This allows us to eliminate errors, make improvements and propose solutions that go beyond the standards. Working with the voice of the client is firmly embedded in our organisational culture – representatives from all product areas work with research findings.

Retail segment

The relational NPS for total clients in 2022 averaged 25 points for the four quarters (29 points a year earlier). This result allowed the company to maintain its leading position in the annual statement, as well as in each of the quarters. ING also had a 16-point advantage against the market average. In 2022, we see a decline in the NPS for ING and for the banking sector as a whole, due to the macroeconomic situation, the poorer financial condition of households and poorer client sentiment towards banks.

The source of the data is the Bermuda survey (benchmark NPS) conducted by Minds & Roses. The survey was conducted using the CATI method and is representative of all Poles aged 15+.

In addition to this, we also examine the key points of contact between the client and the bank using measures such as satisfaction, CES (*Customer Effort Score*), FCR(*First Contact Resolution*).

The number of key touchpoints surveyed is growing and the way in which clients are reached with the survey is tailored to their needs. In these surveys, we collected around 130,000 completed questionnaires in which clients rated us and shared what they appreciated us for and what we could do better.



In 2022, we also earned podium places in many industry rankings. The ones we are particularly pleased with are those in which we were rated by a client taking part in a survey. High places on the podium of Mystery Shopper surveys also confirm our high performance in terms of the level of implementation of standards and the best quality of service for our clients.

Key reasons for the strong position in the area of delivering the best client experience:

- fine-tuning to clients' needs (clients are able to carry out the vast majority of their financial affairs and *beyond banking* on the Moje ING mobile app),
- continuous development of the mobile application prioritised by client needs and the introduction of additional modern security features,
- a high level of service at meetings and in remote channels (hotline, chat),
- designing services and delivering the best experience for our clients, taking care not only of their transactional value but also of the emotions involved in using them,
- conducting responsible business activities (ESG).

Corporate segment

In 2022, ING was the clear NPS leader in all business areas (entrepreneurs, medium-sized companies, large companies) achieving a significantly higher referral rate score than the market average for our sector and key competitors:

- in the area of entrepreneurs, the NPS index was 42 points, 25 points higher than the market average,
- in the area of medium-sized companies, the NPS index was 42 points, 29 points higher than the market average,

- in the area of large companies, the NPS index was 49 points, 25 points higher than the market average.

The recommendation metrics reported are based on the results of the NPS benchmark survey, which is part of an international research project conducted by the research institute IPSOS on behalf of ING Group (wave 1 of the survey) in the Business Banking markets. Measurements are mainly carried out using the CATI method. Due to a change in methodology and thus a lack of comparability of the data, it is not appropriate to relate the presented NPS indicator figures to the 2021 data.

In the area of strategic clients, the relational NPS stood at 81 points (an increase of 12.2 points compared to 2021). The research in this area is also part of an international research project carried out by the ING Group.

We do not only measure relational NPS – we also conduct CX audits at a transactional level. We regularly gather feedback from company representatives for key processes and channels within the 9 points of contact. In 2022, we received around 25,000 surveys with evaluations and feedback from our clients, which enabled us to make improvements and offer solutions that better match companies' expectations.

The high satisfaction and loyalty ratings are due, among other things, to:

- consistently supporting companies and adapting the offer and service to changing client needs and market conditions,
- high ratings for digital channels for corporate services, through which clients can handle most banking matters online,
- a high level of service quality through a network of branches, company advisers and a company hotline,
- perception of the brand as a reliable and trustworthy partner.

Complaints

One source of client voice is complaints. This is an area where there are already many regulations in place to make life easier for clients. We are keen for clients to get answers as quickly as possible. In 2022, as many as 47% of complaints were handled on the same day they were reported by clients 43% in 2021).

To make it easier for clients to go through this process, we have developed self-service capabilities in the area of complaints. Individual clients who use Moje ING can check the status of their complaint themselves and add attachments to it. In addition, more often than in the previous year, clients self-reported an instruction to return a transfer and a suspicious card transaction.

In addition to facilitating the complaints process, we are committed to eliminating the causes of complaints. We see that individual clients made 4% fewer complaints in 2022 than in the previous year.

We have also made improvements to the internal system for handling complaints. These were mainly concerned with increasing the performance of the tool, the analysts' comfort level and speeding up the application. In addition, we have made changes that facilitate accurate analysis of client requests and increase our knowledge of the causes of the situations complained about. As a result, the average handling time for complaints from individual clients was just over seven days.



Simple and understandable banking

GRI [3-3]

SDG 10

Following the “Simply” principle, we have been consistently simplifying our language since 2014.

Actions of the “Simply” (Po prostu) team

We want the language we use to be understandable to our clients – so they can make informed financial decisions more easily.

Language technology

In 2022, we continued the Between Us study, in which we measured the comprehensibility of our texts by computer. We closed the year with a score of 67% on the Simple Language Index, a measure developed by the Logios team, with whom we collaborate on research and development of the Prostomat app. This result is very good, especially as the text base also includes so-called “difficult texts” (e.g. answers to complaints).

These actions have been recognised in ING Group’s global Communication and Brand Experience team – we are leading a working group to improve the work – ours and ING Group’s – on communication through technology and automation.

We train

This is main task of Po prostu team: to check, analyse communication and conduct workshops to make our staff write as simply as possible. In 2022, we trained around 400 people from different areas of our bank: our marketing colleagues, mortgage analysts, the most important people in communicating directly with clients – from our contact centre. We are also

trying to simplify our internal documents – so we have trained our risk teams.

But we (as a Po prostu team) are also constantly learning – in 2022 we learned the secrets of Legal Design, i.e. how to design legal records in a simple and friendly way.

We promote plain language

We widely promote the idea of plain language and share our knowledge and experiences. We are active in a working group at the Polish Bank Association.

In 2022, we already organised the 4th Simple Language Conference at ING. on 25 November 2022, we returned to the stage at ING’s Katowice headquarters, with more than 1,000 people watching online. a wide range of male and female experts talked about plain language from different perspectives.

Recipients see and appreciate our efforts. In 2022, we were once again number 1 in the Kantara brand survey, in the financial industry – a question about plain language.

We simplify rules and contracts

In 2022, we changed the content of the terms and conditions for corporate and strategic clients:

- General Terms of Conditions of Opening and Maintaining Bank Accounts at ING Bank Śląski S.A.,
- General Terms of Conditions of Opening and Maintaining Bank Accounts at ING Bank Śląski S.A. for sole proprietors from the corporate and local government and corporate segments.

Service in meeting places

GRI [3-3]

In November 2021, we amended the Bank’s Organisational Regulations to align them with our organisational structure. Since then, we have been serving individual clients at banking facilities, which we divide into:

- meeting points: we will arrange a convenient day and time with the client to discuss their needs. Specialists will help you take care of your financial future, live better, as well as in everyday banking,
- private Banking meeting places – Private Banking clients will meet their advisor here,
- cash service points – here we take care of the comfort of withdrawing and depositing cash at the cash desk; a specialist will help to make the transaction smooth and safe,
- ING Express sales outlets – operate in shopping malls; our clients can open an account there along with access to online banking.

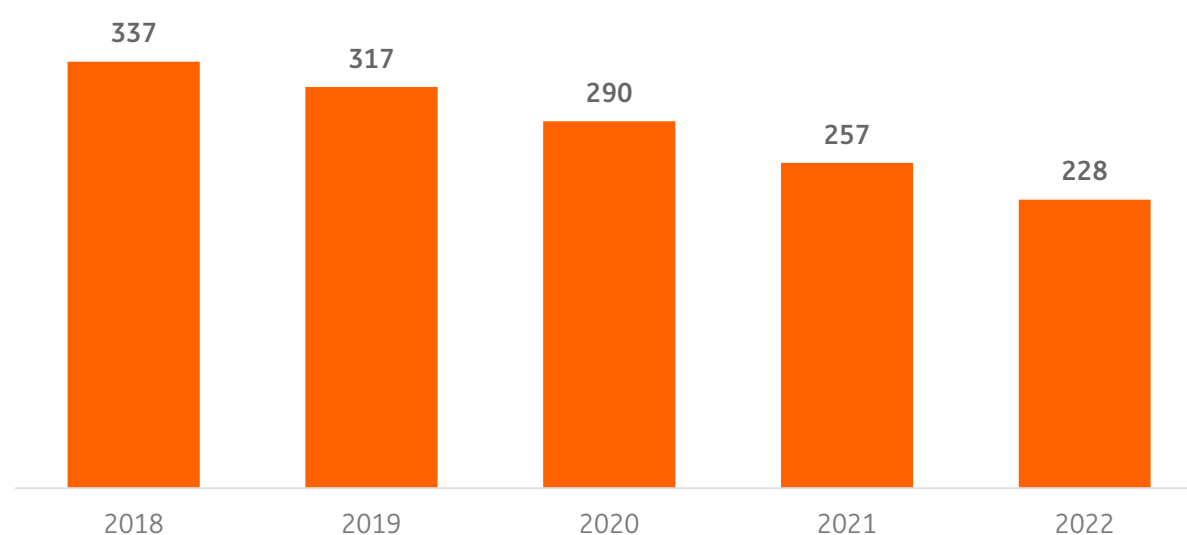
Our meeting places

Individual clients

As at 2022 yearend, we had 228 meeting points and 55 cash service points dedicated to cash deposits and withdrawals at the counter. We are consistently in the process of modernising our retail outlets, which involves changing equipment and décor and introducing new functional solutions.



Number of our meeting places



Geographical structure of the locations of our meeting places as at 2022 yearend



We continue optimization activities by relocating and consolidating outlets to the most attractive business locations in individual cities and regions.

As at 2022 yearend, the bank also had 53 ING Express outlets located in major shopping centres across Poland. The ING Express network of points of sale is a response to the expectations of clients who are looking for a bank that is available anywhere at any time.

Corporate clients

The bank served corporate clients in the medium and large corporate segment through 36 corporate branches and 14 corporate banking centres, almost all of which operated in the same locations as the bank's branches. Our largest corporate clients were serviced by the Strategic Clients Department in Warsaw and a regional office in Katowice.

Development of the appointment process in our facilities

In 2022, we continued to work on building modern and digital solutions in the area of client self-service appointments at the bank. In April 2022, we provided Ukrainian clients with the opportunity to make an appointment to set up a Refugee Account.

In mid-2022, we have made the design more consistent and added new functionality for all appointment forms on www.ing.pl and in Moje ING. This ensures that clients, regardless of the topic for which they make an appointment, have the same experience.

In Q3 2022, we clarified the provisions on the forms relating to the obligation to provide information, in the context of the purpose and scope of the processing of information collected from clients in the course of making appointments.

We are also making additional improvements in line with current market standards. In response to feedback from clients and professionals, we have made it available to clients to cancel a pre-arranged appointment by sending a text message to the bank.

ATMs

Our clients can use more than 4,300 free ATMs nationwide. Each venue has at least one ATM adapted for visually impaired people.

In 2022, we refreshed the look and feel of ING's ATM screens and the messages posted on them. The aim of the changes was primarily to improve communication and enhance the client experience when using the facilities. We have introduced a new, clearer screen layout, a colour change – black lettering on a white background – and simplified the language.

With appropriate messaging, we encourage clients to use the mobile app and to be eco-friendly by not taking paper printouts from their device to confirm transactions. The changes apply to all types of transactions that can be performed across the device network with ING logo.

Availability and flexibility

GRI [3-3]

SDG 10

Sensitivity to serving people with disabilities

We educate, support and sensitise our staff to client groups at risk of exclusion, including people with disabilities and individual needs. We have therefore updated and widely communicated internally a document on handling people with disabilities. It is a source of key information with practical tips on how to serve clients with different types of disabilities, including: mobility, sight, hearing or clients with other disabilities.

Since 2015 we continue to maintain the "MIGAM" ["I speak sign language"] sign language interpreter access service in all our branches and on the bank's helpline. It allows deaf people to easily and quickly access the bank's



services via their mobile phones. Clients can receive service through MIGAM at meeting venues and on the bank’s helpline.

We are also adapting the Moje ING system for use by visually impaired people in accordance with *Web Content Accessibility Guidelines 2.1* (WCAG 2.1).

Telephone and written contact

We support the remote contact of our clients through a helpline that operates 24/7, modern chat, contact forms and social media. 2.5 million inbound calls, more than 600,000 client chats, 145,000 emails and 160,000 social media posts – these are the numbers of our interactions with clients in 2022.

Redesign of the Help and Contact section in Moje ING

In early 2022, we implemented changes to the Help and Contact tab in Moje ING. We refer clients to self-help solutions before attempting to make contact. We offer an up-to-date collection of answers to the most frequently asked questions in specific categories, e.g. online banking, accounts or complaints. In cases requiring quick intervention (e.g. card blocking), we provide a direct number to a specialist, but also redirect clients to a place in Moje ING where they can perform the action themselves.

Voice bots

In 2022, we launched a bot platform and a voice bot on our main hotline. We taught the bot to provide information on the most frequently asked questions. It is already able to independently assist clients with more than 70 cases. We are constantly developing our bot and teaching it new answers. Our bot’s name is Inga and she speaks to clients in a natural voice thanks to the Text-To-Speech system, which was built especially for the bank, in collaboration with a professional voiceover artist.

Social media

As ING, we are active on all major social media platforms in Poland. For us, social media is an important channel for two-way communication with clients, where we can respond to their questions and concerns in real time, almost 24 hours a day. It’s a place where we share valuable content, engage and build relationships. As a result, we have been at the forefront of banks with the most followings and building the most engagement over the years.

In 2022:

- we were the second bank most talked about by internet users on social media and the first one that was rated best by them,
- 160,000 questions and comments were received, a similar number to 2021. Most comments were about the war in Ukraine, as well as the “Credit moratoria”,
- we have launched a new contact channel – TikTok.

More than 80 per cent of these conversations took place on Facebook, but clients also interacted with us on Instagram, YouTube, Twitter, LinkedIn, Google Play shops, the App Store and even Wykop.

We improve, develop and support

Retail segment

Social responsibility – promoting financial security attitudes and solutions for the future

In line with the 2022 Banking ESG Strategy announced in 2022, we have focused our activities at venues on promoting solutions that take care of

our clients’ financial health. We focused on responsibly offering IKE and IKZE pension products based on long-term investing.

Based on research and diagnosing the low level of public awareness of the need to secure one’s financial future on one’s own, we prepared specialists (expert panels, training, webinars, support materials, inspiration) and then went out with active educational and awareness communication to the bank’s current and potential clients.

As part of our communication, we prepared: websites dedicated to pension products, a series of videos discussing facts and myths related to pensions (e.g. whether IKE and IKZE money is part of the public pension system or what the Social Insurance Institution (ZUS) estimates of the amount of future pensions are), behaviours and motivations for long-term saving or the features and benefits of the products we offer. We also based our broad communication to clients on a special offer. During the last quarter of 2022, Emeritalia – doors open to clients to talk to specialists about securing their retirement – continued at the outlets.

Retirees in numbers:

- 78 million views of pension communication online,
- 98,000 users viewed content on pension product pages,
- 2.1 million plays of educational video content,
- around 9,000 conversations about pensions at venues.

Our aim is to be a leader in pension products. Last year, we reached 78,000 pension accounts (IKE and IKZE) held by our clients, which already makes us the market leader in banking.

Financial education

We support our clients in managing their daily finances and suggest how they can organize their finances in Moje ING. In 2022, we continued direct



communication with clients, which was aimed at encouraging them to actively use tools that facilitate the organization of their daily finances, e.g. Expenditure analysis, Budget, Add an account from another bank service or Scheduled payments. We focus on the financial health of our clients. We educate and motivate them to actively build financial security – now and in the future.

Responsible business in customer service

In 2022, we continued our development activities for investment professionals in venues and Private Banking advisers. All Private Banking advisers are EFPA-certified, and the 12 EFPA EIP-certified professionals from the venues were joined by 24 more who completed the programme in 2022. We want to provide the highest standards of service and up-to-date investment knowledge.

Our development activities are also part of the bank's ESG Strategy. By starting training with ourselves, we want to have an impact on clients who will build an informed society. The series of 6 EFPA ESG development trainings, attended by the Chapter Lead for Investment, Advisors and Private Banking Directors, aimed to provide substantive preparation on key concepts, development processes and trends, ESG regulations and principles used by financial advisors or sustainable investment strategies and methods.

CyberRescue – 24/7 online security helpdesk

As part of our efforts to enhance online security, we offer clients the use of an additional service – CyberRescue. The service guarantees 24/7 free support from security experts for ING clients.

CyberRescue is a 24/7 online safety helpdesk that not only helps, but also warns. For assistance, simply download the code in Moje ING and activate the service on the company's CyberRescue form. Then, if necessary, contact via Messenger, call, text or email. CyberRescue's team of qualified security

professionals will conduct a thorough analysis of the client's problem, provide ways to resolve it and provide guidance for the future so that the problem does not recur.

CyberRescue provides:

- free support from security experts,
- ongoing notifications of new cybercrime methods – by email or on Messenger,
- 24/7 specialist support via telephone, email, text message and Messenger,
- safety support on the internet, e.g. on auction portals or in online shops,
- support in the event of, for example: a lost or stolen telephone, interception of an email inbox or social media account or parcel fraud, messages with a suspicious link or attachment.

Dual authorisation in the cash loan process

We have implemented an additional anti-fraud safeguard in the cash loan process. For all loan applications, there is a double authorisation – the second authorisation factor is the Voice-Code, which is transmitted during the telephone call to the client and is then entered by the client in Moje ING). This solution provides greater security and no possibility of code interception via a remote desktop.

Credit card education

Clients with a credit card receive educational communications from us. We inform them about the chargeback option to make online shopping safer. We also point out how to use the card without additional costs, such as for currency conversion. In addition, for clients without a credit card, we have prepared helpful material on the bank's website, such as which day of the billing cycle to choose for the day of salary receipt.

With the youngest in mind – we were the first bank in Poland to open a branch on the Roblox platform

In February 2022, we became the first bank in Poland to enter the metaverse space on the Roblox platform. We built the “ING City” there and opened a virtual branch for players. The game we have created allows you to train good financial habits in the friendliest way possible, which is through play. In the brand's virtual world, players learn money management: saving and spending it skilfully. We have also made available a limited edition series of gaming-inspired cards for the campaign.

Corporate segment

PFR Financial Shield 1.0/2.0 for micro, small and medium-sized companies

In 2022, we continued the settlement process of the PFR 2.0 subsidy for small and medium-sized companies, which we started in November 2021 and, from 19 January 2022, made the settlement statement form available for micro companies. The process was preceded by a prepared webinar “PFR financial shield 2.0 – deadlines and settlement principles for micro-entrepreneurs”

In July 2022, the process of issuing decisions on subsidy refunds began. Through us, 6,350 companies have received redemption with a total value of more than PLN 777 million.

At the same time, we continued the process of issuing redemption decisions for the PFR 1.0 subsidy. In 2022, we have made available 757 decisions with a total redemption value of PLN 79 million.

Decisions to write off subsidies are still being issued, which means that the service process will continue for a minimum of two more years.



Objective Direct in after-sales processes

In August, we automated the execution of Credit Release/Advance and Drawdown (DUW) Instructions under a Multi-product Agreement submitted by clients via ING Business.

We also continued our efforts to automate repayment and overpayment instructions via ING Business. As a result, 76% of repayment instructions are handled remotely and 67% fully automatically.

We increased the percentage of bank guarantees issued remotely by 2 p.p. y/y reaching 63% at the end of the year, and e-guarantees by 3 p.p. also reaching 63% of all bank guarantees issued.

As at 2022 yearend, we will have reached an all-time high of 55% for loan agreements signed electronically.

EU and technology loans

In 2022, despite the limited availability of funds under the concluding previous EU financial perspective 2014-2020, ING Bank Śląski signed a total of 44 loan agreements or issued promises of loans to finance projects. In total, the volume of promises issued and EU loans signed in 2022 exceeded PLN 256 million.

The Bank also supports the implementation of technology investments financed under the Technology Loan. There are 123 projects in the pipeline with a total loan commitment of nearly PLN 890 million.

As at 2022 yearend, a new cooperation agreement was signed with BGK for the new financing period 2021-2027 for the Technology Loan (the so-called Measure 2.32 Technology Loan) and a completely new product, the Ecological Loan (the so-called Measure 3.1 Ecological Loan). The Technology Loan will continue to support the implementation of innovation in companies, while the Green Loan will finance projects aimed at improving

energy efficiency through the modernisation of a company's infrastructure, including through investment in new or improved products or processes.

Credit to support sustainable development

Acting in line with our organisation's strategic objectives, we support the economy in its transformation towards more sustainable, sustainable and efficient business models. In the third quarter, we introduced the "Sustainability Support Loan" in the Fast Track and Normal Track. This is a product whereby a client investing in a target that supports the sustainability of their business will receive preferential pricing in the form of no margin for the first 13 months of financing. We write more on the sustainable financing [here](#).

We support the expansion of Polish exporters

From 2022 onwards, together with KUKE (Export Credit Insurance Corporation) we support the expansion of Polish exporters. Thanks to the use of KUKE's latest guarantee, we are able to provide further loans to Polish companies with an emphasis on international expansion. KUKE's guarantee serves as collateral for a loan covering up to 80 per cent of its value. The minimum loan amount is PLN 5 million and must be repaid within 14 years at the latest. In addition, KUKE's guarantees can cover investment projects carried out by companies that have generated at least 20 per cent of their revenue from exports over a three-year period or intend to reach that level. It is also possible to provide such a guarantee for projects already underway.

Cash collection

Clients operating in sectors where a large proportion of sales revenue is received in cash were looking for improvements in this area to reduce financial risk, increase the efficiency of operations and speed up bank account postings. In 2022, we implemented advanced cash collection service models for clients using different types of cash machines sited in

company branches. Such solutions allow cash to be deposited securely, cash sales to be accounted for flawlessly and posted to the bank account more quickly.

Packages

We have made "Business Packages" available to medium and large companies, replacing the ING Direct Business offering. When setting up an account, the client can choose one of three packages: Start, Optimum and Premium.

In the current market situation, when companies are looking for savings, optimising expenses, we are once again coming up with a solution that supports the business in achieving their goals. Each package proposal is tailored to how intensively the company uses banking services. Importantly, the company will easily assess which package is optimal for it with its current activity and can flexibly change it.

Third Elixir session

We have made the third Elixir session for outgoing transfers available to corporate and strategic clients and extended the cut-off time for European transfers settled by the SEPA system. With this change, clients can order transfers until 2.30pm and their counterparties will receive payment the same day.

Other forms of financial and non-financial support

BGK guarantees

In 2022, we continued the PLD-KFG and FG-POIR (Businessmax) guarantee programmes agreed with the BGK. In view of the war in Ukraine and the new programme to support businesses affected by this crisis, we have implemented another aid instrument in the form of the PLD-FGK guarantee (Crisis Guarantee Fund) dedicated to medium and large enterprises.

As at 2022 yearend, the volume of guarantees issued through our bank:



- Biznesmax – exceeded PLN 450 million, placing us in 3rd place in terms of the volume of transactions granted with the FG-POIR guarantee in the ranking of all banks that have it on offer.
- PLD-KFG (de minimis) – has exceeded PLN 26 billion since the start of the programme and we are thus ranked 2nd in terms of the volume of transactions granted with the PLD-KFG guarantee among all banks that have it on offer.

In the fourth quarter, we carried out a process of extending amendments to the existing BGK guarantee programmes, including: maintaining the higher PLD-KFG guarantee amount (up to 80% of the loan amount), the possibility of covering up to PLN 1.5 million with a PLD-KFG unitary guarantee and the possibility of securing a Multi-product Agreement with the above guarantee.

Firmove

As at 2022 yearend, we launched a new service that supports entrepreneurs at every stage of business development and raises awareness in the area of ESG. Firmove has been prepared for people who are planning to set up or are already running sole proprietorships, micro-enterprises and small companies.

The service supports users by providing reliable and up-to-date business knowledge. Step by step, we guide them through the various issues: from vetting the business idea, to financing and accounting, to green business solutions.

ALEO platform

ALEO is the largest online database of information on Polish companies, where we provide up-to-date registration and financial data as well as reliable reviews and ratings. They are growing in popularity. In 2022, we reached a figure of more than 3 million visits per month. This is, among other things, a result of the improvements implemented, which have improved the website’s visibility in search results. In 2022, we surveyed our

service users, which indicated the great potential of ALEO in providing a solution for people looking for contractors for different types of services. In response to their needs, we have decided to provide a new functionality to the service that will connect our users with service providers from different industries. Implementation will take place in 2023.

Setting up a company with an accountant from ING

One of the most important innovations of 2022 was the launch of a company formation service with the support of an ING accountant for PLN 0. To date, we have offered such assistance to sole proprietorships. Anyone interested in setting up a company can make an appointment for a consultation with an ING accountant, who will guide you through the process, help you fill in the necessary documents and answer your most important questions.

Contact with accountants

The last year has brought a lot of tax changes – the Polish Deal, the Polish Deal 2.0, the ever-changing legislation and the questions and concerns that come with it. That is why we have already introduced the service of unlimited calls to an accountant in the Premium package in the first months of 2022 and in the Standard package in the middle of the year as well. All this so that our clients can call their accountant at any time and get all the information they need.

We have also implemented a new tool for contacting accountants – VoIP Studio. With its help, we can continuously improve the quality of our expert conversations.

imoje

imoje is the first online banking payment gateway for online shops. We launched the service in 2017 and now serve more than 4,000 clients. We offer all the most popular payment methods as a one-stop solution for online shops.

In 2022, we worked on further product development:

- As part of imoje pay later, we have launched another deferred payment provider, PayPo. Our merchants signing one agreement with imoje are assured of buy now pay later payments, delivered by market leaders PayPo and Twisto.
- We have expanded the ability to pay with electronic wallets by adding Apple Pay.
- In developing the offer for foreign clients, we have introduced further language versions of the paywall and email communication. Our payment gateway already functions in 13 languages and supports payments in 8 different currencies.
- We have introduced BLIK One-Click payments, which reduce payment times. This allows clients returning to the online shop to complete a transaction with one click, without having to enter their BLIK code or leave the shop page. The BLIK One-Click widget functions in all language versions available on our gateway.
- We have been developing the PSD2 payment channel, which allows us to significantly reduce transaction costs, increase our pricing flexibility and increase our competitiveness in the online payment market.

We also visited industry events in 2022, which helped us to raise brand awareness and connect directly with our clients. Our solution has been recognised as one of the best products and services for e-commerce by Gazeta Finansowa.

eTerminal application

In 2022, we launched the eTerminal app, which allows you to accept payments on a phone or tablet with Android 8.0 or higher and an NFC antenna. the eTerminal from ING is offered on a “pay as you use” pricing



model. There are no fees for activation or use of the app, the bank only charges a commission on transactions.

The app is also available as part of the Poland Without Cash programme, to which ING is adding another two months of free use. Mastercard, VISA and digital wallet payments are accepted: Apple Pay and Google Pay, as well as contactless BLIK.

The eTerminal application from ING complies with all security requirements set by organisations: Mastercard, VISA and Payment Card Industry. It can be downloaded from the Google Play shop.

We continue to work on the further development of the eTerminal Application. Now our clients can benefit from additional features, viz:

- biometric login with fingerprint,
- changing the language to English,
- under the tabs Help and Contact, clients will find answers to additional questions directed to the bank via Moje ING online banking, ING Business, important telephone numbers, as well as instructional videos,
- inverted screen function.

ING Commercial Finance

ING Invoice Financing

ING Invoice Financing is a service that accelerates the payment of deferred sales invoices. We pay special attention to the convenience and accessibility of the service for our clients in a remote manner.

In 2022, we made euro invoice financing available, simplified the client activation and authorisation process, and implemented new solutions to improve user security. We are automating operational work – we have started to carry out some of the activities through robots or voicebots. We will build a strategy around further automation to develop this product.

In addition, ING's Invoice Financing service was voted the best factoring in Central and Eastern Europe and the Baltics by the SME Banking Club for the second time in a row. Particularly praised by the competition's judging panel were the integration with accounting systems, the client experience of the platform, its simplicity and intuitiveness, and the short time taken to pay out invoices.

Implementation of automatic limit requests

We have improved the process of requesting our insurer to provide an insurance limit for recipients enrolled in a full factoring agreement. The request can be made by both the employee and the client in the system, and the new limit is calculated online within seconds.

ING Lease (Poland)

Lease Now

ING Lease Now is a platform that connects manufacturers, sellers of machinery and equipment and entrepreneurs and business owners who need these machines to grow their business. The premise of Lease Now is to support the sales of the bank's partners through a sales conversation tool and to expand the opportunities they can offer their clients. More than 250 vendors already offer Lease Now payment options. On the other hand, clients gain fast and convenient access to financing. Leases can be taken at any time of day, on any day of the week. Formalities are reduced to a minimum, the application is submitted online and the contract can be signed with an electronic qualified signature or a one-time qualified mSzafor signature.

At the beginning of 2022, ING Lease introduced the possibility of integration between the ING Lease Now platform and WooCommerce-based online shops and its own solutions (via API integrations). In this way, clients purchasing from a particular e-commerce shop have the opportunity to make payments by taking a selected item on lease.

The ING Lease Now application was recognised by receiving the Best e-commerce B2B tool/technology/service award at the e-Commerce Poland Awards and the Best Product for SMEs 2022 award at the Turbines of the Polish Economy poll.

Online lease applications

We are developing and actively promoting remote leasing sales channels. Clients with access to one of the Moje ING or ING Business online banking systems can apply for a lease fully online, anywhere, anytime. Financing covers cars, vans up to 3.5t, motorbikes, scooters (for which the client is guaranteed a minimum limit of PLN 150,000), trucks, machinery, equipment and even forklifts.

Entrepreneurs and business owners who are not ING clients can also apply for leasing online using the LeaseClick application, which is dedicated to external clients. The client contacts us via the website. In response, he or she receives an offer with a link to the application. The application itself is four simple steps. As in other cases, it can be filled in at any time, simply by having access to the Internet.

For both the application submitted via ING's online banking and the LeaseClick application, the client can sign the contract using an electronic qualified signature or a one-time qualified mSzafor signature.

By the end of 2022, more than 50% of leasing transactions in the entrepreneurial segment were already coming from remote channels.

Easy Leasing/ prescoleasing

Developing the leasing offer in the Moje ING and ING Business online banking channels, we created the Easy Leasing product. On the basis of the receipts in the company account, the client is provided with an individually determined leasing limit, within which he or she can finance a car, van or truck, as well as machinery, equipment, construction equipment and forklifts needed by the company. We provide a simple, fast and remote



process. We do not require any additional financial documents or collateral. It is only up to the client to indicate the item they wish to finance. He or she applies for the lease remotely in ING's online banking, and can sign the contract electronically or at any meeting point.

ING Smart Factory

Clients are looking for solutions to increase operational efficiency, reduce production costs or improve energy efficiency in their business. We support clients in the development and implementation of new investments, which is why we launched the ING Smart Factory programme, which allows you to finance modern machines, robots and industrial cobots, entire technological lines, but also complex end-to-end projects. As part of this programme, clients are able to benefit from a robotisation allowance.

Leasing & ESG

We actively participate in the financing of green assets. We offer products to support clients in running their business in a sustainable way:

- ING EKO programme, which is dedicated to financing electric and hydrogen cars and vans, as well as electric motorbikes and scooters. a special benefit is the 0% commission and 0zł for the registration of such vehicles.
- “My Electric car” programme, which allows people to take advantage of leasing offers for electric vehicles and receive up to a PLN 70,000 subsidy under the government programme.
- As part of our EKOLEasing offer, we finance photovoltaic panels, ground-mounted and roof-mounted, as well as other eco-solutions.
- Special offer “Leasing to support sustainable development”, which is dedicated to investments that support sustainable development and progress towards ESG goals. Clients taking advantage of the offer will pay

no interest on the first two instalments and payment for them will be deferred to subsequent billing months.

In 2022, in cooperation with EcoVadis, we carried out a comprehensive assessment of the company's sustainability activities and practices. The analysis looked at activities in four areas: social, environmental, ethical and supply chains. The study resulted in certification and a bronze medal.

We educate and share knowledge

GRI [3-3]

Online webinars and meetings

The ability to deliver meetings online allows us to always be one step ahead and respond to our clients' needs in real time. Therefore, webinars are already a permanent part of our communication strategy.

In line with the mission of the bank's expert centre, Helping to Secure Your Financial Future, we provide our clients with access to knowledge not only about savings and investment offers, but also about the current market environment and the functioning of the financial market. In the market-challenging year 2022, it has become particularly important to react quickly to geopolitical events and to communicate knowledge on an ongoing basis to the widest possible client base. We held seven online meetings – webinars – and 32 in-person meetings. The webinars attracted more than 2,300 participants. We have prepared them with clients of all segments in mind. Statements from experts from the bank and our TFI partners were combined with client interaction, in the form of a question and answer session, which clients were keen to use. The subject matter we undertake:

- New Year's plan? Plan for the financial future
- A difficult start to a turbulent year, but what comes next...

- Capital markets and the conflict in Ukraine
- Investments – how to do it with your head
- Inflation, interest rates, bond price falls – how to get invested in it
- How to plan the longest holiday of your life
- The economy and capital markets at the threshold of 2023.

Thematic, on-site investment meetings with experts from our partner TFIs, including NN IP TFI, Investors TFI and Generali Investments TFI, brought together more than 900 Private Banking clients.

In 2022, responding to clients' need for up-to-date information and knowledge about financial markets, the Investment Competence Centre began publishing a cyclical commentary on the situation in financial markets in the form of an e-Bulletin. The material, which is publicly available on the bank's website, discusses the monthly macroeconomic situation in Poland and worldwide, stock, bond and commodity markets, based also on forecasts by economists from the bank's Macroeconomic Analysis Office. This provides clients with convenient access to the most important current investment topics with substantive expert commentary.

2022 also features a series of webinars dedicated to corporate clients, prepared by our experts. We started with the most important one, i.e. the changes related to the Polish Deal. ING accountants explained what the new tax system is about, what the various substantive issues mean and how to correctly account for company finances.

With the completion of the migration of clients to the new ING Accounting system, we decided to prepare an educational webinar to talk about the changes and new features that have been introduced. At the end of the year, we increased the pace. In November, the first webinar in the “Debt Collection” series took place. Together with our partner Kaczmarek Inkasso, we talked about how to deal effectively with recovering money from



debtors. We touched on the important aspect of the approaching year-end and the possibility that many liabilities are time-barred. The webinar was met with great interest, so we decided to repeat the event in December for those who could not attend the first date. We answered many questions and imparted a great deal of knowledge. In late November and early December, we also prepared two webinars for future entrepreneurs. The first – for sole proprietorships – addressed the key issues of the opportunities, challenges and costs of running your own business. The second concerned the establishment of limited liability companies. An ING Accounting expert talked about the preparation of the process of setting up a company, the necessary documents, costs, share capital. Of course, all future entrepreneurs who decide to set up their own business can benefit from the help of an accountant from ING. Importantly, our assistance is completely free of charge.

Safety education

The year 2022 will see the development of products – and thus communication more broadly – to support client online security. This was the basis for the creation of My Protection insurance, which we promoted in both promotional (6 months free of charge) and standard variants. We also promoted the CyberRescue service, which ING clients can use for free from November. We invariably educate clients on the principles of safe banking and encourage them to participate in webinars with experts in this field.

We pay particular attention to online safety. Educating our clients about the dangers of cyber fraud is an extremely important aspect.

In 2022, we were quick to respond to emerging fraud variants. We sent communications in Moje ING and online banking and published warnings on our website. The biggest risks we reported on were:

- fraud on sales portals,
- impersonating bank employees in phone calls, text messages and emails,

- BLIK phishing scams.

We also took care to educate our clients. We regularly sent out communications in Moje ING addressing the most important aspects of security. We educated our clients about, amongst other things:

- verification of the sites where we want to provide our data,
- methods used by fraudsters,
- strengthening their online safety,
- social engineering.

On our website, clients will find an up-to-date security knowledge base. We continuously update the news section, articles and information on additional features to strengthen online security.

Education in meeting places

We educate our clients on how to handle their affairs safely and comfortably, including through modern digital solutions. We provide a comprehensive knowledge of cyber security, including available free security features in our banking or knowledge of safe banking.

We use every client interaction to educate about self-service in the Moje ING app. We assist clients and show them how everyday errands, not just banking errands, can be made easier with a mobile app. We prioritise cyber security, which is why our specialists educate clients on how to bank safely and what free security methods ING Bank Śląski provides.

One of the themes for 2022 was the Culture of Risk. As part of this programme, security experts shared their knowledge and experience with our specialists, advising on what to look out for when using online banking and how to effectively recognise the activities of fraudsters. Specialists educate clients on the most important principles for safe banking on computers and smartphones to:

- They never gave the full password.
- They did not share login, password, PIN and card details or authorisation codes with anyone.
- They read the content of the text message carefully and checked that the details of the operation being approved were correct.
- They did not download any apps at the request of people who call them.
- They always verified the sender of the email by their postal address (e.g. domain: ing.pl).
- They checked that they were on the correct, secure banking login page.
- They did not click on active links in emails and text messages.

We consistently support and educate our clients in identifying and avoiding dangerous situations.

We write more about our cyber security activities in the section [Bank and client security](#).



ING for climate (E)

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We want to act for the climate by supporting our clients in their environmental transformation. We are setting ourselves new targets for sustainable financing, while consistently withdrawing from businesses that harm the environment. We are also limiting our negative impact on the planet.

Environmental declaration

GRI [3-3] [2-23] [2-24]

SDG 7, 11, 13, 15

At ING, we regard active participation in climate and environmental action as an important part of our responsibility. We promote solutions related to sustainability. We develop and offer products that support environmental activities and responsibly manage environmental risks. Environmental degradation measurably and negatively affects our lives. If we do nothing about it, future generations will have to deal with the growing climate crisis. We feel that caring for the environment and the future of our planet is our shared responsibility. That is why in July 2021, the ING Bank Śląski S.A. Group announced a new Environmental Declaration. In the document, we upheld the basic tenets of the 2017 Declaration and committed to specific goals in the coming years.

Status of achievement of the goals from the Environmental Declaration as at 2022 yearend

We have been consistent in implementing our commitments in the Environmental Declaration.

In 2017, we declared that by the end of 2025, we would gradually reduce (until full repayment) our existing credit exposures to clients whose business is directly dependent on thermal coal by more than 5%. As at 2022 yearend, our on-balance-sheet exposure to such clients was PLN 322 million gross, down 81% y/y, while our off-balance-sheet exposure was PLN 116 million, down 86% y/y. The balance sheet exposure as at 2022 yearend represents 0.35% of gross receivables from corporate segment clients compared to 2.13% a year earlier. This significant reduction in exposure is due to repayments made by clients classified as coal and changes in client classification. Due to the merger that took place in the market in 2022, the exposure to a client classified as a coal client prior to that year is no longer recognised as a coal client due to the fact that this client as a legal entity has ceased to exist and its general successor does not meet the definition of a coal client. As at 2022 yearend, this exposure – understood as the amount of the allocated limit – amounted to PLN 1 billion, of which PLN 800 million remained as unused.

In 2021, we committed to reduce the share of our funding to the fossil fuel industry by 19% by 2040 with respect to 2019. We know that the use of fossil fuels is harmful to the environment. Such fuels include gas. It is a transitional fuel for the Polish economy, thanks to which the energy transition of local businesses towards renewable energy sources can take place in an adaptive and well-planned manner. We want to help our clients effectively implement transformational change, while not compromising on environmental goals. As at 2022 yearend, our on-balance sheet exposure to *upstream oil and gas* clients was PLN 5.4 million gross and decreased by 42% comparing to 2019, while our off-balance sheet exposure was PLN 0.4 million and decreased by 98% comparing to 2019. The balance sheet exposure as at 2022 yearend represents 0.01% of gross receivables from corporate segment clients.

In addition, in accordance with the exclusion policy, out of concern for the environment, the bank does not finance other activities related to tobacco cultivation and production and with a negative impact on protected areas, forestry or animal welfare.

By the end of 2022, we have allocated:

- Between 2015 and 2022, we have allocated PLN 3.2 billion in the corporate area to finance Renewable Energy Sources and environmental projects. Our target for the end of 2023 is PLN 4.5 billion.
- PLN 524 million to support Local Government Units in investing in pro-environmental projects. Our target for the end of 2023 is PLN 500 million.
- PLN 242 million for further support and promotion of electromobility – financing of electric and hybrid vehicles by ING Lease Polska, including construction of charging stations and promotion of driving electric vehicles. Our target for the end of 2023 is PLN 300 million.

The bank will implement an offer for financing prosumer energy projects in the retail client segment. Currently, clients can take advantage of the Eco loan offer, which can be used for, among other things, photovoltaic installations. In addition, for private clients we have a mortgage for energy-efficient homes (Eco-mortgage loan).

We included residential lending in 2021 in TERRA, ING Group's initiative to, among other things, adopt long-term decarbonisation targets for lending in line with the Paris Agreement.



We intermediate the sale of investment products based on ESG criteria – these are investments in funds that comply with Articles 8 (funds promoting sustainable development) and 9 (impact funds) of the SFDR. As at 2022 yearend, assets of PLN 262 million represented investments in funds compliant with Articles 8 and 9 of the SFDR.

We organised two editions of the Grant Programme (1st edition – how we can ensure clean and accessible energy, 2nd edition – how we can ensure sustainable production and consumption) and disbursed grants totalling PLN 2 million to start-ups and young Polish scientists for sustainable development projects. In addition, we provided start-ups and scientists with training on topics such as business models, experimentation, as well as media promotion and contacts with business partners. Read more about the Grant Programme under [Supporting climate innovation](#).

One of the objectives set out in the new Environmental Declaration is to achieve climate neutrality by 2030 in terms of Scope I and Scope II (for a summary of the 2022 measures, see subsection Impact of operating activities on the natural environment and climate). In 2022, we have reduced our Scope I and II carbon footprint by 25.7% (*market-based* approach) relative to the base year (2019).

As part of our educational activities, together with the ING for Children Foundation in 2022, we donated 7,500 copies of the children’s book “You too can save the world. Eco-tales from Petrushka Wola”, published by our bank. Our target from the Environmental Declaration by the end of 2023 is 25,000 copies. In addition, we created an electronic version of the book and published an audiobook. We are currently promoting the book in an online version on the foundation’s website. Read more in the [ING for community](#) chapter.

It will also implement a climate change education programme for several hundred primary schools between 2021 and 2023 together with external partners. We will continue to actively support employee volunteering. We write about employee volunteering in the [ING for community](#) chapter.

Supporting climate innovation

GRI [3-3] [own indicator - 2] [own indicator - 8]

SDG 9, 12

We want to help people to be one step ahead in life and in business. We are convinced that only by working together can we take care of our common good – the environment – which is why we actively support innovative climate action.

ING Grant Programme for start-ups and young researchers

In the Environmental Declaration announced in 2021, we pledged, among other things, to create a Grant Programme for start-ups and young scientists, for projects in the area of sustainable development, with an annual budget of PLN 2 million. The first two editions were held in 2022. In each of them, we have allocated prizes worth a total of PLN 1 million to the best solutions responding to the competition challenge – the selected UN Sustainable Development Goal. In the first edition it was clean and accessible energy (SDG 7), in the second edition it was sustainable production and consumption (SDG 12).

What sets the Programme apart is its focus on supporting not only start-ups, but also young researchers. We help you go from an innovative idea to a thriving business. In creating the formula for the ING Grant Programme, we researched the needs of start-ups and researchers. We have found that teams creating solutions that are good for the planet need grants to develop ideas, mentoring, business partners and promotion. We have included all these elements in the Programme.

The ING Grant Programme has been very popular, with 197 applications for the first edition and 155 for the second edition. The solutions and ideas promoted through the Programme reach a wide audience, raising awareness of the UN Sustainable Development Goals. The programme supports the popularisation in Poland of the idea of entrepreneurship and business, creative thinking – particularly focused on how to create and develop innovative solutions in the area of ESG.

You can read more about the ING Grant Programme [here](#) (Polish link).

Map of Zero Waste

January 2022 saw the launch of the first nationwide Zero Waste Map, co-created by ING Bank Śląski and the Polish Zero Waste Association, as well as all those who submit zero waste points for inclusion on the map. It is a useful tool for those who want to easily find and use the services of environmentally friendly companies and for all businesses that try to go zero waste, sell goods by weight, for their own packaging or provide repair services. The map is available at [this address](#). The campaign promoting the map was also kept in the spirit of zero waste. To promote this idea, we invited Kasia Nosowska, who recorded the song-manifesto “Enough”. Our aim is to encourage Poles to take planet-friendly actions – reusing things and giving them a second life, saving money and resources or using artisans. By the end of 2022, 3,175 points were reported on the map.



Sustainable financing

GRI [3-3]

SDG 7, 13

We support our clients with a sustainable financing strategy

We have consistently delivered on priorities and strategic objectives focused on supporting our clients to move towards a low-carbon economy. We are developing our product offering and sharing knowledge.

- In line with our Environmental Declaration, we are allocating funds to finance Renewable Energy Sources (RES), environmental projects and support and promotion of electromobility, including the leasing of electric and hybrid vehicles.
- We are developing our product range and looking for innovative solutions to best address the needs of our clients in their transition to a climate-neutral economy.
- At ING, we focus on education. We combine local expertise with ING Group's international experience to maximise value for our clients. We are continuously strengthening our ESG competence – we have, for example, organised a series of workshops for employees combining elements of new product solutions and knowledge of ESG regulation. We share our knowledge and experience both at conferences and thematic events and in daily dialogue with our clients.
- We have introduced a sustainability investment loan aimed at a wide range of medium-sized and large companies, which gives companies the opportunity to finance their environmental objectives on preferential terms.
- A special leasing offer has been made available to clients in the area of medium and large companies to support one of the sustainable development goals.

Business activities

Supporting clients in sustainability is one of the key elements of our bank's strategy. In light of emerging ESG standards, we are focused on aligning our activities and solutions to help clients strengthen their competitive advantages. Responding to both client needs and regulatory requirements, including in particular green financing

standards, we are constantly developing our product offering. As part of a global organisation, drawing on the experience and sector knowledge of our experts, we have been proactive in helping our clients move towards climate neutrality and ESG strategy in 2022. We offer products that broadly address the needs arising from the transformation process – financing sustainable assets directly as well as supporting their growth process.

On a sectoral basis, we operate where we see the needs of our clients with regard to our policies and climate manifestos. In addition to the energy sector, where we have set ourselves ambitious targets in line with our Environmental Declaration, we have also supported clients in the transport and logistics sector by participating in an increase in the financing of the Raben Logistics Group (increase in the consortium to EUR 285 million, our share is EUR 50.7 million) in the form of a so-called *Sustainability Linked Loan* ("SLL") and by financing the development of a sustainable logistics platform by another leading player in Europe (value of EUR 8.5 million). We were also active in other sectors such as FMCG, construction and manufacturing.

We concluded the first SLL formula leasing agreement in Poland with Żabka, i.e. an agreement whose terms are linked to the lessee's achievement of ESG objectives. The total amount of the limit is PLN 60 million. In our role as ESG Coordinator, we entered into an agreement with Paged Wood Group linked to the borrower's ESG rating (SLL; the value of the entire financing in the consortium is PLN 430 million, ING's share in the term loan is PLN 107.5 million and PLN 62.5 million in the revolving loan). We also signed a pioneering sustainable reverse factoring agreement with one of our clients. In addition to direct financing, we also support our clients with guarantee instruments to secure payments in the purchase of renewable energy. In 2022, we issued a guarantee to secure payments under one of the largest PPAs (*Power Purchase Agreements*) in Poland that Saint Gobain has signed (value of the guarantee is EUR 10 million).

We were also part of a consortium of banks that provided Wirtualna Polska Holding with the first ESG-based financing in Poland for a media and technology company. They are in line with the company's recently announced sustainability strategy. The funding margin is dependent on the achievement of contractually defined indicators in the areas of renewable energy share, environmental education and increasing the level of diversity in leadership positions.

In the area of medium and large companies, ING supports clients in making environmentally friendly choices, so we have prepared a financing offer for commonly available solutions that allow companies to offset the environmental impact of their activities. So far, such financing has been available for large corporations and complex projects. With the new sustainable financing offer, smaller companies also have the chance to finance their environmental goals



and will do so on favourable terms, as we have waived the bank’s margin during the first investment period (for the sustainability loan).

Financing of RES projects

A continuing priority in our business is projects carried out with care for the environment. Therefore, working with partners who share our strategic focus on sustainability gives us great satisfaction. We are successively increasing our share of green investments, including in renewable energy sources. In December 2022, we granted, as a Credit Agent with 50% participation in the financing, together with PKO Bank Polski and mBank, loans totalling PLN 776 million for the construction of Kleczew Solar & Wind, Poland’s first large-scale solar and wind farm with a capacity of over 200 MW. The project was complemented by a subordinated loan from the Polish Development Fund of up to PLN 90 million. Energy from the farm in Kleczew will flow to consumers as early as 2023.

[own indicator - 1]

Financing of RES by the corporate segment					
PLN million	2018	2019	2020	2021	2022
Photovoltaics	0.0	46.5	685.9	112.9	1,300.3
Wind energy	10.0	0.0	273.2	139.4	260.4
Hydropower	0.0	0.0	1.6	50.0	0.2
Biogas plants	2.7	0.0	15.0	1.2	0.0
Total	12.7	46.5	975.6	303.6	1,560.9

We are committed to the highest standards in the commercial real estate segment

In the area of commercial real estate financing, 61.1% of our portfolio is made up of assets certified to meet sustainable financing requirements (exposures secured by green-certified properties: BREEAM at minimum *very good* and Leed at minimum *gold* level). In 2022, we have signed contracts for sustainable real estate financing totalling the equivalent of PLN 769 million. Properties financed in Stena Group companies and the Credit Suisse Group through loans to these entities have been certified as green building at the highest level – LEED Platinum. The building, the purchase of which the bank co-financed to the tune of EUR 39 million – the newly built and sustainable logistics property of the Żabka Distribution Centre – is in the process of obtaining BREEAM green building certification. The conditions for a high *Excellent* rating are expected to be met.

Funding of zero-emission vehicles

In March 2022, ING Lease joined the government’s ‘My Electric’ zero-emission car subsidy programme. Thanks to the programme, clients can benefit from subsidised leasing of, among other things, electric vehicles, which can significantly support the development of electromobility in Poland. In addition, as part of the “My Electric Car” programme, our clients do not have to pay the cost of registering their vehicle in accordance with the ING EKO programme. In 2022, we leased electric and hybrid cars for a total of PLN 120.8 million (PLN 121.1 million the year before).

Credit products to support individual clients’ environmental activities

We support clients in environmentally friendly activities by financing such initiatives with an Eco Loan or an Eco Mortgage (in 2022 we granted PLN 681.8 million of Eco Mortgages in total). These products have more favourable pricing conditions than other loan products offered by the bank to individual clients.

We share our knowledge

[own indicator – 2]

ING at the ECG

ING Bank Śląski – as the bank for entrepreneurship – has supported the European Economic Congress in Katowice for many years. During this year’s edition, ING Bank Śląski was represented on the Congress stage by, among others, Brunon Bartkiewicz in a session on digitalisation, Michał Mrożek in panels on the economy, energy and climate, Ewa Łuniewska in a session on investments and foreign markets, and Robert Dąbrowski in a session on green investments and their financing.

ESG – new regulatory requirements, market expectations, new corporate strategies

ING became a partner of the XXX Meeting of the Association of Polish Corporate Treasurers PCTA, which was organised under the theme “ESG – new regulatory requirements, market expectations, new corporate strategies”. During the two-day conference, our experts organised a workshop where we presented practical aspects of ESG in the context of regulatory requirements – both for banks and our clients.

Report “Poland in global supply chains in times of pandemic and war”

ING and the organisers of the European Economic Congress presented the latest quality report *Poland in global supply chains in times of pandemic and war* at this year’s ECE. The report was prepared to better understand the



risks to business in Poland arising from two powerful negative shocks – the pandemic and the war in Ukraine. Leszek Kqsek, Senior Economist at ING Bank Śląski, is the author of the analysis, which provides a context for the disruption of global supply chains as a result of pandemics and war.

Report “Green Finance in Poland 2022”

The report *Green Finance in Poland 2022*, prepared by the UN Global Compact Network Poland and the Institute for Responsible Finance, included an article by our economists Rafał Benecki and Leszek Kqsek entitled *The role of ESG factors in the supply chains of Polish companies*. And Alicja Pawłowska-Piorun of the ESG Innovation Centre of Expertise was the author of the article *Sustainable Finance and Reducing Transport Emissions. Good practices* as part of the report *Sustainable transport – the road to climate neutrality*, prepared by the UN Global Compact Network Poland.

Academy “Zeroemisjnyi”

Together with Forbes, we launched the Zero Emissions Academy [Akademia Zeroemisjnyi], which succeeded in showing employees of more than 400 companies how to measure and reduce their carbon footprint. The project’s programme was based on a series of six free webinars, delivered at fortnightly intervals by experts in the field of sustainability.

Report “Polish business response to the energy shock 2022”

During a conference organised at PAP, we presented a report entitled *Reaction of Polish business to the energy shock of 2022. Price rises, cost cuts and green investments*. The report, presenting the results of research conducted on behalf of ING by GFK Polonia, presented the current mood and concerns of Polish companies struggling to cope with rising fuel and energy prices. The publication, based on responses from 300 SME companies, indicated how much energy transition activities are needed and worthwhile to increase the possibility of generating green energy.

Impact of operating activities on the natural environment and climate

SDG 13

Implementation of the Environmental Declaration – own operations

GRI [305-5]

In the Environmental Declaration, a commitment was made that by 2030 the bank would achieve Scope I and II (market-based) climate neutrality through the implementation of concrete measures. To this end in 2022:

- We have replaced 213 company cars with hybrids. As a result, in 2022 our eco-fleet accounted for 82% of all company cars in the bank.
- We have been working on a new eco-policy in the area of business travel (it was adopted by the Board in January 2023), which excludes air travel of less than 500 km.
- We carried out an energy efficiency audit for the buildings at 34 Sokolska Street and 50 Chorzowska Street in Katowice.
- We replaced the air handling units with heat recovery units in the building at 50 Chorzowska Street in Katowice.
- We are aiming for 100% of the energy purchased by the bank and its subsidiaries to come from renewable sources. Since 2016, in order to fulfil this provision, we have been purchasing certificates and guarantees of origin certifying that the electricity comes from renewable sources.

In addition, we continued:

- the use of state-of-the-art air conditioning and ventilation technology,
- modernizing office space using: Buzzi Shade (sound-absorbing) lamps – recycled, acoustic plaster (the insert is made of material containing 75% or more recycled material),
- replacing standard fluorescent lighting with led lighting and installing motion detector lighting in office areas,



- education and awareness-raising initiatives for climate neutrality.

Greenhouse gas emissions

GRI [305-1] [305-2] [305-3] [305-4] [305-5]

In line with our Environmental Declaration 2021, we are working to reduce our carbon footprint – we have committed to achieving climate neutrality by 2030 in Scopes I and II (market-based). In addition, we want to achieve climate neutrality for all three scopes by 2050. In the previous report, we cited our emissions (for 2019-2021) based on calculations by an external company (Krajowa Agencja Poszanowania Energii S.A.). In this year’s report, we present our calculations for both 2019-2021 (we explain the changes below) as well as estimates for 2022.

Updated calculations for 2019-2021 for the own operations

Due to detected errors in the base year calculation duplicated in 2020 and 2021 and the inclusion of previously unreported areas in the reported data, we decided to recalculate the previously reported values for 2019-2021. In connection with:

- we have obtained as much actual consumption data as possible for all identified locations,
- we estimated consumption for locations and periods for which we did not have actual data.

The recalculations applied to all three scopes, which we explain in detail in [this document](#) (it also contains detailed information on the methodology adopted and on the data sources for the *Global Warming Potential* indicators, among others).

In addition to recalculating the data in the existing ranges (which helped to improve the quality of the data for the individual years), we decided to expand the analysis of CO₂e emissions in range III to include category 3 (transmission losses; WTT – *Well-to-Tank*) and the refinement of categories 5 and 6. This resulted in a significant increase in Scope III emissions relative to previously reported values. In addition, we have also included emissions from purchased refrigeration in the calculation of Scope II emissions.

The table below shows the change in calculated emissions values for all three ranges between 2019 and 2021. In the remainder of this report for 2019-2021, we will refer to the data in their updated values.

Quantitative information on CO₂e emissions update for 2019-2021

tonnes of CO ₂ e	2019	2020	2021
Data before recalculation			
Scope I	5,271.3	3,472.4	3,283.1
Scope II – market-based	6,025.0	4,944.0	4,806.4
Scope II – location-based	28,976.2	24,112.2	22,310.2
Scope III	746.7	171.7	153.9
SUM (I-III) – market-based	12,043.0	8,588.1	8,243.4
SUM (I-III) – location-based	34,994.2	27,756.3	25,747.2
Data after recalculation			
Scope I	5,218.5	3,427.4	3,222.6
Scope II – market-based	6,536.5	5,692.6	6,229.1
Scope II – location-based	28,175.8	23,570.9	22,559.9
Scope III	6,529.7	4,806.6	6,389.4
SUM (I-III) – market-based	18,284.7	13,926.6	15,841.1
SUM (I-III) – location-based	39,924.1	31,804.9	32,171.9
Dynamics of change			
Scope I	-1.0%	-1.3%	-1.8%
Scope II – market-based	8.5%	15.1%	29.6%
Scope II – location-based	-2.8%	-2.2%	1.1%
Scope III	774.5%	2699.2%	4050.9%
SUM (I-III) – market-based	51.8%	62.2%	92.2%
SUM (I-III) – location-based	14.1%	14.6%	25.0%



Current methodology

Emissions calculations are now prepared and reported in accordance with [The Greenhouse Gas Protocol Corporate Accounting and Reporting Standard](#). The calculation includes the bank and its subsidiaries (operational control). There are no direct CO₂ emissions from biogenic combustion in our emissions. We have adopted 2019 as the base year. For the preparation of the emissions estimate, we analysed the consumption of energy carriers in stationary sources for heating (natural gas, fuel oil, coal), the consumption of liquid fuels to power the car fleet (petrol, diesel) and generators (diesel), and the loss of refrigerant from air-conditioning equipment. For scope II of the analysis, we analysed the amount of electricity, district heating and cooling purchased. For scope III of the report, we focused on emissions related to employee business travel (by rail, air, taxi and coach and private car), as well as water consumption, paper consumption and the amount of waste generated. In scope III, we also include emissions related to energy and fuels not included in Scopes I and II (WTT).

Calculations have been made assuming an operational approach and adopting a market-based method for calculating Scope II GHG emissions. In 2019, the bank obtained guarantees of origin for electricity from RES covering 97% of the total volume of consumption. Between 2020 and 2022, the bank entered into an agreement with an energy seller for the purchase of an Eco-Premium product guaranteeing the supply of energy exclusively from renewable sources (which was documented by relevant certificates), while for the remaining volume of electricity the bank purchased guarantees of energy origin.

Data for 2019-2021 includes a full calendar year. For 2022, we did not have full information on actual consumption, so we adopted estimates where necessary. We will update the calculations for 2022 with the completed actual consumption in the 2023 report. a source report with comprehensive information on the methodology, data sources (including *Global Warming Potential* indicators) and calculation results for 2022 is available at [this link](#).

The methodology of our calculations was verified by Bureau Veritas Poland (the verification report is available at [this link](#)).

Breakdown of CO₂e emissions by gas and pollutant for own operations

Emissions from greenhouse gases not included in the Kyoto Protocol				
kg	2019	2020	2021	2022
Total dust	9.09	7.96	7.45	6.22
PM10 dust	8.94	7.82	7.30	6.22
PM2.5 dust	8.68	7.57	7.05	6.22
Carbon monoxide (CO)	413.93	394.85	361.71	342.23
Nitrogen oxides (NOx/NO ₂)	673.74	628.54	567.02	547.30
Sulphur oxides (SOx/SO ₂)	94.96	52.48	56.53	52.09
Benzo(a)pyrene	0.00	0.00	0.00	0.00
Non-methane volatile organic compounds (NMVOC)	1.87	1.68	2.01	2.47
Ammonia (NH ₃)	0.37	0.32	0.38	0.47
Lead (Pb)	0.00	0.00	0.00	0.00



CO₂e emissions – breakdown of gases emitted (included in Kyoto Protocol) for own operations

	Total (tonnes of CO ₂ e)	CO ₂ (tonnes)	CH ₄ (tonnes)	N ₂ O (tonnes)	HFCs (volumes)
2019					
Scope I*	5,218.5	4,571.9	0.2	0.0	0.2
Scope II – market-based	6,536.5	6,536.5	0.0	0.0	0.0
Scope II – location-based	28,175.8	28,175.8	0.0	0.0	0.0
Scope III*	6,529.7	951.6	0.1	0.0	0.0
SUM (I-III) – market-based	18,284.7	12,059.9	0.2	0.1	0.3
SUM (I-III) – location-based	39,924.1	33,699.3	0.2	0.1	0.3
2020					
Scope I*	3,427.4	3,203.6	0.1	0.0	0.1
Scope II – market-based	5,692.6	5,692.6	0.0	0.0	0.0
Scope II – location-based	23,570.9	23,570.9	0.0	0.0	0.0
Scope III*	4,806.6	104.8	0.0	0.0	0.0
SUM (I-III) – market-based	13,926.6	9,001.0	0.1	0.0	0.1
SUM (I-III) – location-based	31,804.9	26,879.2	0.1	0.0	0.1
2021					
Scope I*	3,222.6	3,137.1	0.1	0.0	0.0
Scope II – market-based	6,229.1	6,229.1	0.0	0.0	0.0
Scope II – location-based	22,559.9	22,559.9	0.0	0.0	0.0
Scope III*	6,389.4	40.6	0.0	0.0	0.0
SUM (I-III) – market-based	15,841.1	9,406.8	0.1	0.0	0.0
SUM (I-III) – location-based	32,171.9	25,737.5	0.1	0.0	0.0
2022					
Scope I*	3,810.8	3,477.5	0.1	0.0	0.2
Scope II – market-based	4,923.0	4,923.0	0.0	0.0	0.0
Scope II – location-based	21,421.0	21,421.0	0.0	0.0	0.0
Scope III*	6,014.2	167.9	0.0	0.0	0.0
SUM (I-III) – market-based	14,748.1	8,568.4	0.1	0.0	0.2
SUM (I-III) – location-based	31,246.0	25,066.4	0.1	0.0	0.2

*Due to the design of the emission factors, the value of the part of the emissions for scope 1 (refrigerant) and scope 3 (category 1, 3, 5) has been converted into CO₂ equivalent emissions without a breakdown by individual greenhouse gas.

Own operations emissions information for 2019-2022

The table below shows the aggregated data for 2019-2022 in terms of CO₂e emissions for our bank group. We present Scope II in both *market-based* and *location-based* terms. In the following sections of this section, we also recall the breakdown of emissions by gas and recall the main factors behind the change in emissions in 2022 relative to the previous year (2021) as well as the base year (2019).

Emissions of CO₂e emissions – breakdown by emission source

tonnes of CO ₂ e	2019 (base year)	2020	2021	2022
Scope I	5,218.5	3,427.4	3,222.6	3,810.8
Natural gas	594.7	592.4	528.1	504.8
Fuel oil	66.7	28.8	32.8	43.7
Coal	3.5	3.3	3.4	0.0
Petrol fuel	1,752.8	1,691.0	2,099.3	2,599.0
Diesel – car fleet	2,120.8	835.0	416.9	284.4
Diesel – generators	47.4	62.7	66.2	56.4
Refrigerants	632.7	214.3	76.0	322.5
Scope II – market-based	6,536.5	5,692.6	6,229.1	4,923.0
Electric energy	672.2	127.4	595.2	0.0
Cold	829.3	764.7	432.2	575.1
District heating	5,035.0	4,800.5	5,201.7	4,347.9
Scope II – location-based	28,175.8	23,570.9	22,559.9	21,420.9
Electric energy	22,311.5	18,005.7	16,926.0	16,497.9
Cold	829.3	764.7	432.2	575.1
District heating	5,035.0	4,800.5	5,201.7	4,347.9
Scope III	6,529.7	4,806.6	6,389.4	6,014.2
Category 1	217.5	159.7	130.9	87.4
Paper	189.7	134.0	121.7	81.1
Water supply	27.8	25.7	9.2	6.3
Category 3 – WTT emissions	5,616.9	4,413.3	6,126.8	5,684.8
Category 5	142.5	127.6	90.7	71.9
Water treatment	57.1	52.9	16.8	11.5
Municipal waste	74.5	74.3	73.5	60.2
Recycled waste	10.9	0.4	0.4	0.3
Category 6	552.8	106.1	41.1	170.2
Rail journeys	196.5	31.0	12.5	64.2
Air travels	200.1	28.1	2.6	52.2
Coach travel	0.0	0.0	0.0	0.0
Taxi trips	7.3	8.1	7.1	13.9
Travels in private cars	148.8	38.9	18.8	39.9
Scopes I-III total – market-based approach	18,284.7	13,926.6	15,841.2	14,748.1
Scopes I-III total – location-based approach	39,924.1	31,804.9	32,171.9	31,246.0

Dynamics of change in CO₂e emissions for 2022

	Relative to base year (2019)	Relative to the previous year (2021)
Scope I	-27.0%	18.3%
Natural gas	-15.1%	-4.4%
Fuel oil	-34.5%	33.3%
Coal	-100.0%	-100.0%
Petrol fuel	48.3%	23.8%
Diesel – car fleet	-86.6%	-31.8%
Diesel – generators	19.1%	-14.8%
Refrigerants	-49.0%	324.2%
Scope II – market-based	-24.7%	-21.0%
Electric energy	-100.0%	-100.0%
Cold	-30.7%	33.1%
District heating	-13.6%	-16.4%
Scope II – location-based	-24.0%	-5.0%
Electric energy	-26.1%	-2.5%
Cold	-30.7%	33.1%
District heating	-13.6%	-16.4%
Scope III	-7.9%	-5.9%
Category 1	-59.8%	-33.3%
Paper	-57.3%	-33.4%
Water supply	-77.3%	-31.5%
Category 3 – WTT emissions	1.2%	-7.2%
Category 5	-49.5%	-20.7%
Water treatment	-79.9%	-31.5%
Municipal waste	-19.3%	-18.1%
Recycled waste	-97.6%	-33.3%
Category 6	-69.2%	314.3%
Rail journeys	-67.4%	412.5%
Air travels	-73.9%	1909.8%
Taxi trips	91.0%	95.6%
Travels in private cars	-73.2%	111.7%
Scopes I-III total – market-based approach	-19.3%	-6.9%
Scopes I-III total – location-based approach	-21.7%	-2.9%



Our emissions for 2022 totalled 14,700 tonnes of CO₂e on a *market-based basis*. This figure is 6.9% lower than the previous year and 19.3% lower than our adopted base year (2019). The decrease in emissions both y/y and relative to the base year is mainly due to the lower emissivity of Scope II. The main reasons for the changes in CO₂e emissions in each range are explained below.

Changes to Scope I emissions

Scope I emissions in 2022 were 18.3% higher than in 2021. The main part of Scope I emissions is petrol fuel (accounting for 68% of Scope I emissions in 2022). The increase in emissions from petrol fuel is due to its higher consumption – more intensive use of company cars in 2022 partly offset by a change in car fleet mix (increase in share of hybrid and electric cars). In 2022, our car fleet grew by 29 hybrid cars and one electric car. In addition, the ban on domestic business travel was lifted in 2022. From April 2022, the possibility of international business travel was also unlocked. An important element of Scope I, which also saw an increase in 2022, was emissions from refrigerant (which was derived from air conditioning failures occurring resulting in refrigerant losses).

The dynamics of the 2022 issue compared to 2019 was -27.0%. The main factor behind the decrease in emissions in this figure is the decrease in emissions from diesel (car fleet), which is due to the change in the structure of our car fleet and the shift away from diesel-powered cars (in part this effect was consumed by the increase in emissions from petrol fuel). Significantly lower emissions were also associated with the refrigerant. Behind the decline in these emissions is the significantly lower number and size of our sites (resulting, among other things, from fewer meeting venues).

Variation of Scope II emissions – market-based approach

Scope II emissions on a *market-based basis* fell by 21.0% in 2022 relative to 2021. This was due to a decrease in the network heat consumed (relatively warm 2022, optimisation of occupied space) which was partly offset by an increase in emissions from purchased cooling. In 2022, all the electricity we consume (based in part on estimates) comes from renewable sources – hence the value of electricity emissions on a *market-based basis* is zero.

The reduction in Scope II emissions in 2022 relative to the base year was 24.7%. This change is driven by lower emissions from purchased district heating which is a result of the reduction in the number and area of our sites over the years.

Changes to Scope III emissions (for categories 1, 3, 5 and 6)

2022 emissions from Scope III were 5.9% lower than the year before. The main category of Scope III emissions are those associated with transmission losses (WTT). In 2022, these emissions, following the decline in district heating and energy consumption, fell by 7.2%. The lower volume of heat and electricity consumed is associated with lower transmission losses.

The 2022 emissions growth rate relative to the baseline year in Scope III was -7.9%. The reduction of these emissions was made possible by the reduction of category 6 emissions – especially in the area of private car travel for business purposes, air travel or rail travel. This is partly due to changes in work culture and the popularisation of remote collaboration tools in the wake of the effects of the COVID-19 pandemic. It is also noteworthy that emissions from used paper have been reduced by more than half.

Emission intensity factors of the own operations

In the table below, we present our emission intensity ratios per key data (revenue, asset size and number of FTEs). We emphasise that the correct approach to analysing the emissions intensity of the own economy is to convert emissions into FTEs. a proper analysis of emissions intensity, reflecting the characteristics of the sector in which we operate, should take into account category 15 of scope III (emissions from the portfolio of receivables from clients) – in this view, emissions intensity per income or asset is meaningful. Information in terms of category 15 Scope III emissions is presented later in this chapter.

**Performance indicators related to CO₂e emissions**

kg CO ₂ e	2019	2020	2021	2022
CO₂e emissions per PLN 1 million of revenue*				
Scope I	900.3	550.1	467.3	493.5
Scope II – market-based	1,127.7	913.6	903.2	637.5
Scope II – location-based	4,860.9	3,783.0	3,271.0	2,773.9
Scope III	1,126.5	771.4	926.4	778.8
Total – market-based	3,154.5	2,235.2	2,296.9	1,909.8
Total – location-based	6,887.7	5,104.5	4,664.7	4,046.3
CO₂e emissions per 1 million PLN of assets (average per year)				
Scope I	34.6	19.4	16.4	18.1
Scope II – market-based	43.4	32.3	31.8	23.3
Scope II – location-based	187.1	133.6	115.0	101.6
Scope III	43.4	27.2	32.6	28.5
Total – market-based	121.4	79.0	80.7	69.9
Total – location-based	265.1	180.3	164.0	148.2
CO₂e emissions per FTE (annual average)				
Scope I	646.8	417.7	373.2	450.3
Scope II – market-based	810.2	693.8	721.3	581.8
Scope II – location-based	3,492.2	2,872.6	2,612.3	2,531.4
Scope III	809.3	585.8	739.9	710.7
Total – market-based	2,266.3	1,697.2	1,834.3	1,742.9
Total – location-based	4,948.4	3,876.1	3,725.3	3,692.5

*total including share in profit of associates

Emission intensity indices have been decreasing over the last four years. This is due in part to the reduction in emissions themselves, but also to the organic growth of our business (understood as an increase in the value of average assets) followed by an increase in revenue. Due to the continued processes of optimising operations and reducing the number of venues, the headcount in our Group over the last four years – despite the significant

increase in the scale of operations (average annual assets in 2022 were 40% higher than in 2019) – has remained relatively stable.

Our initiatives to reduce CO₂e emissions from our own operations (excluding category 15 of Scope III)

From 2019, we are gradually installing and increasing our photovoltaic power generation capacity on our buildings. The total installed capacity as at 2022 yearend is 227.24 kWp. We plan to invest further in this area in 2023.

In connection with the above initiative, we are reducing the need for energy purchased from the market. Using an analogous methodology to the counting of the emissions calculations referred to earlier (KOBIZE index for scope II, own calculations for scope III), if we had to purchase the energy produced from photovoltaic panels on the market in 2022 (144.7 MWh in total), our emissions would be 121.2 tonnes of higher in *location-based* terms. Of this, 96.4 tonnes of CO₂e are attributable to Scope II and the remainder (24.8 tonnes of CO₂e) to Scope III in Category 3 (WTT).

CO₂e emissions from the client receivables portfolio (category 15 of Scope III)

In 2022, we continued the process of quantifying the CO₂e emissions associated with the bank's client receivables portfolio, which started a year ago (own calculations, not verified by an external party). As in the previous year, we took the decision to share our estimate to inform our stakeholders of our issuance to the fullest extent possible – issuance from the receivables portfolio is a very important component of bank issuance (it falls under Category III issuance under Category 15 corresponding to investments) and it is this component that will be the main focus and priority for the bank in order to move towards climate neutrality in the 2050 horizon. Nevertheless, we are still at the beginning of this journey.

We have prepared the calculations presented in relation to the corporate segment (including commercial real estate and vehicle financing) based on [the Global GHG Accounting and Reporting Standard for the Financial Industry](#), while the estimates for the retail segment are based on our own methodology. At the same time, we note that an estimate of emissivity based on statistical methods may not be precise. In future periods, we will strive to improve the accuracy of the estimates, including by obtaining more precise data. We will continue to work on our calculation of issues from the client receivables portfolio in the years to come, both in terms of the methodology itself and the greater availability of higher quality data. In this regard, we cannot exclude that we will make retrospective recalculations in the future as market practice develops.



Updated calculations for 2021 for the corporate portfolio

We have recalculated the issuance estimate of the corporate portfolio for 2021. The changes from the data presented a year ago are due to:

- retroactive update of 2020 emissions statistics by Eurostat in December 2022,
- to include updated information on credit exposures involving renewable energy sources,
- taking into account security exposures.

Quantitative information on CO₂e emissions update for 2021

	CO ₂ e emissions			Gross escrow value			Emission intensity		
	(tonnes)			(PLN million)			(tonnes CO ₂ e per 1 million PLN of exposure)		
	before adjustment	after adjustment	change	before adjustment	after adjustment	change	before adjustment	after adjustment	change
Sectors contributing significantly to climate change	4,532,934	4,281,401	-5.5%	45,613.0	45,663.2	0.1%	99.4	93.8	-5.7%
Other sectors	698,846	1,164,169	66.6%	16,727.9	33,273.0	98.9%	41.8	35.0	-16.3%
Total corporate segment portfolio	5,231,781	5,445,569	4.1%	62,340.9	78,936.1	26.6%	83.9	69.0	-17.8%

The total estimated carbon intensity of the corporate loan portfolio for 2021 increased by 4.1% y/y from 5.23 million tonnes of CO₂e to 5.45 million tonnes of CO₂e, while the emissions intensity decreased by 17.8% from 83.9 to 69.0 tonnes of CO₂e per 1 million gross carrying amount.

Corporate segment

General funding

The calculation for total corporate segment portfolio financing includes exposures of ING Bank Śląski, ING Lease (Polska) and ING Commercial Finance excluding corporate loans, commercial real estate financing and vehicle leasing (applies to 2022 data). For the purposes of estimation, we used data on greenhouse gas emissions (CO₂ and

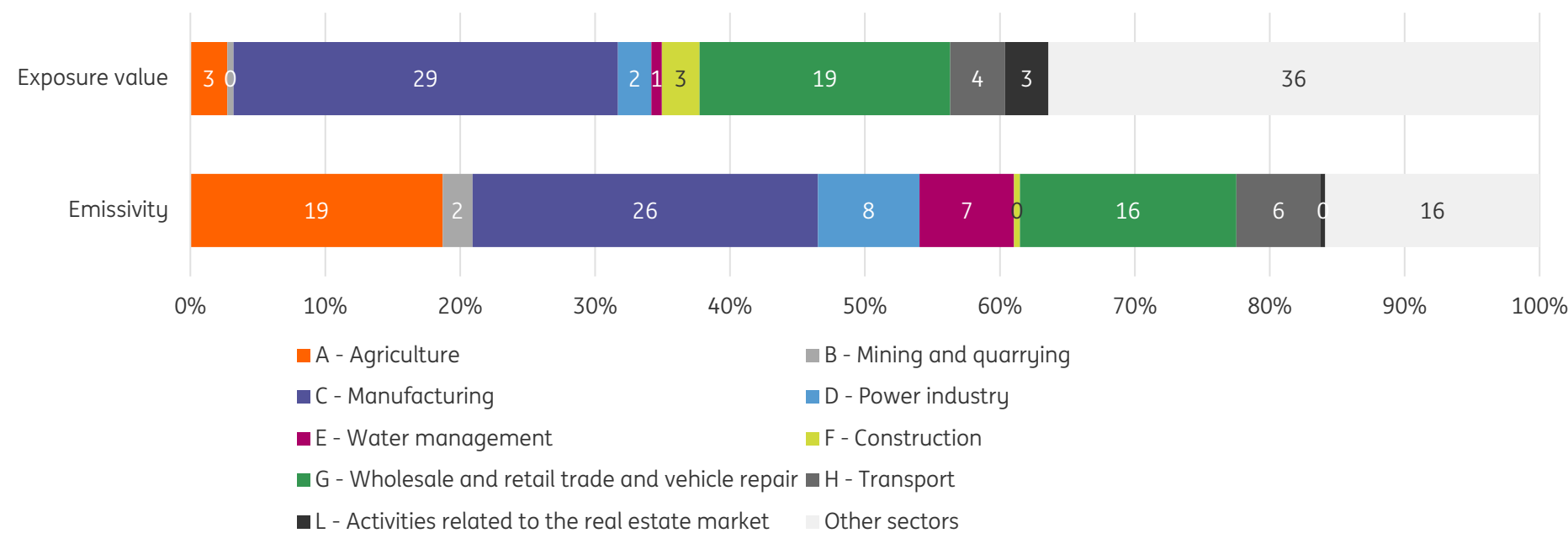
CO₂e for other gases) by sector of activity. Data are published annually by Eurostat, with the latest data available for 2021. On the basis of sector data, we have estimated emission in relation to revenue generated and in relation to assets. We then translated the estimates at the level of the national economy sectors to the corporate clients of the group, using the client's core business as a key.

The estimated total emissivity for 2022 decreased by approximately 21.9% y/y, with the emissivity calculated for 2022 not including leasing exposures due to the introduction of a more accurate method for calculating emissivity in this category, as described below. if the emissivity of leasing exposures is included in the corporate portfolio, the decrease in emissivity of the portfolio would be 8.7% y/y. The decarbonisation is largely due to a decline in market-based benchmarks for sectors that contribute significantly to climate change, such as manufacturing and transport. There was also a positive impact from the increase in the volume of credit exposures in the area of renewables from PLN 1.0 billion in 2021 to PLN 1.8 billion (of which 61% is included in section D of the PAC).

The total emissions intensity ratio for the corporate segment's financing portfolio was 53.7 tonnes of CO₂e per PLN 1 million of gross carrying amount in 2022 (-22.2% y/y). for the group of sectors contributing significantly to climate change, the average estimated emission intensity was 71.0 tonnes of CO₂e per PLN 1 million of gross carrying amount (-24.3% y/y), while for the group of other sectors, the value of the indicator was 23.4 tonnes of CO₂e per PLN 1 million of gross carrying amount (-33.1% y/y). The sectors contributing the most to the total emissivity of the corporate portfolio are manufacturing (Section C of the PKD; 26% of total emissions) and agriculture (Section A of the PKD; 19%). The sectors with the highest emission intensity per 1 million PLN of funding provided are water and waste management (section E of the PKD), agriculture (section A of the PKD), mining and quarrying (section B of the PKD) and energy (section D of the PKD).



Structure of exposure value vs. carbon intensity structure of PKD sectors (%)



Vehicle financing by ING Lease (Poland)

In 2022 for the first time, we estimated the emissivity of ING Lease’s (Poland) financed motor vehicle portfolio for the first time. Nevertheless, due to the lack of market information on the average actual combustion of vehicles as well as their mileage, the calculations were based on expert assumptions prepared by the company.

The average estimated emissions intensity was 184.0 tonnes of CO2e per PLN 1 million gross carrying amount.

Retail segment

Within the retail segment, we estimated the emissivity associated with mortgage-backed loans. due to the lack of information on the actual energy consumption of individual buildings and the lack of access to energy performance certificates, we based our approach on the year of construction of the property and the corresponding technical and building regulations. we include in the calculations the demand for non-renewable primary energy related to heating, ventilation and hot water preparation. We also use information provided by the Central Statistical Office on the structure of household energy consumption, data from the European Environment Agency on emissions associated with electricity generation, and data from the 2006 IPCC Guidelines for National Green-house Gas Inventories.

In accordance with the methodology in the Global GHG Accounting and Reporting Standard, emissions have been adjusted by LTV (gross carrying amount to collateral value ratio) to reflect the actual emissions associated with our

financial exposure. in the calculation, we focus on residential units and single-family buildings considering 92% of the bank group’s total portfolio as at 2022 yearend (87% as at 2021 yearend).

Estimated CO2e emissions in 2022 were 602,761 tonnes of CO2e (-6.0% y/y), while the emissions intensity was 11.9 tonnes of CO2e per 1 million gross carrying amount (-7.3% y/y). The reduction in both emissions and emissions intensity compared to the previous year is mainly due to the higher proportion of newer buildings in the portfolio and decreasing LTV levels.

Summary

In 2022, we have estimated issuance for a gross client receivables portfolio of PLN 135.3 billion (+4.9% y/y), representing 62% of our total assets. This amounted to 5.8 million tonnes of CO2e, down 4.2% y/y, despite a nominal increase in the portfolio, consequently, the average estimated CO2e intensity decreased by 8.7% y/y from 47.2 to 43.1 CO2e per 1 million gross exposure.

In total, emissions from all three scopes, including category 15 of scope III, amounted to 5.8 million tonnes of CO2e in market-based approach (-4.2% y/y). Category 15 of scope III accounted for 99.7% of these emissions (similarly to the previous year). The intensity of CO2e emissions calculated in this approach would be in 2022 (market-based):

- 756.9 thousand tonnes per 1 million of revenue (-14.5% y/y),
- 27.7 thousand tonnes per 1 million of average assets (-10.9% y/y) and
- 690.7 thousand tonnes per job (-2.3% y/y).



CO₂e emissions from the client receivables portfolio (Scope III, category 15 element)

	2021	2022	r/r
CO ₂ e emissions (tonnes)			
General financing in the corporate segment's portfolio*	5,445,569	4,255,273	-21.9%
Sectors contributing significantly to climate change	4,281,401	3,579,421	-16.4%
Other sectors	1,164,169	675,852	-41.9%
Vehicle leasing	-	971,842	-
Mortgage-backed retail portfolio	641,153	602,761	-6.0%
Total	6,086,722	5,829,876	-4.2%
Gross escrow value (PLN million)			
General financing in the corporate segment's portfolio*	78,936.1	79,310.8	0.5%
Sectors contributing significantly to climate change	45,663.2	50,444.5	10.5%
Other sectors	33,273.0	28,866.3	-13.2%
Vehicle leasing	-	5,280.3	-
Mortgage-backed retail portfolio	50,005.5	50,707.3	1.4%
Total	128,941.6	135,298.4	4.9%
Emission intensity (CO ₂ e tonnes per PLN 1 million of exposure)			
General financing in the corporate segment's portfolio*	69.0	53.7	-22.2%
Sectors contributing significantly to climate change	93.8	71.0	-24.3%
Other sectors	35.0	23.4	-33.1%
Vehicle leasing	-	184.0	-
Mortgage-backed retail portfolio	12.8	11.9	-7.3%
Total	47.2	43.1	-8.7%

*Excluding entrepreneurs and vehicle leasing – applies to 2022 data.

Electricity

GRI [302-1] [302-4]

The main energy reduction measures introduced in 2022 are:

- we launched a photovoltaic panel installation in Katowice at Sokolska Street with a capacity of 128 kWp; the total capacity of our panels as at 2022 yearend was 227.33 kWp,
- we gradually replaced the lighting from standard to LED,
- we converted the general lighting with compact fluorescent lamps for workstations at 34 Sokolska Street in Katowice (low-rise building, 1st and 2nd floors) to linear luminaires with light sources in LED technology with individual control over individual desks,
- we converted the existing lighting with fluorescent luminaires to LED luminaires in the server room and the rest of the building volume in Katowice at 66 Owsiana Street.

Measures to support electromobility:

- we have installed 15 electric car charging stations at 34 Sokolska in Katowice. In total, we had 32 charging stations nationwide as at 2022 yearend.

Electricity consumption

kWh	2019	2020	2021	2022
Electricity	32,916,393	27,657,936	26,036,931	24,916,157

The decrease in electricity consumption in 2022 is due to the application of energy-saving solutions, such as the replacement of lighting with led lighting, the modernisation of office space lighting by implementing follower lighting, a system for controlling the brightness of light sources and the optimisation of office space.

Other types of energy

kWh	2019	2020	2021	2022
Natural gas	3,281,392	3,268,420	2,913,799	2,785,248
Fuel oil	254,904	109,969	125,206	166,935



The increase in fuel oil consumption is due to the irregular nature of oil procurement. Consumption data is provided on the basis of purchase orders from purchase invoices (no meters indicating oil consumption).

The electricity we produce (photovoltaic panels)				
kWh	2019	2020	2021	2022
Electricity	3,870	43,280	78,137	144,727

Car eco-policy

At the beginning of 2019, the Management Board approved the implementation of a long-term eco-strategy for the car fleet and changes in car policy. In 2022, 82% of the green fleet was achieved with 123 electric cars and 774 hybrid cars. Our cars will be exclusively hybrid or plug-in by the end of 2023. We will also gradually increase the fleet of electric cars, with the aim of achieving a minimum 36% reduction in CO₂ resulting from car use in 2030 (compared to 2019).

Business travels

Business travels				
km	2019	2020	2021	2022
Business travels by company cars	26,164,962	19,089,186	19,481,296	22,427,544
Air travels	2,222,780	314,885	24,220	612,499

There was a ban on overseas business travel in 2021. Domestic business travel was also blocked until April 2021. The increase in kilometres travelled by company cars is due to the fact that domestic business travel was not banned in 2022 and international business travel was also reinstated in April 2022.

Water consumption

GRI [303-3]

We systematically collect data and analyze water consumption for all locations. Thanks to the standards developed for the bank's head office and branch buildings, we use modern two-post toilets, dishwashers and aerators every time we upgrade. The measures are aimed at reducing water consumption. In 2022, we installed a grey water

recovery plant in Ruda Śląska, which aims to reduce water consumption by recovering and reusing part of the water used.

Water consumption				
m ³	2019	2020	2021	2022
Water (the source of intake is municipal water supply system)	80,707	74,669	61,653	42,235

We manage waste wisely

In our business activities, we implement and apply the principles of environmental responsibility in many aspects. This also applies to the waste generated. We are working towards a comprehensive approach to waste management.

- It is compulsory to separate waste in meeting places and head office buildings. Additionally, we collect and destroy data media (in paper and magnetic form).
- We set up waste separation bins in open spaces at headquarters, made of 90% recycled materials (instead of bins at desks for mixed waste).
- We collect office waste in the form of toner cartridges, furniture waste and electronic waste in meeting areas and head office buildings, and hand it over to an authorised company for disposal.
- We extended the waste segregation with the collection of dead batteries. The containers are located in rooms with printers and kitchenettes in all buildings of the bank's head office.
- All employees of the Head Office in Warsaw and Katowice use the so-called follower printout. This solution allows you to print the document only after we put our ID card to the printer, so we do not waste paper and toner.

GRI [306-3]

Total weight of hazardous waste, broken down by the following disposal methods				
kg	2019	2020	2021	2022
Recycling	1,487	1,187	670	1,624

100% of our waste is sent for recycling.



Total weight of non-hazardous waste, broken down by the following disposal methods

kg	2019	2020	2021	2022
Recycling	507,880	18,992	17,652	10,428

The decrease in the disposal waste generated is due to the end of the landline disposal campaign, which was organised in 2021.

100% of our waste is sent for recycling.

All quantities of hazardous and non-hazardous waste are reported on the basis of Waste Transfer Cards in the Waste Database system. The method of disposal is determined by the company responsible for recycling the waste we provide. Due to a change in the way we record waste internally, we have changed the way we present categories compared to previous years – we present the waste disposed of by hazardous and non-hazardous.

Municipal waste

Municipal waste that is transferred to municipalities is not recorded – the bank is unable to obtain information on the weight of such waste generated from municipal clients. In 2022, we have developed a tool that estimates the amount of municipal waste generated across the bank based on estimated average full bin weights for different fractions, as well as real data on the number and capacity of bins and the frequency of waste collection in a given location.

Municipal waste

kg	2019	2020	2021	2022
Municipal waste	3,489,626	3,485,256	3,454,168	2,827,593

The decrease in the amount of municipal waste generated is due to a reduction in the number and size of refuse bins among others. This translates into data that is used to estimate waste volumes (this takes into account the capacity and frequency of bin collections).

Eco-initiatives of an educational nature

GRI [3-3] [own indicator - 2]

Every day, even small choices have an impact on the state of the environment. Starting with ourselves, we consistently promote environmentally friendly attitudes.

OFF Culture – in-house EKO education programme

For years, we have strived to ensure that our organisation manages natural resources efficiently and sensibly and has a positive impact on the environment. Among other things, thanks to the OFF Culture education campaign that we launched internally in 2016. Every year we organise a thematic educational campaign aimed at all employees to encourage, inspire and develop eco-attitudes. We have already touched on the topics of lighting, water, segregation, optimal use of air conditioning or eliminating plastic. In 2022, we shared the energy. The occasion was marked by an animation showing how much electricity and heat we have saved by reducing the use of office space in the Warsaw and Katowice headquarters.

Sharing energy with others

With the planet and the public in mind, we have temporarily switched off the floors in our offices in Katowice and Warsaw:

- Katowice, at 34 Sokolska Street – from 19.12.2022 to 26.02.2023 we closed the office space in the high and low building,
- Warsaw, at Unii Lubelskiej Street – from 19 to 31 December 2022, we have reduced work to two days a week on 10 floors, and from 1 January to 26 February 2023, we have taken eight floors completely out of use.

With this, we have joined the campaign to reduce electricity and heat consumption. For the Earth, hospitals, schools and homes, we will save 126,000 kWh of electricity and 159 GJ of heat. We have also changed the principles of meeting venues. Our out-of-hours meeting places have gone into standby mode. We have switched off advertising, logo illumination and other visual elements. Only the necessary lighting works.

Insect houses

In August 2022, in a flower meadow planted last year at Chorzowska Street in Katowice, at the eco-mural at Sokolska Street and in Ruda Śląska at Niedurnego Street, more wildlife insect houses have appeared. The houses provide shelter and a safe place to nest for all species of invertebrates, e.g. bees, wasps, ladybirds, butterflies.



Flower meadow

In 2022, we sowed another flower meadow in Wrocław. An area of approximately 300 m² will now become home to a wide range of plant and insect species, including bumblebees, butterflies, as well as small birds. Flower meadows provide a place for many beneficial insects to live and forage for food. In addition, they offer the opportunity to commune with nature in the middle of the city. With our activities we want to inspire to take care of biodiversity also in city centres.

Baskets for nuts

In December 2022 in Katowice, between the head office buildings at 34 Sokolska Street and 50 Chorzowska Street and in Ruda Śląska at our branch at Niedurnego Street we have put up 2 bins for plastic nuts. The orange paw-shaped baskets refer to the logo of our ING for Children Foundation. All nuts collected will be donated to the charity in succession.

Taxonomic disclosure

What is a Taxonomy?

Taxonomy is the colloquial name for a piece of European Union legislation – Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment – that establishes harmonised pan-European principles for sustainable investment. These regulations are designed to increase the level of environmental protection by diverting capital from environmentally damaging investments to greener alternatives.

The taxonomy does not specify which activities are “good” and which are “bad”, but only describes in detail investments that are environmentally friendly. It is intended as a tool to support investors and entrepreneurs in making informed investment decisions towards actions that will contribute to the achievement of climate neutrality in the European Union by 2050.

The taxonomy does not prohibit investment in environmentally damaging activities, but gives additional preference to “green” solutions. The implementation of regulations defining what investments are environmentally sustainable will also make it possible to identify pseudo-environmental activities – concerning the unjustified claim by some entities that their activities are environmentally friendly, when there are no grounds for this – this phenomenon is called greenwashing.

On 30 December 2021, the EU Commission Delegated Regulation (2021/2178) to Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council on establishing a framework to facilitate sustainable investment (later updated in March 2022) entered into force. It imposes an obligation on a number of European entities, including the banking sector and consequently ING Bank Śląski, to report both quantitative and qualitative information on environmentally sustainable business activities. This occurred for the first time in 2022 for 2021. The reporting of financial institutions in 2022, as well as in 2023, will be transitional, the scope of which is specified in Article 10 of the Delegated Regulation to Article 8 of the Taxonomy (in particular points 3 and 5).

Our business strategy and the Taxonomy

We have incorporated all the environmental objectives of the EU Taxonomy into our business strategy:

- climate change mitigation,
- adaptation to climate change,
- sustainable use and protection of water and marine resources,
- the transition to a circular economy,
- pollution prevention and control,
- protecting and restoring biodiversity and ecosystems.

As we are guided by its guidelines in developing our offer, our current lending activities are mainly focused on the first two environmental objectives, i.e. climate change mitigation and climate change adaptation. For these two purposes, the European Commission has adopted technical qualification criteria that allow a tailored design of our products. The relevance of these targets is reflected in the objectives of our Environmental Statement 2021-2023, which relate to funding for renewable energy, zero- and low-carbon transport and other pro-environmental targets.

The further development of our credit offer for objectives 3-6 is dependent on the expected publication of their eligibility criteria. This will allow the financing conditions to be shaped precisely and the relevant requirements to be taken into account in the product design process.

As part of our work with clients, we engage in a dialogue with them that takes into account the link between their environmental goals (including decarbonisation strategies) and the EU’s environmental objectives, which influences



the structuring of the bank’s offering. Our intention is to provide funding to enable clients to transform their business to environmentally sustainable operations.

Due to data limitations, at the 2022 reporting stage we are unable to demonstrate that any activity or asset we fund fully meets the requirements for compliance with the Taxonomy.

We are aware of the challenges posed by the availability and quality of data to assess environmentally sustainable activities. Access to the data and possible further EU regulatory adjustments in this respect will have an impact on our business strategy and our lending decisions, including the setting of quantitative targets.

As at the date of the report, the bank had no quantitative targets in the form of GAR (Green Asset Ratio) and/or BTAR (Banking Book Taxonomy Alignment Ratio) for future investments in environmentally sustainable activities.

Our reporting obligations

In accordance with Article 10(3)(a), during the period 2022-2023 we are obliged, as a bank, to report exposures to the Taxonomy-eligible economic activities and Taxonomy non-eligible economic activities. Unlike the 2021 reporting, this year we are relying on the figures of these entities – the key performance indicators, the so-called KPI’s – to report exposure to the companies. The year before, we split the activities into eligible and non-eligible for the Taxonomy on the basis of our own judgement, based on the main KPIs of each company.

There will be further refinement of reporting from 2024 onwards. From the exposure to the economic sectors described in the Taxonomy as Taxonomy-eligible, those that are Taxonomy-aligned. In order for an asset to be considered “green”, i.e. compliant with the Taxonomy, it must holistically meet the technical eligibility criteria of significant contribution and the “do no major harm” principle. In addition, in the case of exposures to entities other than households, they should also ensure that their activities are carried out in accordance with “minimum guarantees”.

In order to fulfil all these reporting obligations, we will rely on the data and information that our corporate clients will report, as well as data related to the characteristics of the object of financing obtained during the credit process in the case of exposures to households.

It is worth noting that the taxonomy reporting framework is still not a closed catalogue and the current regulations leave a lot of room for interpretation. The scope of disclosure will increase from year to year and market interpretation and practice will systematically evolve.

Mandatory taxonomic disclosures

In order to meet the requirements of Article 10(3)(a) this year, we first had to define what we meant by economic activities. As we did a year ago, we decided not to narrow down the analysis to only exposures to our corporate clients and their business activities, but also to include exposures to our retail clients, which in future could also be a component of the Green Asset Ratio numerator (GAR).

For our corporate segment exposures, as a first step we had to identify those corporate clients that are subject to the obligation to publish non-financial information according to Directive 2013/34/EU, as only these clients had to determine what proportion of their revenues (turnover), costs (operating expenses) and capital expenditures (capex) are related to the activities described in the Taxonomy. For this purpose, we have divided our Group’s Medium and Large Enterprises and Strategic Clients into 3 categories, taking into account the country of domicile of the company. We verified Polish clients based on the provisions of the Accounting Act. We verified other clients based in the European Economic Area based on the direct provisions of the directive. Clients outside the European Economic Area were not subject to further analysis.

In the next step, we divided on-balance sheet debt and equity exposures to these identified clients into those eligible and ineligible for the Taxonomy based on their key performance indicators, so-called KPI’s. Based on *the EU Sustainable Finance Platform’s Considerations on Voluntary Information for Taxonomy Eligibility Reporting* , we only used data on KPI’s either reported by clients or obtained directly from clients in order to prepare the mandatory information in this regard. Due to the lack of sufficiently detailed data, at this stage we are unable to indicate to what extent the exposures eligible for the Taxonomy are divided between the two climate targets.

With regard to our exposures to households, we analysed the portfolio of loans secured by mortgages. In the case of retail mortgage-backed loans. Based on the data we had, we selected only those loans aimed at buying a property and exercising ownership of that property. All these exposures to households support the first climate objective of the Taxonomy, namely climate change mitigation.

Due to our cautious and conservative approach in selecting loans and debt securities for those described in the Taxonomy, we did not, as we did a year ago, review exposures to local authorities and households for building renovation.

We present the calculations of all indicators in the tables below in two variants: 1) in relation to total assets arising from consolidated prudential reporting, which amounted to PLN 217,282.6 million as at 2022 yearend, and 2) in relation to the denominator of the GAR Green Asset Ratio (published from 2024), which amounted to PLN 166,308.5



million as at 2022 yearend. Compared to total assets, the denominator of the GAR mainly excludes non-financial assets, allowances for expected credit losses and exposures to central governments, central banks and supranational issuers.

Taxonomic indicators			
	Gross carrying amount (million PLN)	Percentage of total assets	Percentage of GAR denominator
Based on the key performance indicator related to turnover (KPI of turnover)*			
Exposures to Taxonomy-eligible economic activities	44,537.3	20.5%	26.8%
towards financial enterprises	101.8	0.0%	0.1%
towards non-financial enterprises	1,197.3	0.6%	0.7%
towards households	43,238.2	19.9%	26.0%
Exposures to Taxonomy non-eligible economic activities	4,213.7	1.9%	2.5%
towards financial enterprises	580.4	0.3%	0.3%
towards non-financial enterprises	3,633.3	1.7%	2.2%
Based on the key performance indicator related to capital expenditure (capital expenditure KPI)*			
Exposures to Taxonomy-eligible economic activities	45,333.7	20.9%	27.3%
towards financial enterprises	101.8	0.0%	0.1%
towards non-financial enterprises	1,993.7	0.9%	1.2%
towards households	43,238.2	19.9%	26.0%
Exposures to Taxonomy non-eligible economic activities	3,417.3	1.6%	2.0%
towards financial enterprises	580.4	0.3%	0.3%
towards non-financial enterprises	2,836.9	1.3%	1.7%

**For exposures to financial institutions there is no distinction between turnover KPI and capital expenditure KPI; for exposures to households KPI is not applicable.*

In 2022, the share of Taxonomy-eligible activities in total assets was 20.5% based on the KPI of turnover and 20.9% based on the KPI of capital expenditure against 23.5% in 2021. We note the lack of full y/y comparability of the data due to the methodological differences explained above. Nevertheless, this is undeniably a consequence of an 8% y/y increase in total assets, with a 3-6% y/y decrease in the numerator due to a shrinking mortgage portfolio.

The following table sets out the other information subject to mandatory disclosure under Article 10(3) of the Delegated Regulation to Article 8 of the Taxonomy.

Other taxonomic information to be reported			
	Gross carrying amount (million PLN)	Percentage of total assets	Percentage of GAR denominator
Exposures vis-à-vis central governments*	37,210.4	17.1%	22.3%
Exposures to central banks	5,004.3	2.3%	3.0%
Exposures to supranational issuers	8,126.7	3.7%	4.9%
Total derivatives	1,944.5	0.9%	1.2%
Exposures to enterprises that are not required to publish non-financial information**	79,274.1	36.5%	47.7%
Trading book, including derivatives	1,111.9	0.5%	0.7%
On-demand interbank lending	354.3	0.2%	0.2%

**Including exposures guaranteed by central governments; **Including clients who have not disclosed their key performance indicators.*

The share of exposures excluded from the GAR denominator (vis-à-vis central governments, central banks and supranational issuers) in total assets decreased from 24.1% in 2021 to 23.2% in 2022. This was due to a lower government bond portfolio. On the other hand, the share of exposures to enterprises that are not subject to the obligation to publish non-financial information increased from 31.7% to 36.5% as a consequence of the rapid growth of lending in the corporate segment in 2022.

ING Bank Śląski’s trading portfolio as at 2022 yearend was in line with the product mandate and consisted of interest rate derivatives, FX derivatives, FX spot and Polish and Czech government bonds. We note that, relative to the 2021 year-end figures, the portfolio of IRS transactions hedging loans that were granted to finance investments related to renewable energy sources has increased. The portfolio characteristics did not differ significantly from the average risk exposure during the year.

Additional voluntary disclosures

For information purposes, below is a breakdown of the portfolio of retail mortgage-backed loans eligible that are Taxonomy-eligible by year of construction. For this purpose, we use time frames that coincide with the years in which the relevant technical conditions for non-renewable primary energy demand are in force in Poland.



Structure of the portfolio of retail mortgage-backed loans that are Taxonomy-eligible by year of construction



do 1944 1945-1978 1979-2002 2011-2003 2014-2016 2017-2020 2021-2022

In addition, we reviewed the financing provided to households (including micro-entrepreneurs) for the purchase of a car by ING Lease for eligibility for the Taxonomy. Based on the data at our disposal, we selected only those exposures that were granted no earlier than 2022 and financed the purchase of cars belonging to the M1, N1 or L categories. The gross carrying amount of these exposures at the end of 2022 amounted to PLN 339.3 million, representing 0.2% of total assets and 0.2% of the denominator of the GAR green asset ratio. They support the first climate objective of the Taxonomy, namely climate change mitigation, as do all exposures to households. Consistently following a prudent and conservative approach, we present these data on a voluntary basis, as the provisions of the Article 8 delegated act indicate the inclusion of only loans and advances in the GAR calculation for retail exposures.



ING for community (S)

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Donations and sponsoring	196
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Community involvement is an important part of how we operate. We implement them independently, with our community partners and our corporate foundations: ING for Children Foundation and the Polish Art Foundation. We implement S (Social) activities based on our ESG Strategy. We want to contribute to building a better world by levelling the social playing field – especially for children, by supporting them in their development, as well as increasing their financial literacy and helping them acquire the competences of the future. In addition to the regular activities and partnerships stemming from the ESG Strategy of ING Bank Śląski Capital Group, we implement actions that respond to the social and humanitarian challenges of our time. An example of this is in 2022, when it comes to helping Ukraine.

Social involvement

GRI [3-3] [413-1]

SDG 4, 10, 16, 17

We attach particular importance to activities in the area of financial education, which we have continued to do consistently for a wide range of audiences for many years. The implementation of these activities flows from the natural need to share the expertise we have as a financial institution. That is why, as part of their cooperation with partners, ING Bank Śląski employees participate in many projects as experts, mentors. We are also consistent with the expectations of our stakeholders. In the materiality assessment, conducted in 2022, financial education and community engagement were identified as material topics. In order to effectively implement social activities, we establish key partnerships with organisations with a broad, nationwide reach, which declare high standards of action and extensive experience. In order to determine the effectiveness and social impact of the programme together with the partners, we jointly set targets and measures. This way, we know what social change we are achieving through our collective actions. In addition to the regular programmes and partnerships that stem from the ESG Strategy, we also implement activities that respond to the social and humanitarian challenges of our time and have a significant impact on mitigating their impact. An example of this is in 2022, when it comes to helping Ukraine which we describe further in this chapter.

ING Bank Śląski conducts social and charitable activities in priority areas in line with its ESG Strategy. We carry out activities both independently and in cooperation with community partners and with the support of two corporate foundations – the ING for Children Foundation and the ING Polish Arts Foundation. In 2022, due to the war in Ukraine and the huge need for immediate assistance for refugees, ING Bank Śląski has taken additional action for refugees and the affected, with special support for children from Ukraine.

We attach great importance to the transparency of our activities. We work with organisations that declare their compliance with anti-corruption, ethical and environmental standards. In the process of establishing cooperation, we ensure due diligence and also cooperate with the Compliance Expert Centre. Charitable financial donations are made on the basis of *ING Bank Śląski S.A.'s Donations Policy* in place at the bank, with a Donations Committee of five members participating in the process each time and making the decision by majority vote. Depending on the size of the donation, board members or the entire board are involved in the decision-making process. More about donations in [Financial and in-kind charitable donations](#).

#Help Ukraine – action for war victims

Since the first days of the war, ING Bank Śląski and the ING for Children Foundation have been involved in various activities for Ukraine. They support charities and provide support to refugees in Poland. Key to the choice of aid organisations in the first days after the attack on Ukraine was the type of support they provided, the scale of outreach and experience in

delivering humanitarian aid, and their response to the diversity of needs. For this reason, support to carry out activities has been received from UNICEF, the Polish Humanitarian Action, the Polish Medical Mission, SOS Children's Villages, the Mother and Child Institute Foundation and the Union of Ukrainians in Poland. Over time, further needs emerged for the provision of medical and psychological care, social integration, education, and support in daily life in Poland, which were implemented by social organisations.

ING Bank Śląski has implemented products and services for refugees from Ukraine and is also implementing the economic sanctions imposed on Russia. We write about the product and banking service solutions prepared for refugees in [this section of the report](#).

In the first days of the war, ING Bank Śląski donated PLN 1 million to organisations supporting and caring for refugees in Poland. Donations, in equal amounts of PLN 250 thousand each, were received by four organisations: Foundation of the Mother and Child Institute (to support treatment of Ukrainian patients, purchase of equipment and food), Polish Medical Mission (to purchase medical supplies and dressings), SOS Children's Villages (long-term aid and support for Ukrainian children), Union of Ukrainians in Poland (medical equipment, clothing and equipment for volunteers supporting the evacuation). In addition, the bank donated PLN 500 thousand for structural solutions to support refugees in the first wave. The money was used to buy the most necessary items for the reception desks, where the bank's volunteers often helped out.

Starting on 28 February 2022, together with the ING for Children Foundation, ING Bank Śląski has launched a fundraiser for those affected by the war in



Ukraine. The bank has pledged to double the amount it collects. By 30 June 2022, the closing date of the collection, nearly PLN 5.4 million had been received, which when doubled gave a total of PLN 10.8 million.

The money collected went to organisations that help refugees, especially children. Support was received:

- UNICEF Poland humanitarian aid – PLN 3 million, during the first 100 days allocated, inter alia, to the creation of 4 aid points on the Polish side of the border, the so-called Bluedots, and reached 500 thousand children and carers with psychological help.
- Polish Humanitarian Action (PAH) to support refugees – PLN 3 million, during the first months, among other things, provided food and hygiene products, providing support to 176,051 people.
- Teach for Poland for long-term support for the education and integration of Ukrainian children in Poland – PLN 500 thousand, among other things the foundation directly contributed to the employment of 50 female educators, under whose care 1,200 Ukrainian children were placed.
- Digital Dialogue Association for long-term support for the education and integration of Ukrainian children in Poland – PLN 500 thousand.
- Polish Migration Forum for psychological, legal, educational assistance and organisation of leisure activities – PLN 500 thousand; during the first months, among other things, it set up a helpline available in Ukrainian and Russian, which was used by around 500 people per month, 93 per cent of whom were women.
- Ocalenie Foundation for psychological, legal, educational assistance and organisation of leisure activities – PLN 500 thousand , e.g. by the end of May it had opened 6 day-care centres from which 5,400 Ukrainian children benefited.

- Sława and Izka Wołosiański Humanosh Foundation for help for Ukrainian hospitals to help Ukrainian hospitals – PLN 1.5 million, Sława and Izek Wołosiański to help Ukrainian hospitals – PLN 1.5 million, in the first months 6 hospitals in Ukraine received specialist medical equipment, medicines and food.
- Bajtel – Mysłowice Helps Foundation for the purchase of an ambulance for the hospital in the town of Třeštín – PLN 150 thousand, the ambulance was retrofitted and supplemented with a supply of medicines and dressings.
- Non-Responsible Foundation for the purchase of an ambulance for the medical services – PLN 150 thousand, which transported injured adults and children to Poland.
- Avalon Foundation to support children with disabilities as part of its Centre for Assistance to Refugees with Disabilities – PLN 200 thousand , provided, among other things, rehabilitation for 50 people with disabilities, and purchased 13 specialist orthopaedic and rehabilitation equipment.
- Dr Piotr Janaszek PODAJ DALEJ Foundation for children with disabilities and their families affected by the war – PLN 20 thousand, including the production of a Ukrainian version of the book about Lisek Ibis, as well as radio and video material, and a summer camp for 70 children.
- Happy Kids Foundation to organise professional care for children from Ukrainian orphanages in Poland – PLN 110 thousand min. employment of 250 carers to care for children in foster care, as well as the purchase of 100 FeelBear therapeutic teddy bears, which were given to children traumatised by the war.
- DOZ I Care About My Health Foundation for the purchase of medicines and other products available in Polish pharmacies for children from Ukraine – PLN 400 thousand.

- Special School and Educational Centre for Disabled Children and Youth in Dąbrowa Górnicza to support blind children from Ukraine – PLN 20 thousand.
- Paediatrics Department of the Municipal Hospital in Ruda Śląska for the purchase of hygiene and care products for young Ukrainian patients – PLN 20 thousand.
- Purchase of hygiene products for children – for the reception point in Warsaw – PLN 16 thousand.

The remaining amount was donated to the ongoing needs of Ukrainian children staying at the Foundation’s Centre in Wisła.

ING Bank Śląski provided assistance to ING employees of Ukrainian origin through a financial benefit of PLN 1,000 per person (family member) to bring their family back from the war zones and to finance the purchase of necessary items (clothing, hygiene products, food). The bank also provided assistance in transporting the family member from the reception point to the place of residence in Poland, support in finding and renting a flat and covering the rental costs, as well as providing medical and legal care.

ING Bank Śląski employees who hosted refugees received, among other things, a benefit in the form of gift vouchers worth PLN 300 for each person hosted and PLN 500 for each school-age child, psychological support, extra days off to volunteer – to run official errands for guests.

In order to better and more efficiently deliver aid, staff created the “I support visitors from Ukraine” community for sharing information, exchanging good practices and proven ways to solve problems, as well as a platform for aid – shopping for Ukraine.

The ING for Children Foundation welcomed 22 children from the Children’s Home in Zaporozhye to the foundation centre in Vistula on 6 March 2022,



and published a bibliotherapeutic book in Ukrainian entitled “Lucjan. The Lion One of Its Kind” (for more on this, see [ING for Children Foundation](#)).

Actions for financial education, climate education, entrepreneurial development and sustainable development

GRI [3-3] [own indicator - 2]

Save the World- eco-programme for primary school pupils

We Save the World (OŚ) is an educational programme aimed at pupils at all levels of primary school, which combines the expansion of children and young people’s environmental knowledge with the shaping of their character and pro-social attitudes and the enhancement of digital competences. The programme is part of ING Bank Śląski’s work on climate education for children in schools. The OŚ Programme is organised by the “ABCXXI – All of Poland Reads to Kids” Foundation, the content partner is the WWF Polska Foundation. ING Bank Śląski, together with Visa, is participating in the EIA Programme as a Strategic Partner. The Ministry of Climate and Environment and the National Library have assumed Honorary Patronage of the Programme.

The inauguration of the OŚ Programme took place in September 2021, and immediately afterwards, the pilot of the Programme began in 60 schools and libraries. Following its evaluation and the introduction of recommended changes, the first edition of the AX Programme was launched in October 2022, with 363 establishments – primary schools, special centres and libraries from all over Poland – joining. More than 30,000 pupils take part in the activities of the first edition of the Programme, which is run by some 600 educators.

Twenty-eight short stories, written by Polish authors for children and young people, were created for the OŚ Programme. The stories have been published in three age-appropriate volumes for young audiences: “Dragon’s Breath” (for ages 7 and up), “The Flying Saucer” (for ages 10 and up) and “Spectrum Networks” (for ages 13 and up). In addition to the three-volume story series “Save the World”, the project materials package for the participating establishments included the book “You too can save the world. “Eco-tales from Pietruszkowa Wola” Justyna Bednarek, published by ING Bank Śląski and the ING for Children Foundation.

Online meetings with organisers and experts, as well as lesson plans and tutorials on digital tools available at [www.ocalimyswiat.pl](#) also help to prepare, carry out and promote student projects. The activities of the OŚ Programme were complemented by a series of lectures and online presentations in the autumn.

In addition, students and educators (teachers, librarians, instructors) were provided with an attractive new online tool – the computer game “EKOHAKATON – The Flying Saucer”, which allows them to understand the ethical and environmental message of the AX Programme in a simple and entertaining form.

Warsaw Institute of Banking – Bakcyl and Security in Cyberspace

As part of the industry’s financial education programme Bakcyl and the Cybersecurity programme for primary and secondary school students, lessons on finance and cyber-security were taught by volunteers – employees of participating banks. Through its participation in the programme, ING Bank Śląski is contributing to increasing financial literacy among young people and awareness of cyber threats. As part of the Cybersecurity project, lessons were held in secondary schools. 28,122 students took part. The lectures were attended by 1,973 students. In addition, 17,047 first-year students took part in training courses. In total, more than 220,000 people (including recipients of media activities) were

reached directly by the BwC Project throughout 2022, including 152,082 people through face-to-face meetings.

ING Group’s global grant fund – ING Community Investment Global Found Exempt From Theory – Lockdown Generation II

The Exempt from Theory Foundation implemented the “Generation Lockdown II” project in H1 2022 with a grant from ING Group Community Investment. Its aim was to support young people (15-24) to acquire competences to facilitate their entry into the labour market, through a social project. Due to the impact of the pandemic, entry into the labour market was difficult for this group, hence the need to level the playing field in line with the ESG Strategy, as well as the ING Group’s social investment area Financial Health – Future proof employment, i.e. strengthening young people’s competences to seek work in an uncertain future.

Participants develop the competences of the future, i.e. collaborative skills, creativity, critical thinking and communication. An important part of the programme is learning the skills to write a CV and include soft competences, describing experiences from a social project, as well as self-presentation through an e-learning course on the Exempt From Theory project platform.

The programme, which ran for nine months, involved 602 secondary schools and 750 teachers, with 5,096 young people completing their own community projects. As part of the programme, 2,508 students met potential employers, including ING, 3,185 students confirmed that they felt better prepared for their job search, and at least 38 teenagers found a job or an internship after completing the programme.

Surveys of participants show that 74% of them feel better prepared to work together as a group, and that students who have completed a social project enter the labour market 12 months earlier than their peers. 83% of the students who completed the project were working by the age of 21 (compared to 65% of their peers who did not do a community project).



Think Knowledge Society Development Foundation – Financial Health Programme

The Financial Health Project is being implemented between February 2022 and January 2023 by the Think! Knowledge Society Development Foundation. This is a continuation of a project initiated in February 2021. The aim of the Financial Health project is to build knowledge and good habits related to taking care of personal finances and to discover one's potential related to personal development. The project is aimed at adults (18+), working or at risk of losing their jobs, declining income, not working, who have been made vulnerable by the pandemic crisis. As part of the project, the educational portal ZdrowieFinansowe.pl was created, which is a repository of materials on finance, i.e.: articles, guides, videos, animations and infographics. The audience for the content is primarily people who are looking for information and ready-to-use tools to better manage their financial challenges. On average, the website Zdrowia Finansowe.pl was visited by 2,614 users per month.

The Think! Foundation in 2022 carried out activities to increase knowledge as well as skills and promote good practice in managing a household budget, dealing with situations of income fluctuation and taking conscious care of one's finances. The Foundation has published a report based on the research "Economic education of girls and boys in Polish homes – do mothers and fathers educate in the same way?". The project has hosted webinars and created educational material in the form of a video series 'Take care of your finances' to help you take care of your financial health and develop good habits in managing your budget. In total, educational materials on managing your own finances reached 1.5 million users via social media channels - Facebook, Instagram and Youtube.

You too can save the world. Eco-tales from Pietruszkowa Wola

The book, written by Justyna Bednarek and illustrated by Joanna Czaplewska and published jointly by the bank and the ING for Children

Foundation, is distributed free of charge to schools, libraries and community organisations throughout Poland.

We write about book-related actions under [ING for Children Foundation](#).

Exempt from Theory – Social Project Competition

In 2022, ING Bank Śląski continued, together with the ING for Children Foundation, to implement the ING Challenge – Step forward, in partnership with the Exempt from Theory Foundation. Once again, as part of the largest Social Project Olympiad in Poland, secondary school students organised their own social projects – responding to the needs of e.g. the community, cultural, technological, environmental.

In the 2021/2022 school year, teams of young people undertook 48 projects as part of the ING Challenge – Step forward. They were aimed at children or young people, and the young audience could develop their passions, gain new knowledge or learn about their capabilities, i.e. take a step forward.

ING Bank Śląski provided expert materials in the form of videos (on such topics as teamwork, communication) and together with Exempt From Theory conducted two webinars for participants in the Step Up programme – a webinar opening the programme with information about its progress and a short savoir-vivre training in business communication, and a webinar with an expert from the ING for Children Foundation on conducting voluntary activities for children and young people.

In implementing the projects, the 33 youth teams also benefited from the support of 30 expert mentors from the bank and the Foundation. The mentors, staff from different areas of the bank, shared their knowledge and experience with the young people and supported the participants in their community projects throughout the programme through discussions at online meetings and ongoing contact.

A total of 235 people took part in our challenge, reaching almost 950,000 beneficiaries. In addition, as part of the competition, the three winning teams were given the opportunity to consult their projects with representatives of the Board and management – Bruno Bartkiewicz – President of the Board, Sławomir Soszyński – Vice-President of the Board and Joanna Dymna Oszek – President of the ING for Children Foundation. The final gala was also attended by representatives of both the bank and the foundation – Sławomir Soszyński, Joanna Dymna-Oszek and Joanna Warmuz. Among the completed projects in the Step Forward challenge, there were as many as 14 finalists – the Silver Wolf (2 projects) and Bronze Wolf (12 projects) awards.

ING CoderDojo

In 2022, ING CoderDojo continued online classes for children (for children of ING employees and non ING employees) in groups: robotics, Minecraft. ING mentors led activities for children and young people in advanced groups, which focused on programming puzzle and arcade games on the Arcade platform.

Lesław Paga Foundation

In 2022, ING Bank Śląski S.A. was a partner of the 17th edition of the Capital Market Leaders Academy. This is an extensive financial market knowledge training programme for university students and graduates up to the age of 27 with an interest in the financial market. The aim of the 17th edition was for programme participants to develop ideas for educational activities for younger colleagues on safe and informed management of personal finances. The programme ran from January to December.

The bank was also a strategic partner of the 5th edition of the Business Women Leaders Academy. It is a programme to build the personal maturity of young women by combining marketing, communication and image activities with personal and professional development. Its aim is to educate



young women up to the age of 27, develop their professional and social competences, develop their gender potentials, knowledge and attitudes to guide them in their adult life. Activities carried out over a 12-month period included development and content workshops, as well as the production of a *diversity & inclusion* report created by participants, alumni and programme partners. One element was also a meeting of the participants with Joanna Erdman, the bank's CRO, and the bank's experts from ESG Innovation Centre of Expertise. Sixteen participants took part in workshops on topics such as the principles of planning and executing project processes, transforming leadership models, engaging different stakeholders and supporting the diverse competences of project teams.

Foundation “Nienieodpowiedzialni”

In 2022, ING Bank Śląski joined the humanitarian action organised by the Nienieodpowiedzialni Foundation “Solidarity with Ukraine”. As part of this collaboration, ING Bank Śląski subsidised the purchase of two ambulances with equipment and medical supplies to the tune of PLN 150,000. The funds came from a collection, organised jointly with the ING for Children Foundation #Help Ukraine. In addition, the bank made a donation to support the organisation of the charity concert 'With Hope for Peace' in December, all proceeds in the amount of PLN 25 thousand of which were donated to equip two ambulances belonging to the Foundation with the necessary medical equipment to rescue wounded victims of the hostilities in Ukraine.

Responsible Business Forum

ING Bank Śląski continued its partnership in the Responsible Business Forum as an institution that is committed to social responsibility and sustainability and diversity and inclusion initiatives as a signatory of the Diversity Charter. In the Responsible Business Forum's annual report “Responsible Business in Poland. Good practices” featured 10 good practices in the area of sustainable development from ING Bank Śląski. ING Bank Śląski's practices highlighted in the report are: Human Rights – Community #Diverse, Labour

Practices – Hybrid Work Model Programme – Replenish Your Power, Wellbeing, Active Break, Environment – Film Series #ING for Climate – Green and Economic at ING, Environmental Declaration 2021, Mr. and Mrs. Drops and Mr. Mixed, Consumer Issues – What's Economic is Green Campaign, Social Engagement and Community Development – Project #Financial Health / Generations Lockdown, Book “You too can save the world. Eco-tales from Pietruszkowa Wola”. The report was announced on 25 May 2022, during the ninth CSR Fair in Warsaw, in which the bank and its two corporate foundations participated.

United Nations Global Compact Network Poland (UNGCC)

As part of its continued cooperation with the UN Global Compact in 2022, ING Bank Śląski was a partner in the 'Ethics Standard in Poland – Equal Business Opportunities' programme, which aim is to implement the UN guidelines on business and human rights and their practical application in ethics programs and company strategies. The bank was also a partner of the Climate Positive programme, which included initiatives related to the European Green Deal, green finance, promotion of clean energy technologies (e.g. hydrogen), energy efficiency, electrification of transport, among others. Representatives of ING Bank Śląski regularly and actively participated in the Steering Committee of this programme.

Other initiatives – ING Charity Football Tournament

On 17 September 2022, the ING Charity Football Tournament took place at the MORIS pitches in Chorzów. Twenty-six teams from ING and 240 players and footballers took part. Teams made up of employees of the bank and our group companies from all over the country competed. There were 253 goals scored in the sporting competition.

The aim of the tournament – apart from integrating and promoting self-organised teams – was to support charities that provide sports activation for people with disabilities. In 2022, donations (PLN 10,000 each) for

activation activities for children and adults with disabilities were received: The Avalon Foundation for the rehabilitation of people with disabilities, the Give it Away Foundation, and the Avalon Foundation for the rehabilitation of people with disabilities. Dr. P. Janaszek for the purchase of equipment for the youngest athletes with disabilities, Amp Futbol Poland Association, for the organisation of a tournament for children with disabilities.

Donations and sponsoring

[own indicator - 8]

SDG 1, 10

Financial and in-kind charitable donations

In 2022, ING Bank Śląski made charitable donations of a financial and in-kind nature. The bank made 26 charitable financial donations. Donations were made on the basis of *ING Bank Śląski's Donations Policy*. The policy sets out, among other things, the areas of the bank's involvement in charitable activities.

The bank's chosen areas for social investment are:

- activities for children and young people, including holidays for children and young people, as well as support for social and living needs,
- science, education, education and upbringing – especially in the area of financial and climate education,
- health protection and prevention,
- environmental protection, combating climate changes,
- financial support in case of special events in which a worker or a member(s) of his family is affected.



We also clarify in the Policy what donations the Bank does not make:

- for political purposes,
- which may be regarded as an attempt to influence decisions made by government officials, including in particular donations to organisations that are directly or indirectly linked to government officials,
- if they have a business purpose and serve to establish or maintain a business relationship with a client or business partner of the Bank,
- if there are circumstances indicating that the beneficiary has engaged in corruption, bribery or other unethical or illegal activities,
- if the donation could be judged as an attempt at corruption or bribery,
- for natural persons, with the exception of donations in the case of special events affecting the employee or his/her family member(s),
- for organisations that discriminate against people on the basis of age, race, colour, religious belief, gender, disability, sexual orientation or country of origin,
- for organisations that are suspected of acting contrary to the values we hold in accordance with the ING Orange Code,
- for organisations that do not operate under the Act of 24 April 2003 on the activity of public benefit institutions and voluntary work,
- for projects designed to support religious worship, faith-based organisations,
- for student organisations if the purpose is to finance trips and/or student events,
- to cover the running costs of social organisations, e.g. office operation, service charges, salaries.

The Donations Policy sets out the roles of the Donations Committee, the Bank's Executive Office and the Management Board in the process, the *due diligence* requirements and the decision-making process. Each time a charitable donation is made, the Centre of Expertise – Compliance and the Donations Committee (made up of 5 representatives of the bank) are involved, as well as, depending on the amount, two members of the bank's management or Management Board. ING Bank Śląski made charitable donations in 2022 totalling PLN 2.2 million (value not including corporate foundations).

Objectives that the bank supported through donations, in selected areas of social investment in 2022:

- support and aid to Ukraine – 4 donations worth PLN 1 million (see more under [#Help Ukraine – action for war victims](#)),
- activities for children and young people, including holidays for children and young people – the bank made 6 donations worth PLN 65,000,
- science, education, education and upbringing – especially in the area of financial and climate education – the bank made 4 donations totalling PLN 724,000 (of which PLN 668,000 came from the ING Group Grant),
- health care and prevention – the bank made 8 donations totalling PLN 183,000,
- financial support in the event of a special event in which an employee or his/her family member(s) were affected – the bank made 2 donations totalling PLN 200,000.

Among the activities supporting science, education, education and upbringing – particularly in the area of financial and climate education – were donations to the Exempt From Theory Foundation, the Foundation for the Development of Knowledge Society “THINK!”, the Warsaw Banking Institute for the Bakcyl programme and Cybersecurity. In the area of

healthcare, donations were received by foundations that have been carrying out socially valuable activities for the improvement of health for many years, such as the Professor Zbigniew Religa Foundation for Cardiac Surgery Development and Polish Foundation of Gastroenterology.

ING Bank Śląski continued its support of regional and local charities, including support for the Dr Piotr Janaszek PODAJ DALEJ Foundation, West Pomeranian Hospice for Children and Adults Foundation in Szczecin, Home Hospice for Children in Opole.

The bank also made donations to the activities of two corporate foundations:

- for the ING for Children Foundation in the amount of PLN 9.7 million (including an amount of PLN 5.4 million resulting from the doubling of the #Help Ukraine collection),
- for the ING Polish Arts Foundation in the amount of PLN 1.3 million.

In 2022, the bank also made in-kind donations of end-of-life IT equipment (in good working order) and office furniture mostly to schools, care facilities and charities. The value of IT equipment donated to foundations, associations and care facilities amounted to PLN 175,000. The bank donated 160 PCs, 230 monitors, 260 laptops and 40 printers. Donations in kind were made on the basis of the *Procedure for the Resale/Donation/Disposal of Assets at ING Bank Śląski*.

Sponsoring

Continuing its strategy in 2022, ING Bank Śląski engaged in sponsorship activities targeting entrepreneurs, young people, activities related to ecology, as well as activities targeting owners and executives of medium- and large-sized companies. The area of sponsorship is governed by the *ING Bank Śląski Sponsorship Policy*. The policy requires that the *ING Bank Śląski*



Declaration on Anti-Bribery and Corruption be presented to the bidder (beneficiary of sponsorship).

In 2022, ING Bank Śląski spent more than PLN 2.3 million gross on all sponsorship activities (against PLN 2.7 million the year before).

Breakdown of sponsorship expenditure		
PLN thousand	2021	2022
Activities targeting entrepreneurs*	972	1,370
Activities targeting young people**	659	730
Activities related to social responsibility, ecology and environmental protection***	1,056	245
Total	2,690	2,345

Including congresses, conferences, building and maintaining good business relationships; **Including cooperation with universities, hackathons, science and education; *Including well-being*

Forbes Diamonds

In 2022, ING Bank Śląski became a Strategic Partner of the “Forbes Diamonds” ranking for the first time. Forbes Diamonds is a list of companies that have increased their value the fastest in the last three years. As many as 6,636 companies with a positive credit rating, high current liquidity and no arrears to their counterparties qualified for this year’s ranking. The list included companies with 15 per cent and higher value growth. Award-winning companies were divided into three categories according to sales revenue: small companies with revenue between PLN 5 and 50 million, medium-sized companies with revenue between PLN 50 and 250 million and large companies with sales revenue above PLN 250 million.

European Economic Congress

ING Bank Śląski, as the bank for entrepreneurs, has been supporting the European Economic Congress in Katowice for many years – this time as the Main Sponsor and Main Sponsor of the Online Broadcast.

The 14th edition of the congress took place on 25 April 2022 at the International Congress Centre in Katowice. ING experts participated in discussions about the realities of global geopolitics, including the framework for the socio-economic development of Poland, Europe and the world, as well as green megatrends, advanced technologies and new competences.

European Financial Congress

In 2022, ING Bank Śląski was one of the sponsors of the European Financial Congress (EFC), which is a platform for discussion on topics important for the banking sector - innovation, a secure future of the financial sector, ensuring the stability of the financial system and sustainable development of the economy. In 2022, in the face of Russia's military aggression against Ukraine, the EFC also discussed finance for values, freedom, democracy and international solidarity. The panels during the congress were attended by representatives of the management board and bank experts. The EFC edition resulted in recommendations on Poland's financial stability and economic development.

Open Eyes Economy Summit

ING Bank Śląski has supported the Open Eyes Economy Summit since its inception. The congress took place on 22 and 23 November 2022 at the ICE Congress Centre in Krakow and on a special streaming platform live.oees.pl. The hybrid form of this congress has probably already become a permanent fixture among participants. During the seventh edition of the international congress on the economics of value, experts from different backgrounds, industries and companies, including ING, shared their knowledge and experience.

Participants discussed the economic credibility of the state and companies and their impact on the economy. There was no shortage of topics in areas such as human rights, *employee experience* and climate challenges. In

addition to economic issues, the congress also focused on aspects related to the conflict in Ukraine.

European Financial Congress

In 2022, ING Bank Śląski was one of the sponsors of the European Financial Congress (EKF), which is a platform for discussion on topics important for the banking sector - innovation, a secure future of the financial sector, ensuring the stability of the financial system and sustainable development of the economy. In 2022, in the face of Russia's military aggression against Ukraine, the EFC also discussed finance for values, freedom, democracy and international solidarity. The panels during the congress were attended by representatives of the management board and bank experts. The EFC edition resulted in recommendations on Poland's financial stability and economic development.

FEST Festival

ING Bank Śląski became a partner of the FEST Festival, which ran from 10 to 13 August 2022 in the Silesian Park in Chorzów. The FEST Festival is not only a celebration of music, but also of ecology. In a dedicated zone, ING inspired young people to zero waste solutions and talk about ecology.

Festival of the Future

ING Bank Śląski became a partner of the second edition of the Festival of the Future, which took place from 5-12 September 2022 in Krakow. This event is organised by the City of Kraków, the KBF and the Stanisław Lem Institute of Poland of the Future. The watchword was: “Climate and the role of technology, science and culture in driving climate change”. The Megabit Bomb Future Festival is an event combining culture, technology and science. An important element of this year’s Festival was the Climate Roundtables with representatives from the government and business side, as well as activists involved in pro-social and pro-environmental activities. ING was an active participant in the Roundtables, developing recommendations



together with the guests in two areas: energy and responsible business. We prepared and moderated the discussion of the "Business and Responsibility" table; panel with the winners of the first edition of the ING Grant Program.

Run Warsaw

We write about our involvement in the running event Run Warsaw [here](#).

Our corporate foundations

GRI [3-3] [413-1]

SDGS 1, 4, 10

The ING for Children Foundation

The ING for Children Foundation is one of the oldest corporate foundations in Poland. It pursues its mission – Helping children to be one step ahead – in three areas: supporting development, nurturing health and levelling the playing field. Each of these includes a number of original programmes (e.g. Smiling Holidays, Bibliotherapy, Orange Power, Good Idea or My Environment) as well as those that it runs in partnership with local and national organisations (e.g. Exempt from Theory). The Foundation is developing the ING Volunteer Programme, involving ING employees in various environmental and educational projects for the benefit of local communities. It helps socially and economically disadvantaged children and supports physical activity for children with disabilities. It helps young people to discover the world and their own possibilities, and in 2022, it actively joined in helping children affected by the war in Ukraine.

The Foundation in 2022 conducted its activities in accordance with the ING for Children Foundation Strategy 2022-2024, adopted and approved by the Board and the Council of the ING for Children Foundation. The Foundation, as a public benefit organisation, carries out its tasks in accordance with the

Act on Public Benefit Activity and Volunteerism and within the scope set out in the Statutes of the ING for Children Foundation. In 2022, funding for the Foundation's activities came from:

- donations from the funder (ING Bank Śląski) amounting to PLN 9.7 million (including an amount of PLN 5.4 million resulting from the doubling of the #Help Ukraine collection),
- from donations by ING employees and clients and contributions to the charity collection #Help Ukraine – relief efforts for refugee children from Ukraine amounting to PLN 5.4 million,
- donations from subsidiaries (ING Lease Polska and ING Commercial Finance) totalling PLN 66 thousand,
- proceeds of PLN 31,000 from 1%,
- payroll programme (monthly donation from ING employees deducted from salary) of PLN 11,000,
- from donations by ING employees and clients for aid activities for Polish children amounting to PLN 115,000,
- from the support of the Cieszyn Starosty – remuneration for the stay of Ukrainian children in our centre in the amount of PLN 349,000.

The ING for Children Foundation's total cash income for 2022 was PLN 15.6 million.

#Help Ukraine

In solidarity with Ukraine and moved by the plight of its people, the ING for Children Foundation, together with ING Bank Śląski, launched the #Help Ukraine collection in February, which raised PLN 5.4 million. As a result of the doubling of contributions by the bank, the total collection amounted to PLN 10.8 million. The money collected went to organisations that help refugees, especially children.

For more information on the #Help Ukraine collection, see [#Help Ukraine – action for war victims](#).

At the beginning of March 2022, a group of 22 children from an orphanage in Zaporozhye were brought to the Foundation's centre in Wisła. Two collections in kind for children were organised among ING employees, mainly clothing, hygiene products and school supplies. From mid-March 2022, the children were provided with school and pre-school education in Wisła, support from a psychologist and translator, legal and medical assistance and support from ING volunteers. Among other things, the children attended a summer camp in Międzyzdroje and the Królowa Luiza mine in Zabrze, and took part in many meetings and workshops, e.g. at the Centre for Ecological Education in Wisła or a bibliotherapy workshop with an employee of the Honorary Consulate of Ukraine in Katowice. The children remain in the care of the ING for Children Foundation at all times.

In addition, to support refugee children from Ukraine, the Foundation has produced a Ukrainian edition of the book "Lucjan. The Lion One of Its Kind". The book was donated to organisations supporting children – including the Survival Foundation, the Copernicus Science Centre, the Zustrich Foundation, the Happy Kids Foundation, the Ukraine Foundation and the Universal Reading Foundation. More than 2,600 copies were distributed to libraries, hospitals and social welfare centres across Poland, as well as to children who took part in workshops organised by the donated organisations.

Actions around the book "You too can save the world. Eco-tales from Pietruszkowa Wola"

In 2022, the ING for Children Foundation continued to donate the book "You too can save the world. Eco-tales from Pietruszkowa Wola" (by Justyna Bednarek, with illustrations by Joanna Czaplewska) to public libraries and primary schools in Poland. Almost 7,500 copies were successfully shipped. The distribution will continue into 2023. The book has also been published as



an audiobook. It is available on the ING for Children Foundation website and on Spotify – on the ING Bank Śląski Podcasts channel.

The Foundation promoted reading and books at several events in 2022. It joined the Megabit Bomb Festival in Krakow, which featured a workshop on making paper from scraps – attended by more than 80 children from Krakow’s primary schools. There was also a family workshop, where children learned methods of home paper upcycling together with their parents and carers. The workshop was organised at Studio Litograf in Kraków.

On the occasion of the UN World Urban Forum, a unique place was created in Katowice – the Kato Urban Corner, where from June to October animators introduced visitors to the ideas of the 17 Sustainable Development Goals. Over four months, 58 events were realised and more than 2,000 visitors were welcomed. The Kato Urban Corner hosted several author meetings with writers describing the climate crisis, including Justyna Bednarek, author of the book “You too can save the world. Eco-tales from Petrushka Wola”. An eco-library under the auspices of the ING for Children Foundation also awaited younger and older visitors. The Foundation additionally supported the “Don’t use? Swap!”, as part of which swap racks built by children in workshops at Kato Urban Corner were set up in 10 kindergartens in the Katowice area.

The ING for Children Foundation was a partner of the Intergenerational Children’s Literature Festival Fathers and Children in Katowice, where the theme was ecology. On the first day of the festival, a conference was held with representatives of NGOs that make an important contribution to the development of climate education. The Foundation was represented by its Chairperson, Joanna Dymna-Oszek. More than 70 educators from Silesia took part in the event. For three days, children and their carers participated in numerous activities, workshops and meetings with authors.

Employee volunteering

ING Bank Śląski and other companies of the ING Bank Śląski Capital Group provide all employees with the opportunity to use 8 hours a year for volunteering, in accordance with the Work Regulations of ING Bank Śląski and the work regulations of other Group companies. Each employee who takes advantage of this opportunity registers time for volunteering in the internal system. Employees who volunteer at the ING Foundation for Children are covered by insurance.

Until the end of March 2022, for the sake of the health of both ING volunteers and children, all projects were implemented in an e-volunteering format. The opportunity for face-to-face meetings between ING volunteers and the youngest children has resumed from April 2022. Nevertheless, e-volunteering is a form of engagement that is still often chosen by them.

Since 2006, the ING Group employees have been participating in the Good Idea voluntary competition. In 2022, 143 ING volunteers completed 28 projects totalling PLN 162,000. The projects, which benefited local communities, schools and NGOs, involved 1,015 children. The activities carried out by the volunteers responded to the real needs of a particular group of children. Projects included sports, art, renovation and construction or educational projects. Almost half of these included elements of financial education. In 2022, the next edition of the “Good Idea” competition was announced and decided. Funding totalling PLN 187,000. 32 projects were awarded, which will be implemented until the end of June 2023. In addition, the Foundation’s Management Board decided to provide support of PLN 1,000 to projects that did not win the competition. The support is intended to enable the relationship and contact with the beneficiary and mentees to be maintained. The funds are to be used to implement meetings with the youngest children.

In 2022, the first edition of the ‘My Environment’ programme, created by the Foundation and the bank, was resolved, in which ING volunteers could

win a grant for environmental activities with a community partner of their choice. Funding and substantive support was awarded to 33 projects, which were implemented across the country. ING volunteers together with their beneficiaries (local schools, kindergartens and NGOs) engaged the youngest children in landscaping or conducted environmental education activities. a total of 285 volunteers were involved in projects totalling PLN 392,000, reaching 4,784 children with their activities. The call for applications for the second edition of the “My Environment” programme was announced in December 2022. The competition will be resolved in the first quarter of 2023.

In addition to the “Good Idea” and “My Environment” competitions, ING volunteers were involved in many other encounters with children. In the spring of 2022, seven ING volunteers engaged in regular e-tutoring at an orphanage in Katowice. There were also one-off meetings between ING e-volunteers and children and young people from all over Poland, where they talked mainly about their passions and travels. Cooperation with the Polish Migration Forum Foundation also continued. 8 ING volunteers (both e-volunteering and face-to-face meetings) supported foreign children and other carers in learning the Polish language, finding their way in a new reality – learning about Polish culture.

ING’s 2022 volunteers were also actively involved in organising free time for the Foundation’s wards – children from Zaporizhia. 50 ING volunteers visited children at the Foundation’s centre in Wisła. Each visit was a unique encounter, full of attractions and sporting activities.

ING employees interested in the competences of the future had the opportunity to get involved in the “Kindergartens of Tomorrow – Equal Opportunities” Programme. It is a programme of practical knowledge on the best educational techniques, based on the competences of the future and the fun of learning, carried out in collaboration with the Digital Dialogue Association and KidsView. The keyword of the programme is STEAM, an educational method that engages children and allows for their



multidirectional development. 9 ING volunteers implemented activities for 164 children in 5 centres. In total, more than 300 kindergartens from all over Poland participated in the programme.

ING volunteers were also present at the Orange Force events, which were carried out in 6 outlets in Poland. 39 ING volunteers helped organise sporting events, but above all accompanied children and young people in their sporting endeavours. Almost 600 children took part in Orange Force events.

In 2022, ING volunteers were also involved in a new series of “Pianissimo” concerts organised by the National Polish Radio Symphony Orchestra in Katowice. These were sensory concerts with a unique idea –to enable people with high sensory sensitivity to participate in musical events. The task of the volunteers was to support the listeners if needed. They also had the opportunity to listen to a concert themselves and look into the nooks and crannies of the unique building that is the NOSPR in Katowice. The “Pianissimo” concerts were supported by 33 ING volunteers. The concerts were attended by 733 listeners of all ages. ING volunteers were also invited by the Katowice NOSPR to help organise the Accessibility Day. 3 ING volunteers helped with the concert organised that day.

In 2022, ING volunteers actively supported the ING for Children Foundation with events and activities. They engaged in: Children’s Day at the head office in Katowice and Warsaw, the Fathers and Children Festival in Katowice, Kato Urban Corner and the Megabit Bomb in Krakow. a total of 37 volunteers made the implementation of activities for the youngest more efficient.

[own indicator - 7]

Time spent on employee volunteering

	2018	2019	2020	2021	2022
Number of hours used for volunteering by employees	5 301	7 283	1 072	1 099	5 867

2022 The ING for Children Foundation organised 10 volunteer trainings, attended by 414 ING employees. Training courses covered financial education, environmental education and effective community project writing. Training sessions were organised before and after the Good Idea and My Environment competitions in order to better prepare those wishing to apply and then implement the measures. In addition to substantive training, we also organised a meeting where volunteer leaders shared their experiences of volunteering activities.

On the occasion of International Volunteer Day, celebrated on 5 December, a message with wishes from Joanna Erdman, Vice-President of the Management Board of ING Bank Śląski – patron of the ING Volunteer Programme – was sent to employees. The ING for Children Foundation appreciated the commitment of ING volunteers and prepared for them invitations to Christmas and New Year concerts at the National Polish Radio Symphony Orchestra in Katowice.

Orange Power

Orange Power is a programme that the Foundation implements thanks to the funds run and marched by ING employees in the Run Warsaw mass run and the accompanying event I am marching – I am cheering. ING employees ran for PLN 64,000 in 2021, which in 2022 went towards sports activities for children with disabilities. This year’s edition brought together almost 600 children from six establishments around sporting events. They were: Complex of General Education Schools with integration and special

classes No. 5 in Sosnowiec, Complex of Special Schools in Bielsk Podlaski, Foundation for Children “Help on Time” (Norki Mouse Club in Warsaw), Association for Children with Cerebral Palsy “Bliżej nas” in Tychy, Complex of Special Schools No. 14 for them Human Rights Ambassadors in Gorzów Wielkopolski and the Active Rehabilitation Foundation – Silesia region. The programme’s ambassador is Paralympic sprint champion Alicja Jeromin, whose attitude shows that sport does not exclude anyone and is for everyone.

Oncology collections for children

In 2022, the Foundation continued its children’s oncology collections programme among ING employees. Fifteen collections were published, raising PLN 32,000 among ING employees. The Foundation added PLN 10,000 to each collection, bringing the final total to PLN 150,000 in 2022.

Participation in conferences

The Foundation actively participates in conferences and external events where it shares its good practices and activities for children. In May, she was present at the 9th CSR Fair in Warsaw, where, at a joint stand with ING Bank Śląski and the ING Polish Arts Foundation, she addressed topics including climate and financial education and bibliotherapy. In addition, the Foundation participated in the Conference City-Water-Quality of Life – Wroclaw (panel “Environmental education – how do we do it at ING”), the Congress Open Eyes Economy Summit – Krakow (panel “Business for education or education for business? (Undiscovered) potential to counteract social exclusion”), Pro Bono Leaders Coalition – Warsaw (panel: Employee Volunteering – Cooperation for Ukraine) and at the Corporate Foundations Forum (Donors Forum) – Warsaw.

Other internal initiatives involving ING employees

For the second time, ING employees took part in a memorial in honour of a deceased colleague and took the opportunity to join the charity at the



launch of ING Today. The funds from these events, amounting to PLN 40 000, were donated to the GAJUSZ Foundation in Łódź for the OKNO programme, which supports therapy for children following oncological treatment.

As part of the Orange Backpack campaign, ING employees helped to complete almost 100 school kits for Ukrainian children who went to Polish schools from September. a collection was also launched to purchase additional school supplies. All layettes went to organisations and facilities supporting refugee children from Ukraine. They were: In Corpore Foundation in Katowice, Siemianowice Association for Ukraine and the Union of Ukrainians in Poland (Warsaw and branches).

In September and October 2022, ING held an internal Action- Auction for Ukrainian children. In six weeks, PLN 13,000 was raised from 95 auctions. The funds were earmarked for an intercultural programme called “Together for a Better Future”, implemented by the Copernicus Science Centre (CNK). In total, the ING for Children Foundation donated PLN 30,000 to the CNK – the remaining funds came from ongoing contributions to Help Ukraine.

At the end of November, the Foundation, together with the bank, organised an internal Christmas campaign among ING employees – Letter to St. Santa. The dreams of 268 children from nine institutions and homes in Poland were successfully fulfilled. These were: children from the Children’s Home in Zaporozhye (under the care of the ING for Children Foundation in Wisła), children from Ukraine staying with families of ING employees, a family from Ukraine in Oleśnica, Ochronka Charity in Piekary Śląskie, OAZA Day Care Centre in Radzionków, Care and Education Centre No. 9 in Sosnowiec and three Family Children’s Homes in Warsaw – Dom przy Koszykowej, Bajkowy Dworek and Radosny Dom. In addition, employees were able to donate money to the Foundation’s account for the purchase of additional parcels – the collection amounted to PLN 8,000. The funds were used to purchase missing presents and to support the organisation of Christmas for children

from the Zdążyć z Pomocą Foundation “Klub Myszki Norki Norki” in Warsaw and from the Specialist Support Centre for Victims of Family Violence “PRZYSTAŃ” in Świętochłowice.

Friend of the Blind

In December 2022, the ING for Children Foundation received the Badge of the Polish Association of the Blind awarded by the Special School and Educational Centre for Children and Young People with Disabilities in Dąbrowa Górnicza.

ING Polish Arts Foundation

The ING Polish Arts Foundation was established to support Polish male and female artists and to present the most current phenomena in art. The foundation builds a collection of contemporary art and carries out artistic and educational projects. At the same time, it carries out statutory activities related to the work of developing the collection and promoting the artists associated with it. The collection has grown by 14 objects by three female and two male artists in the past year. The Foundation in 2022 implemented its projects in accordance with the action plan adopted and approved by the Management Board and the Foundation Council. The foundation’s 2022 activities were funded by ING Bank Śląski and ING Hubs, in line with ING Group’s global arts patronage programme, which plays an important role in creating the organisation’s culture.

Collection

The collection of the Foundation includes works created after 1990 by Polish living artists. Currently, the collection includes over 260 works – 89 paintings, 71 photographs, 42 works on paper, 37 objects (sculptures, ceramics, textiles, etc.), 8 videos and 16 installations – by both recognized artists and younger generation artists born in the 80s and 90s. The collection includes works by 43 women and 73 artists. In recent years, the foundation has been actively working towards a more equal representation

on the basis of gender. The Foundation’s collection remains one of the few corporate collections in Poland. In 2022, photographs by Maria Loboda, paintings by Karol Radziszewski and Cyril Polaczek, sculptures by Zuza Golinska and an object (flag) and photograph by Yulia Krivich were added to the collection. The Foundation’s collection demonstrates, among other things, the involvement of contemporary art in current global issues such as climate or human rights. Zuza Golinska’s practice addresses issues of crisis and climate catastrophe; the sculptures purchased for the collection were created from steel recovered from the Gdansk shipyard. Yulia Krivich is an artist originally from Ukraine, but who has lived in Poland for many years, whose actions at the intersection of art and activism are focused on supporting her country and its people, including those who have come to Poland.

Works from the collection can be found on a daily basis in the funders’ office spaces, mainly in the bank’s headquarters in Warsaw and Katowice, as well as the offices of ING Lease, ING Commercial Finance and the ING Hubs.

The foundation also shows its collection online. Images of works from the collection are made available on the Foundation’s website under a Creative Commons 3.0 (Attribution, Non-commercial Use, No Derivative Works) licence, allowing them to be downloaded in high resolution.

Exhibitions

In 2022, the Foundation co-organised the exhibition "Anxiety Comes at Dusk" curated by Magdalena Komornicka at Zachęta – National Gallery of Art in Warsaw. This was the first generational review in a long time, showcasing the work of nearly 90 artists born in the 1980s and 1990s, allowing many young artists to show their work to a wider audience and to be featured in such a culturally important venue. The exhibition also features 12 works from the Foundation’s collection – by Agata Ingarden,



Stach Szumski, Hanna Krzysztofiak, Mikołaj Sobczak, Martyna Czech, Zuzanna Bartoszek, Tomasz Kręcicki, Karolina Jabłońska and Ali Savashevich.

The Foundation has also launched its own unusual exhibition space – a gallery of one work, Preview, located in the shop window of the bank’s headquarters at 2 Pulawska Street in Warsaw. Thanks to its location, access to the work presented is available to all passers-by, 24 hours a day. In 2022, the works were presented: Janka Simon, untitled, and Slavs and Tatars, Noblesse Oblige.

In addition, as part of a programme of lending works from the collection, works were exhibited at the following events:

- Bielsko BWA Gallery, “POTENTION – Humoral theory: quattrostagioni”.
- Trafostacja Sztuki in Szczecin, “First place in the table?”.
- MCSW Elektrownia, Radom, “WomanArt. Power”.
- ZAK Zentrum für Aktuelle Kunst at Spandau Citadel, Ausnahmezustand.
- Zachęta Gallery, Warsaw, Mariola Przyjemaska, “Construction, consumption and melancholia”.

Foundation Award

Since 2017, the works of an artist, artist or artist group presented during Warsaw Gallery Weekend have gone into the Foundation’s collection through a competition. On 29-30 September 2022, the jury visited 30 exhibitions by artists exhibiting as part of Warsaw Gallery Weekend.

The Grand Prize of the ING Polish Arts Foundation went to Karol Radziszewski. The jury decided to purchase the painting “Harnasie”. a Special Prize was also awarded to Karolina Grzywnowicz for her exhibition at the Jednostka gallery. The detailed principles of the competition are set

out in the regulations available on the Foundation’s website and the jury’s deliberations are minuted.

Artist – Professional

The Artist-Professional project, aimed at students and budding artists, was held for the sixth time in 2022. The aim of the project is to prepare for the difficult moment of graduation and the professionalisation of artistic activity, to level the playing field and support in professional development. Functioning in the professional world of art requires not only talent and hard work, but also knowledge of its mechanisms. During the classes, you can learn about tools and practices helpful in functioning in the artist’s profession. Lectures, workshops and portfolio consultations are given by people who work in the art field on a daily basis: they include curators, artists and activists, exhibition producers and art market specialists. They tell, among other things, how to properly present yourself to curators and gallery owners, how and where to organize the first exhibitions, where to insure and how to take care of your rights.

In 2020, the Artist-Professional project, due to the constraints caused by the pandemic, moved online and continued in this form in 2022.

The 2022 edition is: 9 lectures in Polish, a special lecture for Ukrainians (in Ukrainian and Russian), 205 portfolio consultations, Summer School on the Vistula as part of the FLOW project, stays in residence at W788 (3 successful candidates). All lectures were interpreted into Polish Sign Language (PJM) and were recorded with translation. The recordings from this edition, as from previous editions, along with additional supplementary material, have been uploaded to a new location on the Foundation’s website ([ingart.pl](#)) – THE KNOWLEDGE BASE.

The 2022 edition in figures:

- 917 women, 193 men, 33 non-binary people (total: 1,143),

- 16 provinces,
- 11 teenagers and as many as 42 people over the age of 50,
- 92% of participants rated good and very good,
- 98% would recommend the lectures to other interested parties,
- 85% believe that the knowledge transferred should be in the university’s curriculum.



ING for employees (S)

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We are aware of the important role employees play in our day-to-day operations. That is why we want to create a friendly workplace and conditions for development. We support diversity and inclusion. We care about the health and well-being of employees.

HR management

GRI [3-3]

SDG 8

Strategy, policies, procedures

The way we work reflects our organizational structure which is flexible. Working in a bank is based on team effort – nobody works alone.

The principles for the organisation of our work are set out in the *Organizational Regulations of ING Bank Śląski*. It contains an organizational chart, as well as the basic rules that guide us when organizing mutual cooperation. We create space for all employees to be independent and responsible.

We focus on building the skills and commitment of our employees in such a way that they can achieve the goals and strategy of our organization, while developing and caring for their overall well-being. We strive to provide the best working conditions. We support employees in leading a healthy lifestyle and encourage them to take care of their health at work and outside.

We make sure that the salaries of our employees are at the market level. Our remuneration policy is based on treating all employees fairly. By managing performance, we support the process of attracting, motivating and retaining talented employees, as well as their development.

The most important internal documents regarding the shaping of working conditions and remuneration in the ING Bank Śląski S.A. Group include:

- Remuneration Policy at the ING Bank Śląski S.A. Group,
- Regulations of Remuneration of Employees of ING Bank Śląski S.A.,
- Employee evaluation regulations of ING Bank Śląski S.A. (Step up),
- The Work Regulations of ING Bank Śląski S.A.,
- Hybrid Working Regulations at ING Bank Śląski S.A.,
- Procedure for the Organisation of Internships and Placements in the ING Bank Śląski S.A. Capital Group,
- Regulations of the Employee Referral Scheme at ING Bank Śląski S.A.

Other regulations concern areas related to employee fringe benefits in the form of a cafeteria programme and assistance benefits as part of the operation of the Company Social Benefits Fund, as well as the granting of benefits in connection with disability.

Employees in the bank – in numbers

GRI [2-7] [2-8]

Every day, the ING Bank Śląski brand is created by over eight thousand people. We employ not only financiers. In our modern organizational structure, there is room for various professions and for employees with various interests and passions that contribute to increasing efficiency, increasing commitment to work, striving for development and innovation. As many as 64% of our bank’s employees are women.

On 31 December 2022, the ING Bank Śląski S.A. Group employed 8,399 people. Compared to December of the previous year, the number of

employees decreased by 295 (i.e. 3.4%). At the end of December 2022, ING Bank Śląski employed 7,961 people, 287 fewer than in December 2021.

Number of employees (persons)					
	2018	2019	2020	2021	2022
Head Office in Katowice	3,085	3,117	3,474	3,811	3,645
Head Office in Warsaw	729	746	827	882	994
Branches	3,851	3,827	3,752	3,555	3,322
Total Bank	7,665	7,690	8,053	8,248	7,961
ING Lease (Polska) Sp. z o.o.	227	232	248	246	237
ING Commercial Finance Polska S.A.	110	112	114	116	114
ING Bank Hipoteczny S.A.	30	39	36	38	36
Solver Sp. z o.o.	2	2	2	-	-
ING Usługi dla Biznesu Sp. z o.o.	49	57	51	43	37
Nowe Usługi S.A.	3	3	3	3	3
SAIO Spółka Akcyjna	-	-	-	-	11
Subsidiaries	421	445	454	446	438
ING Bank Śląski S.A. Group	8,086	8,135	8,507	8,694	8,399



Number of employees by gender and region as at 2022 yearend

	FTE			Part-time	Employed on non-guaranteed hours*	Employed on a contract basis
	Indefinite period of time	Definite period of time	Total			
Dolnośląskie	226	12	236	2	-	2
Female	171	8	177	2	-	1
Male	55	4	59	-	-	1
Kujawsko-pomorskie	101	7	108	-	-	4
Female	70	4	74	-	-	2
Male	31	3	34	-	-	2
Lubelskie	50	2	52	-	-	2
Female	35	2	37	-	-	1
Male	15	-	15	-	-	1
Lubuskie	35	1	36	-	-	1
Female	28	1	29	-	-	1
Male	7	-	7	-	-	-
Łódzkie	166	4	169	1	-	3
Female	119	4	122	1	-	2
Male	47	-	47	-	-	1

Małopolskie	306	13	312	7	-	7
Female	232	8	234	6	-	4
Male	74	5	78	1	-	3
Mazowieckie	1,532	136	1,642	26	35	70
Female	882	68	933	17	23	33
Male	650	68	709	9	12	37
Opolskie	170	2	171	1	-	4
Female	139	2	140	1	-	3
Male	31	-	31	-	-	1
Podkarpackie	85	8	93	-	-	4
Female	65	6	71	-	-	4
Male	20	2	22	-	-	-
Podlaskie	49	1	50	-	-	2
Female	36	1	37	-	-	2
Male	13	-	13	-	-	-
Pomorskie	129	6	135	-	-	4
Female	98	4	102	-	-	1
Male	31	2	33	-	-	3
Śląskie	4,687	222	4,824	85	10	223
Female	2909	152	3010	51	7	150

Male	1778	70	1814	34	3	73
Świętokrzyskie	85	3	88	-	-	1
Female	70	3	73	-	-	1
Male	15	-	15	-	-	-
Warmińsko-mazurskie	26	2	28	-	-	2
Female	17	-	17	-	-	2
Male	9	2	11	-	-	-
Wielkopolskie	216	11	227	-	-	5
Female	161	6	167	-	-	5
Male	55	5	60	-	-	-
Zachodniopomorskie	100	6	105	1	-	2
Female	75	4	78	1	-	1
Male	25	2	27	-	-	1
Poland in total	7,963	436	8,276	123	45	336
Female	5,032	269	5,223	78	30	212
Male	2,831	161	2,948	44	15	122

*non-guaranteed hourly workers – people on a contract for work were given in this group. Due to the nature of the contract, all persons in the accounting period were included.



Number of employees broken down by gender and type of employment contract

	2018	2019	2020	2021	2022
Female	5,506	5,480	5,608	5,612	5,380
FTE	5,383	5,353	5,502	5,510	5,301
Part time	123	127	106	102	79
Male	2,580	2,655	2,899	3,082	3,019
FTE	2,540	2,597	2842	3030	2,975
Part time	40	58	57	52	44
Total	8,086	8,135	8,507	8,694	8,399
FTE	7,923	7,950	8,344	8,540	8,276
Part time	163	185	163	154	123

Number of employees by region and type of employment contract

	2018	2019	2020	2021	2022
Dolnośląskie	252	248	248	249	238
Unspecified	240	241	231	227	226
Temporary	12	7	17	22	12
Kujawsko-pomorskie	123	119	113	116	108
Unspecified	117	112	106	108	101
Temporary	6	7	7	8	7

Lubelskie	61	59	58	57	52
Unspecified	60	57	56	55	50
Temporary	1	2	2	2	2
Lubuskie	35	36	36	37	36
Unspecified	34	31	34	34	35
Temporary	1	5	2	3	1
Łódzkie	188	189	183	181	170
Unspecified	181	180	173	173	166
Temporary	7	9	10	8	4
Małopolskie	372	357	356	330	319
Unspecified	349	337	336	315	306
Temporary	23	20	20	15	13
Mazowieckie	1,493	1,505	1,572	1,597	1,668
Unspecified	1,392	1,410	1,451	1,495	1,532
Temporary	101	95	121	102	136
Opolskie	208	200	199	183	172
Unspecified	198	188	193	182	170
Temporary	10	12	6	1	2
Podkarpackie	102	100	99	96	93
Unspecified	99	94	92	88	85
Temporary	3	6	7	8	8

Podlaskie	53	51	48	49	50
Unspecified	50	51	48	49	49
Temporary	3	0	0	0	1
Pomorskie	147	147	146	138	135
Unspecified	133	136	134	127	129
Temporary	14	11	12	11	6
Śląskie	4,543	4,626	4,949	5,183	4,909
Unspecified	4,323	4,294	4,475	4,648	4,687
Temporary	220	332	474	535	222
Świętokrzyskie	98	95	102	93	88
Unspecified	95	92	101	91	85
Temporary	3	3	1	2	3
Warmińsko-mazurskie	34	34	34	32	28
Unspecified	32	33	31	31	26
Temporary	2	1	3	1	2
Wielkopolskie	266	262	259	245	227
Unspecified	246	244	242	235	216
Temporary	20	18	17	10	11
Zachodniopomorskie	111	107	105	108	106
Unspecified	109	101	100	99	100
Temporary	2	6	5	9	6



Number of other persons working for the organisation at the end of the period*			
Form of employment	Description	2021	2022
B2B	The a sole proprietorship, in agreement with the employer, determines the wage for the work performed, the place and time of work. Formula used to fill in missing competences in the organisation or to recruit colleagues for specialised periodic tasks.	150	178
Body Leasing	By this form we mean the conclusion of a contract between the commissioning party and the service provider. The contract does not concern the provision of staff, but the provision of services by a third party. Used to source competences not available within the organisation.	69	139
IT service/software providers	Collaboration under contract with an IT service/software provider consists of entrusting the provider, on a contractual basis, with the performance of non-executable activities on the organisation's side relating to hardware, software and data processing, as well as the development of applications and the provision of business support for IT processes.	82	145
Outsourcing	Collaboration under contract with the company providing the service. The organisation pays the invoice for the service without entering into an employment relationship with the people employed by the company that provides the service. In addition, the outsourcing company's processes cannot be implemented on the organisation's side.	699	886
Temporary work**	It consists of performing tasks of a periodic nature for a single user-employer for a maximum of 18 months within a consecutive 36-month period. This form is used to fill staffing gaps for tasks that do not require specialised knowledge. It allows reacting dynamically to changes in processes with the fact that it responds to the need for timely employment related in particular to seasonal actions, variability of labour demand.	73	12
TOTAL		1,073	1,360

**These individuals are not included in the number of our employees; **Temporary work – employees employed by a temporary employment agency under a contract of mandate.*



Employment structure

GRI [405-1]

Number of employees by employment level and age group and gender															
	2018			2019			2020			2021			2022		
	Females	Males	Total	Females	Males	Total	Females	Males	Total	Females	Males	Total	Females	Males	Total
Senior management	10	26	36	9	25	34	10	25	35	12	24	36	11	23	34
30-50 years	7	17	24	6	14	20	4	10	14	5	12	17	4	12	16
Over 50 years	3	9	12	3	11	14	6	15	21	7	12	19	7	11	18
Management	221	194	415	225	202	427	98	144	242	101	170	271	98	167	265
30-50 years	189	155	344	183	159	342	77	110	187	71	124	195	66	115	181
Below 30 years	-	-	-	-	-	-	-	-	-	-	1	1	-	-	-
Over 50 years	32	39	71	42	43	85	21	34	55	30	45	75	32	52	84
Lower management	188	166	354	159	160	319	241	200	441	251	196	447	244	196	440
30-50 years	156	138	294	128	126	254	188	158	346	187	152	339	178	149	327
Below 30 years	-	4	4	-	3	3	-	2	2	2	5	7	1	6	7
Over 50 years	32	24	56	31	31	62	53	40	93	62	39	101	65	41	106
Specialists	4,964	2,150	7,114	4,903	2,212	7,115	5,116	2,501	7,617	5,140	2,658	7,798	4,989	2,630	7,619
30-50 years	3,672	1,506	5,178	3,591	1,530	5,121	3,650	1,666	5,316	3,587	1,731	5,318	3,454	1,763	5,217
Below 30 years	602	390	992	578	409	987	655	524	1,179	724	570	1,294	624	489	1,113
Over 50 years	690	254	944	734	273	1,007	811	311	1,122	829	357	1,186	911	378	1,289
Other employees	123	44	167	184	56	240	143	29	172	108	34	142	38	3	41
30-50 years	63	11	74	72	14	86	65	7	72	57	9	66	23	1	24
Below 30 years	51	27	78	101	36	137	72	19	91	45	22	67	9	-	9
Over 50 years	9	6	15	11	6	17	6	3	9	6	3	9	6	2	8
Total	5,506	2,580	8,086	5,480	2,655	8,135	5,608	2,899	8,507	5,612	3,082	8,694	5,380	3,019	8,399



GRI [405-2]

Employee category	Number of women	Number of men	Ratio of total pay for women to men
2022			
Senior management	61	135	94%
Management	291	246	95%
Other employees	5,205	2,687	96%
Total	5,557	3,068	96%
2021			
Senior management	62	127	93%
Management	299	254	94%
Other employees	5,422	2,719	99%
Total	5,783	3,100	99%
2020			
Senior management	59	121	92%
Management	298	245	96%
Other employees	5,380	2,583	98%
Total	5,737	2,949	98%

More information on the gender pay ratio is cited in the chapter on [Corporate governance](#).

GRI [401-1]

Percentage of new hires and turnover rate					
	2018	2019	2020	2021	2022
Breakdown of new hires during the reporting period by age group					
Below 30 years	48.7%	51.0%	51.8%	56.4%	40.5%
30 to 50 years	48.6%	46.7%	45.9%	40.5%	55.8%
Over 50 years	2.7%	2.3%	2.3%	3.1%	3.6%
Breakdown of newly hired employees during the reporting period by gender					
Females	47.1%	48.3%	48.0%	46.4%	50.7%
Males	52.9%	51.7%	52.0%	53.6%	49.3%
Staff turnover					
Voluntary	4.7%	4.5%	3.6%	5.5%	6.3%
Involuntary	2.3%	2.7%	3.4%	3.4%	4.9%
Employees who left by age category					
Below 30 years	20.1%	22.1%	20.6%	26.5%	31.6%
30 to 50 years	60.8%	60.2%	59.4%	57.3%	59.0%
Over 50 years	19.1%	17.7%	20.0%	16.2%	9.4%
Employees who left by gender					
Females	63.5%	67.2%	64.9%	62.5%	54.7%
Males	36.5%	32.8%	35.1%	37.5%	45.3%

The change in the methodology for calculating the turnover rate is due to a more consistent approach to reporting employee departure data within the bank. The fundamental change is to divide the departure rate into two categories: voluntary departures, i.e. those at the employee's initiative, and involuntary departures, i.e. those at the employer's initiative. In addition, the average number of employees per year was used in the calculation of the indicator instead of the year-end balance. The modification of the methodology allows a more accurate assessment of changes in the indicator over time and trend analysis. The change in methodology was introduced from 2022. Indicators from previous years have been retroactively adjusted according to the new methodology for calculating turnover.



Percentage of new hires – gender structure

	2018	2019	2020	2021	2022
Females	3.9%	4.4%	6.8%	7.3%	5.4%
Males	9.3%	9.8%	14.9%	15.2%	10.1%
Total	5.6%	6.2%	9.5%	10.1%	7.1%

Percentage of new hires – age structure

	2018	2019	2020	2021	2022
Below 30 years	21.0%	24.9%	36.7%	37.5%	22.1%
30 to 50 years	3.7%	4.0%	6.1%	5.8%	5.6%
Over 50 years	1.1%	1.1%	1.5%	2.0%	1.2%

Percentage of new hires – geographical structure

	2018	2019	2020	2021	2022
dolnośląskie	2.8%	3.2%	4.5%	8.1%	4.5%
kujawsko-pomorskie	4.0%	4.1%	6.1%	5.2%	5.4%
lubelskie	3.4%	3.6%	0.0%	1.8%	1.9%
lubuskie	16.7%	16.8%	0.0%	11.1%	5.5%
łódzkie	2.6%	3.2%	5.8%	1.6%	2.3%
małopolskie	3.6%	2.7%	1.9%	2.6%	3.1%
mazowieckie	9.4%	9.6%	12.5%	12.8%	15.6%
opolskie	3.4%	3.9%	3.0%	1.0%	1.7%
podkarpackie	1.9%	2.0%	3.0%	7.2%	5.3%
podlaskie	1.8%	1.9%	3.9%	4.0%	2.0%
pomorskie	8.6%	5.4%	5.9%	4.8%	5.8%
śląskie	5.0%	6.0%	10.9%	11.5%	5.7%
świętokrzyskie	3.1%	3.1%	3.0%	1.1%	1.1%
warmińsko-mazurskie	8.9%	5.9%	6.0%	6.0%	3.3%
wielkopolskie	6.8%	4.2%	3.5%	3.2%	1.7%
zachodniopomorskie	1.8%	10.3%	9.6%	6.7%	1.9%

Redundancies – gender structure

	2018	2019	2020	2021	2022
Women – voluntary redundancy	4.3%	4.7%	3.2%	4.4%	5.1%
Women – involuntary redundancy	2.3%	3.0%	3.6%	3.9%	5.5%
Men – voluntary exemption	2.5%	2.6%	2.1%	4.2%	4.7%
Men – involuntary redundancy	1.0%	1.6%	1.5%	1.3%	2.2%
Total – exemption voluntary	4.7%	5.0%	3.5%	5.6%	6.3%
Total – Redundancy involuntary	2.3%	3.1%	3.4%	3.4%	5.0%



Redundancies – age structure

		2018	2019	2020	2021	2022
>30 years	voluntary exemption	7.7%	9.8%	7.5%	12.5%	13.1%
	involuntary redundancy	2.6%	4.3%	2.9%	3.0%	14.4%
30-50 years	voluntary exemption	21.8%	23.6%	15.0%	21.1%	28.7%
	involuntary redundancy	10.4%	15.6%	16.4%	12.5%	15.2%
<50 years	voluntary exemption	6.6%	6.4%	4.0%	2.9%	4.7%
	involuntary redundancy	4.4%	4.9%	6.0%	6.5%	6.9%

Geographical breakdown of redundancies

	Voluntary redundancies					Involuntary redundancies				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
dolnośląskie	5%	6%	6%	7%	9%	2%	3%	4%	2%	4%
kujawsko-pomorskie	6%	4%	3%	2%	7%	2%	7%	4%	3%	8%
lubelskie	5%	2%	0%	0%	4%	0%	7%	5%	5%	6%
lubuskie	17%	11%	3%	8%	8%	3%	6%	3%	6%	0%
łódzkie	3%	3%	4%	2%	3%	2%	4%	10%	4%	6%
małopolskie	4%	5%	2%	7%	6%	2%	3%	6%	7%	2%
mazowieckie	7%	8%	5%	9%	10%	2%	3%	3%	3%	3%
opolskie	4%	6%	4%	2%	3%	2%	2%	3%	7%	7%
podkarpackie	4%	4%	0%	4%	3%	17%	5%	9%	6%	4%
podlaskie	6%	4%	2%	0%	0%	4%	4%	6%	0%	0%
pomorskie	6%	5%	8%	7%	7%	2%	3%	5%	5%	4%
śląskie	4%	4%	3%	5%	6%	2%	3%	3%	3%	6%
świętokrzyskie	2%	5%	2%	0%	2%	0%	2%	1%	14%	6%
warmińsko-mazurskie	9%	9%	9%	6%	10%	6%	0%	6%	6%	7%
wielkopolskie	5%	6%	4%	4%	3%	2%	2%	4%	6%	5%
zachodniopomorskie	5%	11%	7%	2%	6%	3%	3%	8%	3%	1%

Relations with the social partners

GRI [2-30]

At the bank, we work closely with social partners in the form of the Staff Council and trade unions. We cooperate with the Council within the scope of the *Employee Information and Consultation Act*, which includes periodic meetings and ongoing consultation on organisational changes that are being implemented. Cooperation with the company trade union organisation implies ongoing agreements and consultations within the scope of the *Trade Union Act*. Together with the trade union organisation, we have decided not to conclude a collective agreement, while it is a standard of our relationship to agree annually on the principles of the increase shares to be launched and the package of additional benefits for employees leaving the bank as a result of restructuring processes (cash severance).

Percentage of employed staff who are members of a trade union organisation active in the bank

	2018	2019	2020	2021	2022
Percentage of employed staff who are members of a trade union organisation active in the bank	5.40%	6.00%	5.60%	5.40%	5.45%

Trade union costs in 2022 amounted to PLN 467.2 thousand and in 2021 to PLN 402.7 thousand.

Recruiting new employees

Recruitment and selection of new employees is a standardised and continuously monitored process at the bank. Cyclical improvements to the process aim to adapt efficiently and quickly to changing labour market trends, business needs and applicant needs.

The recruitment process usually follows the following steps, the number of which may vary depending on the type of position sought:



The candidate selection process is carried out with due care and attention to the quality of selecting the best employees. For additional verification of candidates' competences, we have the option of using competence tests or conducting *Assessment Centre* sessions. At the final stage of recruitment, before a binding job offer is made, each



candidate is subject to an *Employment Screening* process, in which the recruiter verifies potential risks and conflicts of interest relating to the vetted candidate’s employment with the bank. Through these measures, we maximise the chances of hiring the best and the right fit for our organisation.

At every stage of recruitment, we pay attention to and care about our candidates’ impressions and experiences, the *Candidate Experience*. In the past year, we have, among other things, introduced graphic templates for the messages we send to candidates, edited and personalised the content of the messages we send. Following consultation with selected managers, we simplified and shortened the recruitment stages. Among the larger initiatives was the launch of a series of workshops for managers, where, with the help of theory and practice, we bring knowledge of the recruitment process and the shaping of a positive *Candidate Experience* into the bank’s recruitment processes.

Diversified sourcing of candidates

To meet recruitment needs, we use a variety of sources to source candidates. Each job advertisement is published on [ING Careers](#), where the candidate, in addition to current job offers, can learn about the organisation and our values, areas of work in the bank, internship programmes, etc. External advertising sites, both industry-wide and aimed at specialists in specific professions, i.e. IT or Risk, remain a significant source of applications and employment.

We also try to interest candidates who are not actively looking for a job in the bank in job opportunities – through *direct search*, by returning to a constantly updated candidate database or with the support of specialist recruitment agencies.

Since 2018, the bank has had an Employee Referral Programme – we want our employees to be able to shape the workplace and have a say in who we work with. We endeavour to periodically make the Referral Programme more attractive and promote it, believing in the *cultural fit* of the referred candidates. In 2022, 94 new employees, i.e. 15% of new hires in 2022, joined the bank from the referral source.

In 2022, we have integrated recruitment marketing into our activities – we periodically launch social media recruitment campaigns for positions in the IT Division and the Risk Division. We also had the opportunity to position job advertisements on search engines (SEM).

We promote ING’s brand as an attractive place to work at numerous industry conferences and job fairs for students and graduates. We are also supported in our promotional activities by ING Ambassadors, who shape the bank’s image in the academic environment as part of the Ambassador Programme.

Employees as ambassadors for their workplace

We involve our employees in many ways in building and promoting our employer brand. In addition to the Employee Referral Programme, our employees also get involved in industry events, job fairs and career days at universities, sharing their knowledge and experience. They are an important and authentic voice, the basis of our communication. They are featured in videos showing their work together, speak in articles and interviews about their careers at ING and share their stories in podcasts. It is thanks to their involvement that we show how things work at ING and tell others about it. We have written more about working at the bank through the eyes of our staff and also interns on [our website](#).

Parents at work

GRI [401-3]

SDG 5

We attach great importance to protecting the sustainability of employment upon return from parental leave and the inclusion of employees returning after a long absence. We provide employees who have become parents with full information on their entitlements and privileges and pay a childbirth benefit. Men working in our bank take advantage of a two-week paid paternity leave. They have this option until the end of their second year of life.

Employee maintenance index after parental leave (percentage of people entitled to parental leave who returned and remained employed by min. 12 months after returning) *					
	2018	2019	2020	2021	2022
Female	99.7%	99.0%	99.4%	99.6%	99.5%
Male	100.0%	98.4%	99.1%	99.6%	99.8%
Total	99.7%	98.9%	99.3%	99.6%	99.5%

*excluding persons whose temporary employment contract has ended and persons who have been dismissed on their own initiative

On 1 July 2021, we implemented new benefits that support childcare workers and modified one existing benefit:



- additional maternity leave – any mother raising a child up to 2 years of age can take 10 additional days of maternity leave with pay;
- additional paternity leave – any dad raising a child up to 2 years of age can take 5 additional days of paternity leave with pay. The condition is that the basic paternity leave is taken in advance;
- childcare – parents raising children up to the age of 18 may use 2 days of childcare (previously, the entitlement was for children up to the age of 14), regardless of whether the other parent used this opportunity.

Since the current year, the bank has been reporting the indicator on parental leave in a complete way, taking into account the GRI Standards guidelines for retention of employee departures after parental leave, hence the lack of presentation of indicators on a historical basis. Historically, the bank has reported on the retention rate of employees upon return from parental leave, excluding those whose term contract has ended and those dismissed on their own initiative.

Data on employees eligible for parental leave in 2022			
	Females	Males	Total
Employees eligible for parental leave in 2022*	1,499	849	2,348
Employees who took parental leave in 2022	478	196	674
Employees who returned to work after parental leave**	446	195	641
Employees who have returned to work after parental leave and remained in employment for a min. 12 months***	2,646	852	3,498
Percentage of employees who returned to work at the end of parental leave**	91.4%	99.5%	93.7%
Percentage of employees who returned to work after parental leave and remained in employment for a min. 12 months***	98.8%	98.8%	98.8%

employees with children, until the child turns 6 years old in 2022 or 18 years old in the case of a disabled child; **of employees who took parental leave between 31.12.2021 and 31.12.2022; *of employees who took parental leave until 31.12.2021.*

Our flexible working arrangements

GRI [3-3]

Technology is changing the world at a rapid pace. Technological companies modify the way of dialogue with clients, but also internal models of work and creating new products or services. It is the same in the banking industry – until recently considered traditional and conservative – and today very modern and based on technology. As ING, we are changing all the time. We are evolutionarily adjusting the way we operate to the changing world. We are looking for solutions that are consistent with our organizational culture.

We believe that the best solutions are created in teams, which is why working at our bank is all about teamwork. It is the tasks that determine the way we work, not the other way around. We call this model of working the Way of Working – it accommodates departments as well as expert teams or squads. We focus on close cooperation with clients, flexibility, commitment and efficiency. To achieve this, we use specific teamwork principles: working in short cycles, decomposing strategies into shorter periods, prioritising tasks, regularly presenting achievements and incorporating feedback, retrospectives and continuous improvement of work.

In Way of Working:

- we work around common goals,
- together with the team we are looking for the best solutions,
- we have the ability to co-decide with leads,
- we carry out tasks according to priorities and in relation to strategic goals,
- teams have autonomy in the way they improve their work,
- we work cross-sectionally with people with different competences,
- we communicate directly and often receive feedback,
- we demonstrate the effects of solutions with clients and stakeholders,
- we adjust the plan to the changing reality.



Development and training programs

GRI [3-3] [404-2]

SDG 4

At ING, we are creating an adaptive learning organisation, giving employees the opportunity to develop key capabilities and skills that both help deliver strategic objectives and provide personal satisfaction. To support the implementation of the bank's strategy and unleash the full potential of our employees, we provide the right environment in which our staff can develop and create the best version of themselves. Our strategy of self-management of their development encourages employees to develop skills in a continuous and integrated way that is appropriate to emerging changes and allows us to respond adequately to needs. We want our employees to develop curiosity and be advocates for learning, sharing knowledge and teaching others in their current and future roles (#doyourthing). This is why we have moved away from a “teaching culture”, to a “learning culture”, in which:

- we are lifelong learners,
- the learning initiative is bottom-up (employees know what they want and need to learn),
- we create a diverse learning environment,
- we support team and community learning,
- learning is geared towards problem solving and critical thinking,
- in learning, we focus on outcomes and concrete results.

We have democratised learning by making it universal. Anyone can create content and actively share with others. Together with the business academies, we make our offer relevant and linked to the business strategy. Our aim is an employee experience that is as enjoyable, fast and personal as the client experience. This is fully supported by LXP's global learning platform My Learning and our culture of self-directed learning.

Every year, we implement a range of activities to promote and support a strong learning culture through which we aim to unlock people's potential and ultimately strengthen business performance.

INGame

In 2021, we changed the organisation's approach to learning towards digital learning. We wanted to involve employees in this change, so we used a gamification mechanism and this is how the INGame was created. The aim of the gamification was to introduce effective ways of learning into the organisation, based on 6 defined areas for changing learning attitudes:

- self-study,
- community learning,
- strategies based on neuroscience knowledge,
- training ecosystem based on the learning experience platform (LXP),
- measures to support adaptation in the hybrid working model,
- building learning habits in a changing environment.

We invited staff members who were the originators and creators of the sentence scenarios to co-create the game.

The game was available to employees until the end of April 2022 and was played by almost 2,000 people. Players had 42 tasks to complete, which influenced the completion of 30,000 activities on the My Learning platform and staff activity on the Learning Matters community.

As part of INGame, employees learned:

- learning new things using effective learning strategies and their own aptitudes,
- knowledge-seeking through LXP's internal platform and social networks,
- proactively interact and share their experiences within the team and in the communities,
- creating and implementing innovative solutions,
- respond proactively to changes in the professional environment,
- look for opportunities to improve the way we work.

After the INGame, the entire content batch from the in-game tasks was transferred to the *LXP My Learning* platform and made available to all employees for further self-learning.



Conference I grow because I want to – digital learning

An annual event dedicated to issues in the field of Digital Learning. The conference is a unique opportunity to teach, learn about innovations, tools, inspiration – invited experts (internal and external) provide numerous examples, transferable and implementable in everyday organisational work. In 2022, the event was delivered in an online format and the programme focused on answering questions: *How do you effectively share knowledge in your organisation and become an expert in your field? How do you use Digital Learning in your everyday professional life? How is the world changing and how do we act to be three steps ahead?*

The event was divided into three parts:

- two-day conference – 500 participants,
- laboratories – 200 participants,
- own work – Expert Centres and staff created 67 channels and 83 training programmes in My Learning, containing a total of 1,183 different activities to support learning.

Individual Development Plan

An Individual Development Plan (IPR) is a process and tool that facilitates career development planning and reflects an employee’s career needs and aspirations. It is aimed at all employees, regardless of grade, role or experience.

The IPR consists of 3 parts:

- Plan for now – includes developmental activities that will contribute to the goal of increasing effectiveness in the current position,
- Plan for the next year – development activities that help to realise a goal related to the next step in an employee’s career at ING e.g.: by expanding opportunities in the current position (duties, responsibilities, new role),
- Long-term plan – a goal and development activities that can prepare the employee for the new role (this defines long-range aspirations).

In 2022, 667 IPRs were registered in the system. However, the overarching aim of the process is not to formalise the plans in the HR system, but to have meaningful conversations with the manager, advice and contracted support in the implementation of the development plans prepared in advance. We estimate that the number of IPRs prepared

and implemented is close to 30% of the bank’s population. In the group of successors to leadership positions, the IPR process is mandatory and implemented as part of a formal approach.

Development support tools

We understand that all people are different, with different learning preferences, different skills and different rates at which they assimilate knowledge. ING offers every employee a wide range of development opportunities aimed at achieving their personal goals, taking into account the latest findings on the learning process. Learning through experience and social interaction where it makes sense remains a priority.

My Learning

In 2021, we provided employees with the *Learning Experience Platform*(LXP), which supports employees in building competences faster than before, relevant to the current need and using different methods than traditional training approaches. It combines new technologies with the potential brought by user interactions and relationships. Through the platform, employees have access to educational material from different countries. The solution implemented has allowed employees to take their development into their own hands, keeping up to date with their knowledge and seeing their progress and managing their development in one place. The use of artificial intelligence (AI Watson) algorithms and advanced analytics builds a completely new and personalised employee learning experience, resulting in impact and speed of learning. The platform also enables social learning and knowledge sharing by experts through the creation of thematic channels.

Udemy Business

In November 2022, we replenished My Learning and made over 16,000 engaging courses, highly rated by experts and users, available to all employees. Courses allow you to acquire new knowledge, improve your skills, develop in areas outside your day-to-day role and refresh your existing knowledge.

In less than two months of implementing the platform, utilisation was as follows:

- 997 employees benefited from the new resources,
- employees spent 25,543 hours on learning and enrolled in 2,499 courses.

Get Abstract, BIBLIO and Pluralsight

Employees have access to get Abstract, a service that provides summaries of business books – in text and audio form. Of the more than 10,000 titles, the majority are English titles. It usually takes about 10 minutes to read or



listen to one abstract. For those wishing to read in full, we have provided staff with a virtual lending library of ebooks, audiobooks and video courses in Polish – Biblio. For technology teams, we have also provided the specialist Pluralsight platform with hundreds of courses building skills in mobile technologies, programming languages, data analytics or cyber security.

eTutor – Language courses

From the beginning of December 2022, employees can use eTutor, the largest online language learning service in Poland. It is a state-of-the-art platform that allows you to quickly learn English, German, Spanish and Polish, also via a mobile app. In the first month of operation, more than 2,500 people enrolled in the courses and spent more than 3,500 hours learning languages.

Coaching

Coaching is one-to-one meetings with a certified coach to support your development, consolidate your skills by listening and sharing your observations and asking questions to allow for discovery. Coaching helps to broaden awareness, perspective and development goals. At ING, we work with external coaches and have a group of employees in the role of internal coaches who have been prepared for this role under the accreditation of ICC- *International Coaching Community*, ICF- *International Coaching Federation* (these are the organisations that accredit/certify the coaching skills of Coaches).

Mentoring

Mentoring is one-to-one meetings with a person prepared to be a Mentor. It is a colleague or a colleague from the organisation who has experience and success in a particular field. a mentor, through guidance and inspiration, will help you develop in your field, overcome obstacles and strengthen the necessary competences. At ING, mentoring is available to all employees, including specialist mentoring carried out in IT and innovation accelerators, among others. In 2022, employees benefited from 30 formal and many non-formal mentoring processes.

The bank’s employees also participate in external initiatives such as mentoring through the Polish Human Resources Management Association, Exempt From Theory, the Global Mentoring Walk, and Dare IT – a women’s mentoring programme for women in IT.

Diagnostics

Through surveys (with psychometric tools or 360-degree assessments) and individual feedback, employees can gain:

- greater knowledge of their strengths,
- knowledge of how behaviours can affect professional relationships,
- greater awareness of their motivators and values in terms of their fit with the job and the organisation,
- support in identifying areas for development and improvement,
- the opportunity to consciously develop their competences, to work on changing their behaviour, to realise their career plans.

In 2022, more than 150 employees benefited from the individual diagnostics we provide based on the Hogan Assessment and Spencer Stuart tools.



Development internships

An internal internship is a proven method for professional development. As part of the activity, the employee gains work experience in another organisational unit of the bank, either at home or abroad. A development internship usually lasts from one to three months. This solution allows you to get to know the specifics of work in a given place, but most of all it is an opportunity to gain new competences and professional experience.

The number of employees taking part in internal placements is linked to the formal process of moving to another unit for the duration of the placement. The bank also operates internships without the employee being seconded to another unit, so that employees are encouraged to take the initiative themselves, proactively seek development opportunities and approach their development in an entrepreneurial manner.

In 2022, 62 employees opted for professional development in the form of an internship.

JumpING

JumpING is a style of working based on people and team development. It helps you learn to think about your daily tasks from the perspective of “how has this developed me?”. Through this method, we learn to develop as a team, drawing on the knowledge and experience of others. The use of jumping in the team strongly reinforces us in our daily tasks, which builds satisfaction and develops the team. In 2022, 56 people from 10 teams started “jumping” as part of a pilot of this new development method. The pilot received a 100 % YES response *for full implementation of the method* in the Retail Client Division, part of *Delivery*.

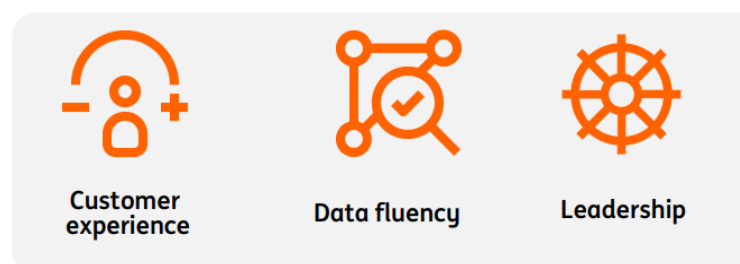
Learning Business Case

If the extensive range of development activities lacks a solution relevant to current business problems and needs, we develop tailor-made solutions, so-called Learning Business Cases (LBC). LBC is about working to increase the

effectiveness and real impact of designed learning solutions on behaviour change, competence gains and employee engagement in building organisational capacity. Development programmes designed in the form of a Learning Business Case allow development objectives to be more closely aligned with business and organisational goals and improve the quality of the learning and development experience of employees. All development and training activities are governed by the Training Procedure and the Procedure for the Enhancement of Professional Qualifications of Employees.

Development directions at ING

We have identified 6 efficiencies that we need at ING now and in the future to deliver our strategy. We call them Big 6 Capabilities or simply Big 6. The Big 6 are like a compass and allow us to see the azimuth and sense of our individual activities, as well as to plan well the annual goals in Step-Up and our own development in IPR. They are therefore important for all ING employees worldwide – regardless of role, position, business area or unit.



We call these three efficiencies “differentiators” – we use them to stand out in the market. These include attention to client experience, proficiency with data and the highest quality of leadership.



We call these three above-mentioned proficiencies “essential” – we need them to perform our core tasks properly, to keep our organisation safe and to inspire confidence in our clients, employees and regulators. These are agility in managing non-financial risks, the ability to build security.

In addition to the extensive range of development activities supporting the BIG 6 on the My Learning platform, additional initiatives to reinforce key skills are regularly implemented.

CX Day

Every year at ING we celebrate a global client holiday – CX Day. During the event, we invite our employees to design solutions that will delight clients and be worth remembering. CX Day is all about lots of ideas for making banking easier for clients. In 2022, employees submitted 130 ideas for individual clients, 99 ideas for business clients and six ideas for Wholesale Banking clients.

CX Day is also an opportunity to expand your knowledge, strengthen your Client Experience competences, but also your presentation skills, storytelling, persuasion and catch inspiration that is useful for all those designing client solutions. We did this through the *CX Day Academy*, which we made available to all employees. It features inspirational sessions, expert recordings and CX-themed content.

AI Trek COO Academy

We are committed to implementing innovative solutions, especially those based on artificial intelligence (AI). That is why this year we organised a conference on scaling intelligent automation for the second time. Our special guest, Aleksandra Przegalińska, outlined how collaborative AI is helping to transform business. We also looked at examples of AI/ML (*machine learning*) solutions and learned about their practical application in banking processes. The use of advanced data analytics and the use of artificial intelligence is groundbreaking for us, opening up new



opportunities. The introduction of AI/ML solutions makes banking processes more client-friendly. Intelligent automation of operations positively influences the quality of client service, but also optimises work and makes it more interesting. From 83 innovative use case submissions, we selected eight finalists to present their solutions at the academy finale and receive full support to implement their ideas into business processes.

Professional competence development programmes in the Retail Division

As part of the competence development of employees in the Retail Client Division, we focus on skills that directly impact the client experience in line with our client service model and Orange Touch. Above all, we build a supportive, safe learning environment – experimenting, seeking feedback, raising concerns, discussing mistakes, designing specific learning processes.

We deliver and implement educational and developmental content tailored to the current needs of the audience. We present conclusions, recommendations.

Key development projects implemented in 2022:

- StartING – an onboarding programme for professionals,
- Orange Touch – a development programme focused on building relationships, driving conversations and enhancing the expertise of venue professionals,
- Multi-channel service behaviours – As part of the new multi-channel service model, we designed and implemented a model based on 6 behaviours,
- I have a pull for passionate CX – a programme for leads and chapter le ads to strengthen CX competencies,
- POKmeetings – an event for cash handling professionals,

- Google RocketING – a programme for the Quality & Business Specialists team,
- In line with our strategy of diversifying our development forms, this year we also focused on a series of podcasts on the subject of digitalisation and short self-development forms, known as camps.

Academy of Data-Driven Service Design

The result of a collaboration between the ESG Innovation Centre of Expertise and the Analytics Chapters in the retail client area is an initiative dedicated to analysts, aimed at strengthening data analysis skills in service design, with a particular focus on visualisation and data-storytelling. The business objective was to improve collaboration and communication between analysts and business experts. The canvass of the academy was a programme consisting of practical workshops based on business cases from the field of service design, data visualisation and inspiration from the role of Business Translator and *growth hacking*. As part of the programme, each participant conducted an analytical project independently under the guidance of an experienced mentor. The academy resulted in 14 business projects and the new knowledge was disseminated throughout the bank through publications in Baška and in the newsletter, as well as a lecture with an external expert on data visualisation available to any analyst.

Service Design Academy

In 2022, we are launching the next edition of the development programme for service designers.

The programme consisted of three parts: attendance at the *Service Design Academy*, participation in the *Design Mindset Detector* (a survey of individual predispositions to use design methods) and working with a mentor on his or her own wl project/initiative using *service design* approaches and tools.

Selected skills that the programme develops:

- ability to work on projects to solve problems and create new services for clients (from defining client needs to testing solutions) using service design tools (e.g. stakeholder maps, personae, client path mapping, prototyping),
- ability to work in a multidisciplinary project team, including how to keep the team engaged and motivated (team leader role),
- ability to present a solution in order to convince others.

Out of more than 60 applicants from different areas of the bank, 35 were invited to participate in the programme and 25 graduated with honours.

With the academy, we are realising the goal of scaling a client-centric approach. In total, we already have more than 100 people who have completed a development programme focused on service design. Each of these people has not only theoretical knowledge, but also practical experience gained from working on a project with the support of an experienced mentor.

Academy Become a Scrum Master

For employees thinking of making a career change and taking on the role of Scrum Master, we have developed the 'Become a Scrum Master' development programme. Over the course of the 8-month development journey, participants had the opportunity to gain a solid dose of knowledge (through self-development and training sessions), take part in *shadowing* and practise the knowledge gained through a mini internship.



Special programmes – Development of new technologies

GRI [3-3]

SDG 9

Banking is one of those industries where employee development in the area of technology is particularly important. Technology is playing an increasingly important role in increasing business efficiency and client satisfaction by offering new services and products based on technological solutions. Specific areas of development activities geared towards building new skills are in the area of transaction and client data security, improving client service using automation and chatbots, increasing business efficiency through automation using AI and digitalisation. Most important, however, is the ability of teams to create and implement new solutions, products and services – based on the practice of designing innovative services and the agility of working with large data sets.

A not insignificant part of this is the increasing need for employees to develop their skills in technology, which is linked to a sense of personal efficacy in the digital age, increasing value in the labour market and adaptability to implement innovative solutions.

Power of Data Conference

The 2022 Power from Data conference was held once again. This is an annual technology event for bank employees, featuring talks and workshops on the practical use of Python, machine learning and automation in everyday work. In this edition of the conference, we focused on providing an overview of AI solutions operating in the bank. We saw concrete examples and above all the “technical behind the scenes” of these solutions. During the conference, representatives from the bank’s teams presented five different applications and their capabilities. In addition, there

were two talks during the conference – “How do we adopt AI and what allows us to scale AI in the bank?” and “Automating the work of a Data Scientist using POC modularisation as an example” – which were narrated by in-house experts. The conference was attended – stationary and remote – by more than 300 people.

CodING Academy

CodING Academy is one of our main development offerings for bank employees. In 2022, we did not implement a beginners’ programme. For the first time, we launched the CodING Academy intermediate level. We organised it at the request of our alumni wanting to develop programming in Python. CodING Academy was attended by graduates of the basic level and employees who qualified for the intermediate level.

The academy lasted four months, with a total of 116 participants and 54 passing. It consisted of three thematic modules in which our graduates were most interested:

- version control system – GIT,
- object-oriented programming and design patterns,
- advanced syntax elements.

The programme has been entirely prepared by our mentors – high-level experts from our bank.

For each module, mentors prepared pre-work, recorded training sessions, consulted with participants and prepared Have fun with CodING challenges.

AI Academy

The AI Academy aims to provide an introduction to the world of Data Science. In 2022, we continued to follow up on the programme, delivering further editions of the training paths at different levels and introducing an

automated version of Level I available to all employees at any time. In 2022, 119 bank employees graduated from the AI Academy.

WAW IT

The Virtual IT Support Academy is an initiative launched by the Service Desk Team. It is made up of seven trainers who organise training courses and workshops in which they present the latest IT tools and teach how to use them effectively. The initiative is complemented by the internal WAW IT website, a compendium of tools and applications. In addition, the website allows for easy and quick enrolment in training courses. In 2022, WAW IT organised 81 training sessions (50 recurrent, 31 dedicated including 13 with collaboration with the IT Security Department) with a total of 6,058 participants, including 969 participants in meetings with collaboration with the IT Security Department.

Tech Academy

The Tech Academy is an initiative we have been running for many years, in which CIO Division employees share knowledge from their areas. The training offer is created according to the current demand for specific training topics. Training topics can be submitted by both those wishing to lead training and those seeking specific knowledge. Very often the training courses are recorded and uploaded to My Learning so that those interested can watch them at any time. In 2022, there were 24 training courses led by 10 trainers and attended by 676 participants. The average for all training courses rated by participants is 5.30 (scale 1-6).

Cloud Academy

The use of cloud technologies is an important part of the bank’s IT strategy. Accordingly, we are building specialised, task-specific competences among different classes of audience. The cloud is not only a technological aspect, but also issues related to security, IT risk and applicable laws and regulations.



We are pursuing our development objectives on cloud issues through:

- specialised training programmes, including on Udemy and Pluralsight,
- internal materials developed by bank staff,
- panel discussions and workshops to build awareness among the general public of the benefits of cloud solutions.

The above-mentioned sources of knowledge acquisition have a significant impact on increasing the technical competence of IT employees, which is reflected in the specialist certificates they acquire. Ongoing development programmes also enhance the knowledge of employees in other units of the bank working with IT.

Cloud training also plays a significant role at the onboarding stage for new employees, introducing them not only to the technology standards developed, but also to the bank's strategy for exploiting the potential offered by the cloud. More than 200 employees benefited from the available forms of development in 2022.

Priorities in staff development

Our ambition and challenge is to build a world-class learning organisation – to maximise the impact of learning on the business. We do this by focusing on motivating employees to continuously improve and develop their ability to learn new things in new ways, offering a wide range of development tools and opportunities. The main focus is to act on performance standards in building solutions together with the business that adequately address a well identified business problem.

The future challenges of working in the digital age require much more volume, speed and variety of learning from both organisations and employees. Leaders need to create a culture of continuous learning that will increase the resilience of the organisation. Employees need to continually learn to keep their skills up to date so that they can be successful in their

current role, and periodically upskill to advance their careers or move into new, challenging roles. As an innovative organisation, we need to integrate learning directly into the way we work, so that people who need to learn new skills can do so on the job, through practice, in relation to other people. In 2022, we have addressed these challenges through selected priorities and related actions:

- Supporting managers and employees in adapting to the hybrid working model, through the Hybrid Team Scan and the Hybrid Mode programme.
- Building the organisation's capabilities and critical skills through their identification as part of the workforce planning process and development activities carried out by the expert centres responsible for the competences in question, e.g. Robotic Process Automation, Data Management or CX.
- Building a strong learning culture based on self-development and digital learning with a particular focus on new learning strategies and reinforcement learning in the experimental method, based on social mechanisms of work-based learning.
- Talent development focused on supporting successors to build readiness to take on roles in new environments and ways of working based on the Individual Development Plan process.

Leadership at ING

We believe that everyone at ING has the potential to grow and make an impact, which is why over the years we have continually built and supported an organisational culture where we can all develop our strengths. The high leadership competence of our formal and informal leaders is crucial to the wellbeing and effectiveness of teams and employees at ING. Therefore, as part of strengthening the agility of BIG 6 'leadership', we are nurturing agile leadership fit for an ever-changing world. In 2022, our

leaders have benefited from a wide range of publicly accessible development offerings and additional targeted activities:

- *Leadership Fundamentals* and Think Forward Leadership Experience2 workshops: Power Up – leadership programmes for experienced leaders and those new to leadership roles, which were attended by 264 leaders, or 35% of ING's leadership cadre in Poland.
- The *How They Do It* initiative – a series of six leadership discussions centred around the pillars of leadership full of practical tips with a range of resources to support self-experimentation and experiential learning. These resulted in 334 users of educational programmes on the My Learning platform, 1,790 views of videos with discussions by board members, 1,194 views of interviews with senior managers and 96 participants in 'D-Groups' discussion sessions.
- *Team Development Management* workshops – sessions to strengthen leaders' skills in identifying critical skills, planning for demand and supporting staff development. In 2022, we piloted the solution in 3 business units.
- Programmes to prepare for managing teams in a hybrid model. 60% of leaders attended introductory sessions on the hybrid model. We carried out two editions of the survey: Remote Team Scan and Hybrid Team Scan. In the first survey (RTS), 199 leaders submitted their 238 teams to the survey (representing 61% of those eligible to take part). In addition, 183 leaders engaged with Hybrid Coach and 143 leaders conducted a workshop with their teams. In the second study (HTS), 197 leaders enrolled 254 teams in the study). In H2 2022, we asked leaders for their opinion on the impact of the hybrid model on the way the team is managed and 47% of them rated it as positive (42% of leaders took part in the survey).



- *The Engaging Leader Framework* – development processes delivered by Agile Coaches, benefiting 56 leaders in 2022.
- *Creative Discussions* – leadership meetings facilitated by Agile Coaches and HR Business Partners around key leadership challenges, which benefited 98 leaders in 2022.
- A simulation in a Virtual Reality (VR) environment designed to enhance leaders' ability to build a culture of engagement and accountability in a role modelling behaviours such as taking responsibility for higher-level goals, an inclusive leadership style based on trust, collaboration and communication that builds co-responsibility. The simulation is highly engaging and provides a unique opportunity to experience situations easily translatable into management situations for any leader. In 2022, the entire management team of the Technology division took part in the simulation.

Special programmes - support in re-entering the labor market

We offer substantive and psychological support to persons dismissed from the bank for organizational reasons in preparation for re-entering the labor market, including the possibility of meetings with a psychologist for personal strengthening and recruitment experts in order to prepare recruitment documents and learn about labor market mechanisms, recruitment tools and effective job search methods.

Special programmes – retirement support to facilitate continued employment in retirement

Employees approaching the end of their career path and retirement have access to resources and development tools just like any bank employee, thanks to which they can update their knowledge and skills crucial for work in the current position and for aspirations for the future on an ongoing basis.

At the same time, in our HR Direct system, employees can find a complete set of information on how to prepare for retirement.

As part of the process of building your development path based on individual development plans (IPR), we encourage employees from the 50+ age group to build a long-term plan that includes development goals and activities to prepare the employee for retirement and the realization of aspirations planned for that time.

Employees in the 50+ age group are invited to actively participate in the Baby Boomers community, which initiates activities aimed at maintaining the involvement and prolonging professional activity of people from this group and educating managers in the field of effective management of various teams.

Appreciating employees with long experience at ING, we prepare personalized gifts and an extra day off as a reward for people with 25, 30 and 35 years of service.

Development at ING in figures

GRI [404-1]

Number of training hours per year per employee by employment structure:

Quantitative information on training				
	2019	2020	2021	2022
Number of development activities per employee	12.5	22.0	25.0	24.0
Number of hours of development activities per employee	24.4	57.6	29.0	32.2
Percentage of employees who participated in at least one development activity	97%	99%	98%	99%

For many years, training activities were associated with the transfer of theoretical knowledge in training courses lasting many hours. We are now encouraging employees to acquire knowledge in a more diversified way, in a variety of forms, more digital and in interaction with others. We are also creating the capacity to do so, with the implementation of the state-of-the-art My Learning platform in 2021 and Udemy Business and the eTutor language platform in late 2022. On the platform, multi-hour classroom training sessions have been replaced by shorter forms, including substantive webinars, learning materials and knowledge pills, hence the apparent decrease in the measurable number of hours of development activities. In 2022, employees visited the MyLearning platform nearly 16,000 times. They spent more than 224,000 hours learning there, completing nearly 19,000 development activities.



Summary 2022

Average number of training sessions completed per employee	23.94
Percentage of employees who took part in at least one development activity	98.98%

Development budget per person (PLN)

Females	PLN 3,961
Males	PLN 2,738
Total	PLN 3,517

Average number of hours of development activities per employee

Females	37.83
Males	22.37
Total	32.21

Average number of hours of development activities per employee – grade level

Senior management	6.44
Management	21.43
Lower management	38.10
Specialists	32.41
Other employees	22.62

**total Reward data – Total Reward is all the expenses an employer incurs on an employee in the area of development activities*

Programmes for students and graduates

We know how important it is to learn and help you gain experience and develop your competence. ING has a special focus on internship and development programmes for young learners or graduates seeking their career path. Such initiatives give young people the chance to get to know

ING as a future employer and to find a place in the team and area where they would like to develop and work further.

In 2022, more than 200 students/students and graduates benefited from working with us through initiatives and internship programmes. This allowed them to test themselves in tasks and challenges, to reinforce the knowledge and skills needed in the labour market and to meet many experts from different areas of ING’s operations.

Internship with the Lion

Internship with the Lion is a unique internship on the market, aimed at male and female students who are agile in the world of technology and have diverse passions. At ING Bank Śląski, we carry out internships throughout the year, in different areas and teams. We cover our trainees and interns with a dedicated onboarding process, and then they carry out assigned tasks under the guidance of their mentors, working with the best experts in the market. They learn about numerous technologies and solutions and participate in various projects, learning how to work in Agile and PACE methodologies, among other things. We also organise meetings and webinars for this group. In 2022, our trainees and interns had the opportunity to meet face-to-face with the CEO and HR Director at an inspirational “LeadershipING” meeting, which took the form of a Q&A session. We also have a dedicated community on the Jammer portal for interns/trainees, which provides an open space for mutual communication, free speech and information sharing. Many of our interns and trainees are offered a permanent position.

In 2022, 351 young people from across the country started an internship at ING. Some of them are interns and trainees who have also interned with us in previous years and, as satisfied with the programme, have returned to prove themselves in further areas at ING.

ChallengING

CHALLENGING is a year-long development programme for technology enthusiasts, intensive learning and working on challenging tasks within the student’s chosen technology pathway. Participants in the programme are entrusted with independent tasks. On the design and software development pathway, they are given tasks related to business analysis of internal client needs, solution design, programming and testing. As part of the Data Science pathway, they complete tasks by taking on rotating roles.

Ambassador programme

Once again, we organized the Ambassador Programme, which is a form of cooperation between ING Bank Śląski and university communities all over Poland. ING’s student ambassadors and ambassadors work with us to build the bank’s image as an attractive employer at selected universities and events. Last year, 9 selected male/female students represented us in academia. The ambassadors and ambassadors act under the mentorship of our staff.

International Talent Programme

The International Talent Programme is an international talent programme that gives participants the opportunity to take part in important projects, numerous development activities and internships abroad. We implement it in 8 business paths: risk, IT, retail and corporate banking, finance, HR, Operation & Change, Analytics. It aims to attract a pool of talent with diverse competences and knowledge. a distinctive feature of this programme is the certification path and the participant’s own individually selected rotation programme in the bank’s areas, including one overseas rotation. Importantly, participants gain international certification in their fields funded by ING as part of the programme. It is a very demanding programme and only a few talents choose to join. a total of four new people joined the programme in 2022.



Partnership programmes with universities

In 2022, we continued to work with the Partners Club of the Warsaw School of Economics (SGH). As part of this collaboration, we undertake activities in the areas of employer branding and recruitment, education and science, and in initiatives such as *Women in Business*. The mission of this project implemented by SGH is to inspire young women to thrive both in the world of large corporations and to start their own businesses.

We also aim to work in partnership with economic universities and polytechnics across the country and co-teach students practical solutions related to the issues of their field of study.

We know how employees rate us

[own indicator – 3]

The basis of our development are committed employees, so we systematically ask them what influences their work the most and what they need to achieve full satisfaction. Employees are invited to participate in regular and anonymous surveys such as OHI, OHI Pulse (Organisational Health Survey) and thematic surveys on Diversity and Inclusion, Hybrid Working Model, and Risk Culture.

The *Organisation Health Index Pulse* survey measures an organisation's ability to adapt and innovate for long-term success. The study focuses on key organisational skills and capabilities related to issues such as leadership, innovation and education. As part of this survey, we also look at how our relationships with clients and the outside world are going. Employees also have the opportunity to add comments in response to open questions.

The survey and methodology is provided by the renowned McKinsey & Company, which guarantees the reliability of the result. With a high sample size of 2,000 organisations worldwide and a total population of 2.5 million

employees, the survey provides meaningful references to a general benchmark outside ING.

Through the full OHI survey, conducted every year and a half, we monitor our organisation's overall health score, nine health areas and 37 practices. We also survey employee engagement, employee NPS, on a case-by-case basis, and all employees have the opportunity to give their opinion in the comments. In the OHI Pulse survey, conducted once every six months, we regularly collect insights from all employees – these enable us to monitor ING's progress on OHI priorities and ultimately improve the health of our organisation. The survey also helps us not to lose momentum, to have an ongoing dialogue and to respond quickly to employee feedback. The OHI Pulse survey is shorter than the full OHI diagnostic survey.

Two surveys took place in 2022: the full OHI survey (in November) and OHI Pulse (in May). 69% of employees participated in the November edition (n = 5,999), and the organisation's overall health score reached the highest decile at 84 points, in line with previous years. Employees rated ING highest in the areas of: Development – 91%, Responsibility, Innovation and Improvement – 89% and External Orientation – 87%.

We measure employee satisfaction and engagement with two indicators:

- Work engagement, understood as a positive work-related state of mind characterised by feelings of belonging and happiness derived from work. In the OHI 2022 survey, 77% of respondents confirmed this condition.
- Commitment to the organisation, understood as attachment to ING, which is characterised by feeling involved and enjoying working for the organisation. In the OHI 2022 survey, 85% confirmed their commitment.

Compared to the benchmark, i.e. other organizations from the FinTech sector, the results of the ING Bank Śląski Capital Group are in the highest decile, i.e. our result is higher than 90% of the organizations surveyed globally. The number of respondents who took part in the survey globally is

over 2.8 million employees from 780 organizations. The median OHI score in the entire population is 70 points, compared to 84 points. in our capital group.

In addition, we examine the employee Net Promoter Score (eNPS) by asking the question: How likely would you be to recommend becoming an ING client to family, colleagues and friends? The eNPS score of the OHI 2022 study is 53, according to the NPS methodology, where we subtract the percentage score of promoters (responses 9-10) from the percentage score of detractors (responses 1-6) and obtain the eNPS score.

After each survey, we analyse the results together and talk about how to improve our organisation – how to strengthen our strengths and develop areas that need improvement. On this basis, we prepare action plans and report their implementation. As part of our post survey activities, we want to focus not only on areas that need to be improved, but above all on our strengths. Our priorities are therefore: Clarity of Strategy, Clarity of Role, Client Focus, Operational Excellence.

Annual performance assessment talks

Annual interviews are the basic tool that supports employees in their development. This is a special type of meeting between an employee and a supervisor. During this conversation, we create development plans for the coming year, set new priorities, and settle tasks. We also talk about aspirations and challenges. Feedback and its reciprocity are important here – so that it can be heard by both the employee and the superior.

Employee evaluation intuitively combines the evaluation of work results with an increased role of the so-called soft, i.e. non-financial, categories. It also influences our strong organisational culture.



The assessment model – Step Up – combines values, supports commitment and ensures partnership. Step Up is a philosophy of dialogue with employees and an approach to motivating at the same time. We focus on continuous dialogue and ongoing feedback – not only during formal meetings. This philosophy introduces four major changes:

- reinforces ongoing feedback: supplementing formal conversations with ongoing feedback that has a positive impact on all employees, both at an individual and team level;
- turns the Orange Code into the incentive system: Orange Code behaviours are one of the three dimensions of goal-setting and employee appraisal;
- focuses on reinforcing the practice of setting individual Challenges for each employee: encouraging them to step out of their comfort zone.

We want our employees to discover their potential, realise their ambitions and feel fully supported. It is an approach in which we focus on dialogue and employee motivation.

The Step Up model assumes setting annual goals in three independent categories: Work Results, Orange Code and Challenges. All goals set for a given year should be consistent with the bank’s strategy. As part of the annual interview, each employee evaluates himself or herself (self-assessment) and is assessed by his or her manager (manager’s assessment) in all categories. Both the employee’s self-assessment and the manager’s assessment are carried out on a descriptive scale: Needs improvement, As expected, Above expectations. Based on the descriptive assessment, award points will be automatically calculated for a given category. The final assessment of the employee is determined by the supervisor and discussed with the employee during the interview.

GRI [404-3]

Percentage of employees who participated in annual interviews *					
	2018	2019	2020	2021	2022
Female	94%	91%	92%	94%	94%
Senior management	100%	89%	100%	100%	100%
Management	96%	95%	94%	96%	99%
Lower management	96%	96%	93%	96%	97%
Specialists	93%	91%	92%	94%	93%
Other employees	92%	91%	87%	89%	93%
Male	100%	98%	99%	99%	99%
Senior management	100%	100%	95%	100%	100%
Management	100%	98%	99%	98%	97%
Lower management	99%	99%	97%	99%	100%
Specialists	100%	98%	99%	99%	99%
Other employees	100%	100%	100%	100%	100%
Total	96%	93%	94%	96%	96%

*Only long-term absentees did not participate in the interviews

Diversity and equal opportunities

GRI [3-3]

SDG 5, 10

Diversity policy

“At ING, we promote diversity – we actively promote non-discrimination and equal opportunities, inclusion of people with disabilities and respect for diversity, because it is the right thing to do. This approach also ensures that we deliver on our strategy.” – These are the opening words of ING’s Diversity

Manifesto, which we adopted in 2016 and which explains what diversity is for ING, why it is important and necessary, and what employees can do to promote it. To stay one step ahead, we need teams that are a healthy mix of different perspectives and backgrounds. Such teams are more creative, adapt more quickly to change and their proposed solutions are more innovative.

Our approach

Along with the development of our company, the group of our clients becomes more and more diverse. Providing them with the best possible experience is a key element of our business strategy. To better understand our diverse clients, we need a team that is just as diverse. At the same time, we want to make sure that every person who works at ING feels like a part of it and is accepted for who they are, regardless of their origin or beliefs – everyone is welcomed at ING. Inclusion is enshrined in our Orange Code, which encourages us to help others succeed. The organization benefits from it because we work better when we feel part of the team and can be ourselves.

The 70% principle

We value diversity and inclusion, but we also recognize that we have a lot of work to do. That is why we introduced the 70% principle. Our aim is that no group should consist of more than 70% people of the same sex, nationality or belonging to the same age group. Of course, we recognize that this may not always be appropriate or possible at all levels. This is why managers have ultimate responsibility for building diverse teams and selecting the appropriate dimensions of diversity to focus on – while taking into account the 70% principle and our global priorities (gender, nationality and age group). We recognize that diversity is more than these global priorities, and we will continue our efforts to include everyone, regardless of their cultural background, experience, religion, sexual orientation, perspectives,



viewpoints etc. This is part of our ongoing efforts to creating meaningful change.

We care about equal pay

We monitor the gender pay ratio in the ING Bank Śląski Group on an ongoing basis. For 2022, this amounted to 96%. In addition to the gender pay gap indicator, the bank conducts an in-depth analysis on *equal pay for equal work*, which shows a pay mismatch rate of 0.5% for the same positions, grades, competencies. We write more about minimising the wage gap in the [Corporate Governance section](#) of this report.

Diversity management

At ING, we condemn all forms of discrimination, bullying and harassment. We work together to create an inclusive workplace and therefore play our part in building an inclusive world. One example is our [Global Code of Conduct](#). It lists 10 basic principles that we expect from employees. ING's Global Code of Conduct is based on the values and behaviour of our Orange Code and applies to all ING employees worldwide. Our employees can also report any discriminatory incidents to a dedicated email address.

As of 2019, we are a signatory to the Diversity Charter. It is a voluntary initiative joined by employers from the following sectors: business, NGOs, public administration, local government and academia. As participants in this endeavour, we are committed to supporting diversity and fostering inclusion in the workplace.

Education and awareness-raising activities

Our main focus is on building diversity and inclusion awareness among our employees and managers, focusing on aspects of gender, generation, multiculturalism and diversity by workplace. We act point by point in supporting selected areas of *Diversity&Inclusion* such as, for example, supporting people with disabilities.

The bank's diversity efforts are centred around the Diverse employee group made up of representatives from different parts of the organisation, which operates under the mission of striving to make every person feel comfortable at ING no matter who they are. The group's ventures have made it possible to realise many activities to build awareness and knowledge about diversity and, above all, inclusion.

Diversity and inclusion was the theme of two consecutive editions of the “*Why differences matter?*” conference, where we spoke about supporting equal opportunities for women and men within organisations and diversity resulting from the workplace. In May, we organised Diversity Month by offering thematic webinars, webcasts and e-learning training. We communicated to the organisation the possibility of using feminatives in job titles. We have been building awareness of our benefits, which are available to employees and their life partners and families, regardless of whether the relationship is formally registered or not, and regardless of whether the relationship is hetero- or non-heteronormative. In June 2022, we promoted Pride Month events organised by ING Group and external stakeholders on the internal intranet. We prepared a series of videos with bank employees on generational diversity pointing out the needs and advantages of building intergenerational teams. We also celebrated the International Day of Persons with Disabilities together in December 2022. In addition, our managers had the opportunity to participate in workshops on managing diverse teams and in e-learning to build awareness of diversity and inclusion.

We ran an internal news channel on diversity and inclusion, for which we saw a 60% increase in subscribers. In addition, a new staff group has been created for employees aged 50+.

In terms of promoting equal opportunities for women and men, we organised WenDo workshops, a series of interactive webinars on stereotypes in parenting. The bank's female employees also took part in

a survey organised by 30% Club Poland on the barriers that stand in the way of professional women in corporations.

An important aspect of our organisational culture is the promotion of development opportunities for women in the Tech Division. In support of building diverse teams, employees undertake promotional and educational initiatives – an IT Women group has been established with activities to encourage women to enter the world of technology, mainly by sharing their experiences. In addition, ING Managers and Managers engage in mentoring initiatives, not only internally but also externally, such as Dare IT.

A package of benefits related to disability

We are building a working environment where all employees have level playing field. As part of the Disability Benefits Package, which supports employees and their families, monthly fixed allowances funded from the Company's Social Benefits Fund for employees with moderate or severe disabilities and those raising children with a disability certificate, introduced from 2019, are available.

By supporting people who take care of their loved ones with a moderate or significant degree of disability, we offer an option of taking an additional 2 days off from work, when caring for a spouse / partner, parents, parents-in-law or grandparents. In the case of caring for a child with a recognised disability, the employee may benefit from an additional 5 days of care. Taking care of our employees with a certified slight degree of disability, we offer an additional 3 days off, retaining the right to remuneration.



Employees with disabilities

	2018	2019	2020	2021	2022
Females	87	115	128	131	145
Males	29	41	43	51	55
Number (persons)	116	156	171	182	200
Percentage of employees with disabilities	1.4%	1.9%	2.0%	2.1%	2.4%

Diversity management performance

The bank was included in the next edition of the *Diversity & Inclusion Rating*. *Diversity&Inclusion Rating* is an initiative of Responsible Business Forum, which was created in cooperation with Deloitte experts. In the last edition, the bank was named among the six companies surveyed that scored 80% of the possible points. The initiative brings together stakeholders drawing strength from the various dimensions of diversity, allows for an assessment of a company’s level of maturity in diversity management and inclusive organisational culture and also provides a summary of activities in this area. The questionnaire that was completed by the companies consisted of 4 parts: the rudiments of management, Programmes and activities, commitment building and performance indicators.

We were also ranked in the 'Cashless for Equality' report at the top of a ranking of companies that care about professional and social equality for LGBT people.

We were also recognised for our work on gender equality in business and were included in the global Bloomberg Gender-Equality Index (GEI). The bank’s gender equality activities have been assessed by independent experts. ING’s presence in the Bloomberg GEI index is the result of high scores in a survey on five areas of the company’s performance: women’s

leadership and talent development, equal pay, inclusive work culture, gender protection policies and a pro-woman brand. The index analyses the performance of public companies with a capitalisation of more than USD 1 billion that provide data on employee gender. Only companies that have achieved a score that meets or exceeds a globally defined threshold qualify for the prestigious index.

Total number of incidents of discrimination

GRI [406-1]

Each of us, anonymously or by name, may report irregularities related to material breaches of labour standards, internal regulations, as well as ethical standards in the bank’s business practices. We can do this through channels such as: *Whistle-blower* (electronic form on the intranet site) and email notification to the Mobbing-Discrimination mailbox.

Applications by name are assured of confidentiality and discretion. In the Whistle app, you can also make a report anonymously. The President of the Management Board is informed about each report from the Whistle application, who makes decisions on explanatory actions and accepts their result. The report sent to the Mobbing-Discrimination mailbox goes to the representatives of the HR area. In the years 2017-2020, none of the applications that we received as part of the “Whistle” application was classified as “discrimination”. We also did not receive such reports to the Mobbing-Discrimination e-mail box. In 2021, we received one report of pay and gender discrimination. The notification was not confirmed. The 2022 Mobbing-Discrimination box received four submissions. Investigations were carried out and none of the reports confirmed bullying. In addition, 3 submissions made by the Whistleblower were included in the *Discrimination* category . All were found to be unfounded.

Remuneration principles

GRI [3-3]

SDG 8

The document defining the remuneration principles is the *Remuneration Policy in the ING Bank Śląski S.A. Capital Group*. This policy sets out the key assumptions for shaping the remuneration policy used to attract and retain employees by ensuring a market-competitive level of remuneration, and defines the components of remuneration. Remuneration policy:

- supports the implementation of the business strategy and the long-term interests of the bank and its clients,
- supports sound and effective risk management to maintain and protect the bank’s secure capital base and does not encourage excessive risk taking beyond the risk appetite approved by the Supervisory Board of ING Bank Śląski S.A.,
- is gender-neutral, which means not creating conditions for undue preference for either gender in terms of employment, career development, promotions and the award and payment of remuneration.

The Bank identifies social and environmental risks diagnosed as part of its sustainability strategy. The remuneration policy is consistent with the bank’s strategy for the period and supports corporate social responsibility, which is reflected in the objectives set for employees for the year. At the same time, the Policy does not support activities incompatible with sustainable development.

The assumptions of the remuneration package are further clarified in the Regulations of Remuneration of Employees of ING Bank Śląski S.A. The principles for bonuses, on the other hand, are set out in the *Employee*



Evaluation regulations of ING Bank Śląski S.A. (Step up), which describes the principles for assigning tasks, evaluating employees and awarding bonuses.

The total remuneration is divided into a fixed and a variable part.

Fixed remuneration

An employee's fixed remuneration consists of the following elements:

- basic salary,
- supplementary benefits granted on the basis of generally applicable laws and the Bank's internal regulations,
- fringe benefits that form part of the Bank's overall policy, i.e.:
 - medical care,
 - occupational pension scheme,
 - life insurance,
 - company cars,
 - benefits granted to employees under the Cafeteria Scheme Regulations.

Variable remuneration

Variable remuneration is all forms of remuneration and other benefits provided in return for performance, and is determined on the basis of an assessment of balanced and risk-adjusted performance taking into account quantitative and qualitative criteria. Variable remuneration includes an annual bonus and financial rewards.

Review of the remuneration package and results

To ensure competitive remuneration levels, the bank reviews remuneration levels annually. The subject of the analysis is market data – independent salary reports and economic information. On the basis of the above data,

the Management Board decides on the principles for the increase action for the year. The Remuneration and Nominations Committee and the Supervisory Board are informed of the approved principles for increases. The analysis of staff remuneration by gender is combined with a presentation of the gender pay equality index for the last year, together with information on the measures taken to eliminate any inequalities in this respect.

On the basis of benchmarking in 2022, we carried out an increase action that covered all employees in April and a salary adjustment process in the second half of the year to bring salaries in line with market levels for the IT area and key employees with high skills.

Remote working benefits and other allowances

2022 was another year in which we worked remotely. At the bank, we have permanently introduced a hybrid working model, which involves carrying out work tasks alternately from the office and from home. In December 2022, as in the previous year, we paid our employees a financial benefit related to this working model in the form of an adaptation allowance of PLN 1,500 gross. The amount of the allowance was paid to all those entitled to it at the same rate, regardless of full-time equivalent. Compared to last year, we have decided to increase the amount of the allowance by PLN 300 gross. The allowance partially compensates employees for the expenses associated with remote working. Once again, we supported each employee in organising a home office, as an allowance was also paid to employees who, due to the nature of their duties, do not work remotely on a daily basis.

In addition, in December 2022 we have decided to pay a cover allowance of PLN 2,000 gross. The allowance is intended to partially compensate for the charges incurred during the winter heating season, especially during the period when we decided to temporarily close the offices in Warsaw and Katowice. The allowance was paid equally to all employees.

Linking employee remuneration to the minimum wage

We offer our employees stable employment contract using the arm's length principle. The object of the analyses is to relate the level of remuneration offered to the market, including an examination of the relation to the statutory minimum wage level. The remuneration of the lowest-level employees – in relation to the minimum wage – is presented below.

GRI [202-1]

Ratio of pay of lowest-level employees by gender to minimum wage					
	2018	2019	2020	2021	2022
Female	190%	178%	154%	159%	169%
Male	190%	178%	154%	154%	166%

Differentiation

During the recruitment process, as well as during promotion decisions, candidates' salaries are consulted with individual HR Business Partners. This practice is intended to counteract unjustified pay gaps. At the same time, the bank has a simplified management structure with an expert path, the purpose of which is to increase employee development opportunities. This allows for the systematic promotion of employees and an increase in the level of remuneration.

Remuneration of the bottom-level employees vis-à-vis the market*					
	2018	2019	2020	2021	2022
Bank / Market	125%	119%	114%	120%	116%

*Basic salary compared to the banking sector



We develop a friendly work place

GRI [3-3] [401-2] [403-6]

SDG 3

Benefits offered to employees

In a world where we face the lack of time for favourite activities, pursuing passion and developing relationships with loved ones, every free moment gains exceptional value. That is why, alongside other forms of rewarding and appreciating employees, the bank offers employees an extensive catalogue of benefits and perks to make the workplace more attractive.

We do not leave the selection of benefits and fringe benefits offered to employees to chance – we thoroughly analyse trends and listen to the voices of employees regarding their expectations of fringe benefits. In 2022, we set our sights on education and communication of the benefit offer. We organised a series of meetings with employees in the form of workshops to talk about our offer and get feedback on expectations. A total of 1,364 employees from different areas of the bank attended the 37 meetings. The effectiveness of the meetings decided to continue the series the following year as well.

In 2022, we revamped the page on the internal intranet to make it easier for employees to reach comprehensive information on the full range of benefits and fringe benefits. On the website you can find all the elements of the offer grouped into 4 pillars: Health, Activity, Energy and Finance with recordings of webinars. In addition, a cyclical newsletter addressed to all employees by the CEO includes an up-to-date calendar of events, which provides the opportunity to sign up for the activities on offer. Employees are informed of all new products through dedicated email communication, and since the

new year we have launched periodic communication in the form of a wellbeing newsletter.

Our offer to employees is built on four pillars: Health, Activity, Energy and Finance.

In addition to the benefits and perks on offer, the solid foundation is complemented by an attractive package of *wellbeing* activities. Wellbeing as a strategic project has been operating at the bank since 2018. Over time, the approach to wellbeing has evolved from individual actions, generally being bottom-up initiatives by individual divisions, to a company-wide project that is developed annually.

Health

Medical care

Employees are offered high-standard medical care. The attractiveness of our offer is determined by the dental package that is widely available as part of the care and the attractive reimbursement system when medical services are used outside the provider network. As part of the package, we offer employees access to flu vaccinations.

LUX MED preventive health check

Among our employees, we are widely promoting the extended 2022 preventive health check included in LUX MED private healthcare packages. The wide range on offer makes it possible to significantly reduce the risk of contracting serious diseases or detecting them too late. In 2022, we saw a 40% increase in interest in the health review package compared to the previous year.

In previous years, we have invited employees to participate in webinars on various types of oncological diseases, and we continue to promote awareness in this area through regular outreach events.

We also participated in workshops with a psycho-oncologist entitled: “Worker with an oncological diagnosis”, discussing the functioning of people with an oncological diagnosis and teaching communication with patients.

If a cancer has been diagnosed, each of the employees can count on support in the treatment process, recovery and professional activity. We know that, in addition to support in completing the formalities of the illness, the presence and support of someone who has struggled with cancer themselves is very important. This is the role of the Oncology Treatment Coordinator at ING today.

Oncology Prevention Programme

The Oncology Prevention Programme is an important component of the initiatives taken to support the wellbeing of ING employees. As the incidence of cancer increases each year, we have set ourselves the goal of raising employee awareness of oncological prevention. We are committed to promoting preventive examinations and mobilising and creating the conditions for all employees to participate in such examinations.

As of October 2019, the bank continues to collaborate with renowned diagnostic and therapeutic centres in Poland. Since the start of the programme, nearly 1 600 people have received preventive screening for breast and gastrointestinal diseases. Employees are entitled to one day off per year for gastroenterology examinations, which does not count towards annual leave. If an abnormality is detected, the employee is covered by further diagnosis and treatment at the centre performing the test. We have already offered employees a subsidy for genetic testing to assess their cancer risk on 3 occasions through the “We test genes at ING” programme. 1,600 people have already been screened.

HPV vaccination

Support in the area of oncology is directed not only to employees, but also to their children. a subsidised HPV vaccination campaign for children aged



9-18 years was launched in 2022. 180 children have already been vaccinated and the campaign will stay with us for longer.

Health days

As part of the health days, in addition to meetings with experts talking about ways to deal with stress in everyday life, we also enabled employees to benefit from massage sessions and dietary consultations.

Energy

Additional days off

The benefits package includes a number of additional days off well beyond the statutory framework. We support employees, including in difficult life situations, by offering them additional days off:

- additional days of special leave on the occasion of the birth of a child or a wedding (at a higher rate than that prescribed by law),
- an additional 5 days of leave per year for parents of a child with a disability certificate,
- an additional 2 days off for workers caring for the disabled family members,
- an additional 3 days off for employees with a certified mild degree of disability,
- an additional day off for the family, which employees can use in full or on an hourly basis,
- an option to receive days off as an award, up to 5 days per calendar year,
- an additional day off for employees working on a shift basis (i.e. at night, on Sundays and public holidays),
- an option to take advantage of sabbatical (a longer break at work to regenerate forces or for additional training),

- 8 hours per year for voluntary activities,
- an additional day off in respect of an anniversary.

Sabbatical

As part of the Sabbatical Programme, it is designed to enable employees to take a break from their work, our employees can enjoy:

- one month off – once every 3 years,
- three months off – once every 5 years,
- six months off – once every 7 years.

The programme allows employees to take a free break from work, the purpose of which is to rest from everyday work. The employee is on excused leave from work during the Sabbatical period without entitlement to remuneration, but at the same time is entitled to benefits, i.e. medical care, social fund, benefits related to the Cafeteria Programme, group insurance, Employee Pension Plans, company car (if granted as a status benefit).

Upon return from Sabbatical leave, the employee is guaranteed to return to his or her current position with his or her current salary. Since the start of the programme in June 2018, 75 employees have already benefited from this form of rest from work.

Psychological support

The beginning of 2022 brought the war in Ukraine and the anxiety associated with it. We invited our staff to meetings with psychology experts who explained how our mind works during a crisis and how anxiety and anger are created and affected by the situation in Ukraine. Attendance reached 1,200 people. Individual consultations for managers and teams were also essential, which we organised based on reported difficulties and demand.

Mental health support platform

on 10 October, World Mental Health Day, we provided our employees with a platform to help support mental health. It allows the use of psycho-educational material such as webinars and podcasts, but also provides unlimited chats with psychologists, therapists and coaches. Every employee can also take advantage of the online therapy provided through the platform completely free of charge.

Orange hotline

In the interest of the mental wellbeing of employees and those close to them, an anonymous helpline operated by certified psychologists continued to operate, providing the opportunity to talk about wellbeing, concerns or problems. All ING employees, together with their immediate family members who are in the same household with the employee, can benefit from the support.

Events for employees' children

In 2022, we organised a Children's Day at our offices in Katowice and Warsaw. Children of employees from all over Poland had the opportunity to take part in numerous workshops, attractions and competitions. There were also gifts for every visitor.

In December, all parents received a credit to their cafeteria account of PLN 50 per child, which they could give as a voucher to their children or buy them a Santa gift themselves.

We create friendly spaces

We know very well that the proper arrangement of space is important not only for the ergonomics of work, but also for our creativity, therefore:

- we are gradually replacing desks with electronic ones and chairs with more ergonomic ones,



- we modernize ventilation in buildings,
- we create new arrangements of common spaces (restaurants, cafes, rest areas),
- we implemented the “Escape” (Odkocznia) project as part of which we launched a Juice Point, Bakery, Play room and a meeting zone,
- we have ordered new recycled bins to help us look after the environment in communal spaces too.

Activities

Active ING

In September 2021, we commissioned the Active ING sports activity platform. Thanks to active promotion and the organisation of regular sports challenges, we ended 2022 with 1,200 active users (compared to 650 as at 2021 yearend). We are delighted that the platform brings together so many active employees who create and participate in a variety of challenges themselves, from running and cycling to reading and cooking.

Run Warsaw

Since 2017 we have been the General Partner of the Run Warsaw event. For every runner who completes a 10 km run and has covered the distance 5 km while marching, the bank transfers money to the ING for Children Foundation. In 2022, for the tenth time, the Orange Team showed its power. Almost 4,000 people took part. The 10-kilometre distance was covered by 529 people and more than 3,000 people marched and cheered together with their families.

“Power House” (Mocodajnia)

This location in Katowice on ul. Chorzowska 50, which, depending on your needs, is a meeting room, a creative workshop space or an exercise room. Equipment and activities are tailored to the needs reported by our staff. We

pay particular attention to classes aimed at preventing back disorders that result from prolonged sitting while working at a computer, reducing stress levels and muscle tension resulting from the pace of work and the number of tasks we face on a daily basis, relaxation with Tibetan bowls for people who need to calm down after a week of work.

As in previous years, together with instructors from Mocodajnia, who work at the bank on a daily basis, outdoor activities called ‘Exercising under the cloud’ were organised in 5 locations. The yoga and healthy spine classes were aimed at everyone, regardless of age or level. We had the opportunity to spend time actively, exercising outdoors among the greenery.

Active Break

As part of the prevention of back conditions, in October 2020 we launched a programme called “Active Break”, which was very popular with employees during the pandemic period. To date, we have recorded 75 exercise videos. They can be used any number of times at any time. In 2022, employees continued to practise using the recorded videos. Since October 2020, they have practised almost 646 hours and played the videos 15,865 times.

Football Tournament

On 17 September we were able to organise a great team event which was the Football Tournament. As many as 26 teams made up of 240 male and female footballers were formed especially for the event. The whole event was for charity.

Finance

Employee Pension Programme

The Employee Pension Programme is a solution thanks to which the bank enables employees to collectively and voluntarily accumulate additional funds for retirement. The programme is intended for all employees employed for a period of at least 3 months. It is enough to submit

a declaration of participation. For employees who join the scheme, the bank finances the basic contribution, which is invested in selected investment funds. The programme also allows for systematic investment of additional own funds. The account balance can be viewed via the internet application. By joining the Employee Pension Programme, ING Bank Śląski S.A. pays contributions to the individual employee register each month, which build additional capital for future retirement.

Our goal is to maintain employee participation in the Employee Pension Programme at a level above 60%. The achievement of this objective was as shown in the table below.

Participation of employees in the Employee Pension Programme					
	2018	2019	2020	2021	2022
Percentage of employees	77%	77%	77%	75%	79%

The increased interest in the PPE offer was largely due to the 2022 campaign to promote the benefit offer to employees. Under this form of saving for future pensions, the bank finances a base contribution of 3.5% of salary for employees who join the scheme. Due to the favourable principles of the existing Employee Pension Programme, the bank was able to decide not to launch the Employee Capital Plans programme. From January 2022, the programme is operated exclusively online via the NN TFI24 transaction service. This means that the whole process is convenient, secure and paperless for the employees, which fits in with the eco-friendly activity.

Group life insurance

Employees are offered the opportunity to take out group insurance with two insurance companies. The real benefit is the possibility for employees to benefit from an employer-sponsored insurance option. As part of the employer-funded premium, employees also benefit from the insurance , “Pandemic under control”, under which they can receive preventive care in



quarantine and post-hospital care after COVID-19. Employees are still able to take advantage of other insurance options under the self-funded offer from both Nationale Nederlanden and PZU. The total percentage of insured employees is almost 79%, of which 25.5% have insurance with both insurance companies. The sponsored insurance option is used by approximately 77% of employees.

Cafeteria Programme

The cafeteria programme has already been in operation at the bank since 2017. Employees have access to sports cards and flexible offer of benefits. The cafeteria is available to all employees and the number of scored points depends on the employee's salary level. Employees can choose from a wide range of products on-line, such as cinema or theatre tickets, weekend or vacation time, or they can do shopping at sports stores or bookstores.

An important element of the Cafeteria Programme is the possibility of transferring the remaining and unused points at the end of the year to the ING Children Foundation, which allows for supporting the statutory goals of the Foundation and more effective use of the pool of points that the employee received during the year. The cafeteria offer is constantly being developed, and employees can themselves nominate potential suppliers whose products they would like to see in the system. Employees have access to a mobile app for the cafeteria programme, which further increases the flexibility of using this benefit.

Interim shares

Our aim is to educate employees on financial matters and promote their financial well-being by imparting useful knowledge. The launch of activities in this area was preceded by a survey of employees' opinions, which confirmed their interest in such activities. Responding to their needs, we focus on areas such as:

- promoting knowledge about saving programmes for future retirement,

- support in the field of personal taxes in the form of conferences, chats and brochures prepared by external experts,
- providing knowledge and support on the market situation in Poland, the psychology of finance or the household budget.

The year 2022 was marked by the motto of the Investing Academy, a training series prepared together with the Brokerage Office, on the subject of investing for people who have a basic knowledge of finance and want to expand it. Our guest was also Tomek Jaroszek – creator of the blog [doradca.tv](#) – who talked about the stock market and shares. There were also meetings entitled. “Children and money, or why we need financial education” and “Holidays on any budget”.

A new working model, or how we work in a hybrid model

As of March 2022, the bank has implemented a hybrid working model, i.e. a combination of remote and onsite working in different configurations. It is an approach that strikes a balance between the needs and preferences of employees and the comfort of working in the office and interacting with colleagues.

Replenish Your Powers Programme

We have prepared a solution to support the development of the necessary skills of employees to work in a hybrid model, which will be the result of an agile transformation to a new reality as a post-pandemic effect.

We have calibrated the scope of the Hybrid Working Model – Replenish Your Powers programme to the challenges we identified in the in-depth study and the challenges forecast based on market data. We delivered all activities 100% online, in formats: webinars with elements of workshops, inspirational meetings, panels with experts, Oxford debates. Various forms of microlearning and social and collaborative learning are a key success

factor for the strategy due to the adaptation of the form of delivery to the diverse preferences of employees. This, in turn, had an impact on the willingness to use the knowledge provided and to take action independently in a different way than before. The skills needed to work in the hybrid working model were developed in 4 learning pathways (focuses) and comprehensively took care of all identified challenges. The programme was embedded within ING's strategy framework – Think Forward – and thus operationalised one of the pillars of this strategy here and now: the learning organisation.

The Hybrid Working Model – Replenish Your Power included 66 events scheduled from April 2021 to mid-February 2022. In addition to the workshops, the events were recorded and the recorded material is available on the LXP(*Learning Experience Platform*).

Programmes for employees and managers

We prepare for the hybrid working model individually, in teams and at an organisation-wide level. Each team had the opportunity to join a hybrid readiness survey in early 2022. The Remote Team Scan provided by Deloitte not only showed the degree of readiness, but also indicated what practices could increase efficiency in the hybrid model and allowed comparison with other organisations in Poland and worldwide.

Communication with employees

Chats with Management Board members

We know that this requires courage and maturity from both managers and employees. At ING, we can boast that, for more than 10 years, several times a year employees have been able to ask questions to members of the Management Board in an anonymous chat. Each question is answered by the management directly in chat or, if time is short, by publication on the



intranet. Each chat is an average of 400 questions on employee and business topics, but also more private topics such as holiday plans or recommended books. The chat is accessible from computers or in a special app.

ING Today Yammer and Stream

We use state-of-the-art technology that allows us to focus on the really important things in our daily work. Our new ING Today intranet brings together the information that is most important to employees and is integrated with the Yammer communities, which give employees a space for discussion, and the Stream platform, through which employees can post and view videos that are important to the organisation. In all communication channels, we write simply – briefly, clearly and comprehensibly. In addition, personalisation provides each employee with the information they most need to perform their daily duties. The subscription system also allows users to view content on a variety of topics, including from intranets, the Yammer community and Stream channels from other ING Group countries. Thanks to the integration of the intranet with Office 365 applications, we can easily combine different communication channels: contact the author of a publication, ask a question, view a video or engage through discussion – ratings and comments. An important element of communication is the community thread. We can comment, publish posts and also set up our own communities in Yammer. We also have the ability to follow ING’s social profiles and post videos within channels on the Stream platform. In 2022, our employees actively participated in more than 180 social channels. The publications, in which employees find up-to-date information, competitions, interviews and interesting initiatives in the organisation, are very popular. The most popular communities in 2022 include @Dobrzepoinformowni, @BBblog – the CEO’s blog or the community run jointly with the ING for Children Foundation – Volunteering ING, in which employees share experiences and photos from the implementation of volunteer actions.

Closed communities, dedicated to selected topics and groups, are also very popular.

CEO’s blog

This is one example of open dialogue with employees. The blog is hosted by Brunon Bartkiewicz, CEO of ING Bank Śląski. He shares his thoughts and insights, and publishes information on important developments at the bank and on everyday events. Entries are freely commented on. Since 2021, BBblog has operated as part of the Yammer platform, also available on phones. This makes it easier to stay in touch, access content and engage. 2022 brought further interesting and engaging entries that perfectly complemented the overall communication, fostering a sense of safety and community.

“Baśka” magazine

We have been creating and publishing our employee magazine continuously since 1994. Until 2021, “Baśka” was published in paperback. From July 2021, the magazine is published in a digital version available on computers, laptops, tablets and phones. The paperless, digital form of the magazine and its constant accessibility offer completely new opportunities to create and present content to employees. From the very beginning, we have been creating a magazine about workers and with workers. They are responsible for the texts published in “Baśka”. They write articles, conduct interviews, talk to ING experts and produce coverage of banking events. Together, we are committed to the success and publishing tradition of the magazine.

“Baśka” magazine is published on a bi-monthly basis. In 2022, we published seven issues, including one special issue to support employees in returning to work after a pandemic with material by authorities from the world of psychology, sociology, finance, statistics, vaccinology and, of course, colleagues.

Newsletter “Let’s be in touch”

In 2022 internal communications, we stayed in touch and continued to send out the president’s newsletter regularly. With this solution, we reach employees with relevant topics and events to remember. The newsletter features content on safety, business, work organisation, education and trends. The systematic work on the newsletter “Let’s be in touch” has kept many people waiting for the next edition, because, among other things, it is from this publication that employees get information about the life and workings of the organisation. In 2022, the newsletter had 31 issues, and in June we celebrated its 100th publication. Individual issues of the newsletter have an average of 7,500 impressions.

Calendar of events

Available to everyone on the intranet in the age of online meetings, it was one of the most visited sites. Employees could find invitations to conferences, workshops, webinars, chats and training courses at any time. The calendar also acted as a repository for archive recordings, which was particularly appreciated as it allowed access to training materials after the event.

Engagement activities for internal brand ambassadors

The first recipients of any new marketing campaign are the bank’s employees. On this occasion, special internal communications are created with engagement activities. In 2022, as part of the action that accompanied the “What’s economical is green” savings campaign, employees co-created a map of zero waste companies (read more about the [Map of Zero Waste](#)). Everyone was able to submit places that care about the environment in their activities. In the second half of the year, in connection with the eco-loan campaign, staff promoted companies already on the zero waste map on Yammer. As part of other campaigns, employees promoted eco-friendly



solutions “The second life of a jar” and showed how to be active outdoors and “Move their city”. The communication about how to use empty glass jars was read by more than 4,000 people, and 70 of them shared their ideas.

Culture book

The culture book “Simply ING” is a book about the people and the ING brand represented by ING Bank Śląski and other ING Bank Śląski Group companies. It all started in 2018, when the culture book “Simply ING” was first published. It turned out that we had so much energy and, above all, courage in us that we wanted to create a culture book every year and share it with everyone. We are preparing it for employees, managers, potential job candidates, graduates or clients who want to learn more about the ING brand. The book shows the employees and the organisation as a whole – who we are and how we work together. It is a real pill of knowledge about our organisational culture – values, principles, working style and communication. The publication is jointly prepared by a team comprising HR and communication experts. Each year, the publication is available in print as well as [electronically](#). It can be found both on the recruitment pages and at ING stands at universities. In 2022, the fifth anniversary edition of the Culture Book was published.

Occupational health and safety

GRI [403-1] [403-3] [403-5] [403-9]

SDG 3

OHS management

Health and safety management at the bank is based on the applicable external regulations and the internal banking procedures, instructions and employee handbooks drawn up on the basis of these.

In order to create safe working conditions and continuously monitor the state of risks, we regularly carry out and update an Occupational Risk Assessment (ORZ) at the bank. It identifies the significant risks present in the workplace and the preventive measures implemented to minimise them. The work on the Occupational Risk Assessment is carried out in cooperation with the company’s occupational physician and the workers’ representative, including the Company Social Labour Inspector during meetings of the Occupational Health and Safety Committee. Employees must familiarise themselves with the Occupational Risk Assessment during their initial and periodic training in occupational safety and health, where the Occupational Risk Assessment is an integral, mandatory module of the training.

Employees are required to report hazards directly to their supervisor and the Health and Safety Officer. Applications are made via the dedicated OHS email box. Due to the specific nature of work in the bank and the hazards present in the workplaces, accidents suffered by employees are classified as light accidents for which no additional preventive measures need to be taken. The most common injuries sustained by workers are bruises, cuts, sprains and fractures. Health and safety officers are required to visit each bank site once a year and check health and safety conditions. In addition, an inspection of the facility is mandatory after any employee reports health and safety irregularities (e.g. glare) in order to rectify them. Cyclical inspections have been limited to employee notifications during the epidemic state. During this period, health and safety staff focused on ensuring appropriate preventive measures against COVID-19 contamination of workers. From 16 May 2022, when an epidemic state was revoked across the country, an epidemic emergency was declared, cyclical inspections of establishments resumed.



Accidents at work by gender

	2018	2019	2020	2021	2022
Number of light accidents	27	20	10	14	23
Females	21	18	8	12	19
Males	6	2	2	2	4
Number of serious accidents	0	0	0	0	0
Females	0	0	0	0	0
Males	0	0	0	0	0
Number of fatal accidents	0	0	0	0	0
Females	0	0	0	0	0
Males	0	0	0	0	0
Total number of accidents at work	27	20	10	14	23
Females	21	18	8	12	19
Males	6	2	2	2	4
Total number of persons injured in accidents	27	20	10	14	23
Accident frequency rate*	3.52	2.6	1.24	1.66	2.77
Females	4.03	3.47	1.51	2.17	3.52
Males	2.45	0.80	0.73	0.68	1.38
Total number of days of work incapacity due to accidents at work**	8.54	2.34	0.65	2.45	3.87
Females	12.38	3.23	0.97	3.35	5.29
Males	0.37	0.52	0.04	0.75	1.29
Accident severity rate***	24.33	9.05	5.30	13.93	14.04
Females	31.29	10.06	6.63	14.38	17.00
Males	1.50	6.50	0.50	11.00	9.00
Absenteeism rate****	68.30	18.75	5.20	19.61	30.97
Females	99.07	25.84	7.74	26.82	42.32
Males	2.92	4.13	0.29	5.97	9.87

IR, calculated as the total number of persons injured in accidents/employment × 1 000; **LDR, calculated as the ratio of the total number of days lost to the number of planned working hours of employees in the reporting period × 200 000; * calculated as the number of days lost due to accidents/number of accidents; ****AR, calculated as the total number of days absent from work/number of days worked per year × 200 000*

The bank has a dedicated health and safety section on its internal portal, which contains all important health and safety information, contact details for health and safety staff, procedures, instructions and other information in this area. We strive to ensure that health and safety instructions and procedures are clear and transparent for employees. That is why we present all documents in pictorial form, which makes it easier to remember the principles.

Health and safety staff respond on an ongoing basis to the needs of the bank’s employees, which are reported on the SNOW platform. These reports relate to accidents, first aid kit equipment, reimbursement requests, protective equipment needs, health and safety training and, in addition, waste disposal and confidential documents.

In 2022, it was the responsibility of health and safety staff to monitor cases of illness among bank staff and the current epidemiological situation related to COVID-19. Due to the dynamics of the pandemic, reports were updated daily and reported periodically.

OHS Committee

The bank has an Occupational Health and Safety Committee, which includes an occupational physician, an occupational health and safety officer, an HR representative and representatives from the social side. During the meetings, we discuss current topics and initiatives in the field of Health and Safety at Work. Together with the Company Social Labour Inspector, we carry out visits to banking units and conduct investigations to determine the circumstances and causes of occupational accidents. Meetings of the Health and Safety Committee are held in accordance with the regulations.

OHS training

In order to continuously raise employees’ awareness of Occupational Health and Safety and to ensure compliance with labour legislation at the bank, we provide Occupational Health and Safety training. All employees of the bank are required to complete training, and this process is monitored by health and safety staff. Training takes place on an e-learning platform. The scope of the training covers the hazards that are present in the bank and the amount of training done by the employee vs. the expiry date of the training is reported systematically once a month.

In H2 2022, responding to the needs of employees, we organised Health and Safety Days. As part of this initiative, we conducted 41 training courses on the principles of pre-medical first aid in a stationary format. Each three-hour



theoretical and practical meeting was led by paramedics from Luxmed. During the training, employees had the opportunity to refresh their theoretical knowledge of first aid, as well as take part in practical exercises conducted using phantoms. The training also included practical exercises on how to use the AED. Each participant received a certificate of completion. An additional initiative for employees who were unable to attend training with paramedics was the organisation of modern virtual reality technology stations manned by first aid instructors. In an exciting new feature, employees were able to quickly remind themselves of the principles of CPR, side positioning and AED operation. a total of around 500 employees took part in the training sessions.

OHS training among employees					
	2018	2019	2020	2021	2022
Preliminary	392	595	1,270	1,544	1,229
Periodic	802	1303	2,675	2,013	1,356

Preventive examinations

Preventive occupational health examinations for bank employees include initial, periodic and follow-up examinations. An employee is allowed to work in a given position on the basis of a medical certificate stating that there are no contraindications to work. All data concerning the health of employees is kept at the centre providing occupational health services, and medical certificates for the employee’s admission to work are kept in the employees’ individual folders. In 2022, we reimbursed approximately 2,000 employees for the cost of purchasing corrective glasses or lenses for computer work. This process is fully automated. The procedure by which an employee can apply for reimbursement is available to all employees on our internal portal.

As part of our concern not only for safety, but also for the health of employees in the workplace, we organised Health Days in the head office buildings and several Meeting Places. As part of this initiative, employees were able

to benefit from a consultation with a nutritionist and an appointment for a relaxing massage. Approximately 900 employees took part in the Health Day.

AEDs

Our head office buildings and meeting places are systematically equipped with AEDs – devices used to save human lives in the event of sudden cardiac arrest. Along with the provision of such devices, health and safety staff also provide training to employees and demonstrate how the defibrillator works and how to use it correctly. For this purpose we have purchased a phantom and a training device. In 2022, we bought 18 AEDs. There are currently 88 defibrillators available at our locations nationwide. We regularly monitor the condition of the devices and replace the electrodes and batteries in them. All our AEDs are marked on a map in the *Staying alive* app, which is available to all.



About the report

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GRI [2-2] [2-3] [2-4] [2-5] [2-14]

We are pleased to present the Management Report on ING Bank Śląski S.A. Group 2022, which is our integrated report. We issued our first integrated report for 2016 (in 2017). We believe that this format allows our stakeholders to receive a comprehensive set of information about our activities in one document and at the same time.

We have prepared the report in accordance with the best global standards:

- the international non-financial data reporting guidelines of the *Global Reporting Initiative – GRI Standards 2021* and
- integrated Reporting Guidelines *International<IR>Framework* as updated in 2021.

This report also meets the formal requirements of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on the conditions under which information required by legal regulations of a third country may be recognised as equivalent.

This report presents the activities of ING Bank Śląski S.A. Group from 1 January 2022 to 31 December 2022 unless a different period is indicated in the text. Both financial and non-financial data relate to the ING Bank Śląski S.A. Group. (and selected financial data of ING Bank Śląski S.A.). We write about significant changes in the structure of ING Bank Śląski Group during the reported period [here](#). The report does not involve significant changes in terms of reporting coverage or the measurement methods used compared to the previous report (due to the *GRI Standards* update, some issues have been described in more detail). We have decided to recalculate the previously reported greenhouse gas emission values for 2019-2021. We write about the details of the new methodology [here](#) and about updating the calculations for own operations [here](#).

The report covers the activities of the ING Bank Śląski S.A. Group and the effects of these activities. In the report we have included relevant information on the strategy, management, performance and prospects of our bank. We presented them taking into account the economic, social and environmental context. We also present our understanding of business responsibility and the impact we have on the environment – now and in the future. We believe that our integrated report explains how the non-financial aspects of our business affect our ability to create and sustain value (limiting their erosion wherever possible) in the short, medium and long term.

The list of material topics identified in the materiality assessment described below has been approved by the President of ING Bank Śląski. The report was subject to the opinion of the members of the bank's Management Board and Supervisory Board during its creation and was subsequently adopted by them.

We issue the report on an annual basis. The previous report for 2021 was published in March 2022.

The report was externally reviewed for compliance with *GRI Standards* (in terms of all GRI indicators) by Bureau Veritas Polska. A report on the verification process has been published on ESPI as part of the annual report package and is available on the [investor relations website](#).

How the Integrated Report was created

Materiality assessment

GRI [3-1]

We have followed best practice and standards in our reporting for many years. Following the update of the GRI standards, we decided to carry out the materiality assessment process as comprehensively as possible. We carried out some of this work in collaboration with an independent consultancy. The conclusions of the materiality assessment performed will serve us not only to fulfil the GRI requirements in this Management Report, but also in other processes and activities (they will be taken into account, among other things, when updating our ESG Strategy).

During the process, we updated the stakeholder map of the ING Bank Śląski Group. To this end, employees representing all divisions of the organisation rated stakeholders pre-identified as important to ING Bank Śląski Group for their impact on the organisation and their interest in organisation (communication with the organisation) on a scale from 1 to 10. We determined the relevance of each stakeholder group based on the arithmetic averages of the scores obtained. We then discussed the results and agreed on the final shape of the stakeholder map. The map is available [here](#).

The purpose of the materiality study was to identify the key areas of our impact on aspects of sustainable development and, based on this, to prepare a list of material topics. To this end, we carried out several stages of work to ensure the perspective of the organisation and the stakeholders. The scope of the impact areas analysed was defined with reference to the draft ESRS standards(*European Sustainability Reporting Standards*; under review by EFRAG in April-August 2022) and the UN Sustainable Development Goals.

Next steps in the process:

- Analyse foundational data – benchmark competitor reports and strategy documents to identify relevant topics for the industry, analyse the UN Sustainable Development Goals key to the industry and the requirements of key ESG ratings and SASB (*Sustainability Accounting Standards Board*) guidelines.



- Survey of representatives of key stakeholder groups – the survey asked whether the bank has a direct or indirect impact (e.g. through funding client investments) on sustainability issues. Nearly 600 people completed the survey.
- Dialogue session and one-on-one interviews – at the end of 2022, we organised a dialogue session and one-on-one interviews with representatives of key stakeholder groups, during which stakeholders assessed the challenges facing the financial sector, ING Bank Śląski Group’s ESG activities to date, outlined their expectations of ING Bank Śląski Group’s ESG activities, and identified important topics that they felt should be included in the 2022 Management Report. Nearly 30 representatives of our key stakeholder groups – including clients, employees, investors, analysts, representatives of capital market institutions, academia, NGOs or business partners – took part in the session and individual interviews. The meetings were conducted by an independent facilitator based on the international standard for stakeholder engagement (AA1000SES). During the meetings, we had the chance to hear from representatives of our key stakeholder groups on ING’s sustainability activities.

Stakeholders identified a number of activities that they view positively and appreciate in our business, but we also learned about specific expectations of ING, and the financial sector more broadly. After the dialogue meeting and interviews, an independent moderator produced reports summarising the main threads of discussion, which were then circulated for the participants’ review and approval.

We have endeavoured to address the expectations and issues raised by our stakeholders within the pages of this Report. For us, stakeholder dialogue is a very valuable source of knowledge and inspiration for further action in the area of sustainability. We plan to hold regular dialogue in the format described above.

- Impact assessment – this stage assesses what impact ING Bank Śląski has on sustainability issues in 3 dimensions: as an organisation, through its products and its supply chain. Each aspect was assessed by impact type, occurrence status, time of occurrence, scale, extent of occurrence, reversibility and likelihood of occurrence.

Based on the above elements, an extensive list of material topics was created. It was then prioritised: if an aspect appeared as relevant in min. 3 out of 7 assessment elements: benchmark reports, benchmark strategy, SDGs, ESG ratings and SASB guidelines, dialogue session, impact assessment by stakeholders, impact assessment by external advisor (the exception is anti-corruption, as during prioritisation this element was assessed under business ethics, yet indicated in the survey by stakeholders as important, therefore this aspect is included separately in the list below). Then, after taking into account consultations among the key units responsible for the reporting process, a final list was established. The final list of material topics was approved by the President of ING Bank Śląski.

GRI [3-2]

List of material topics		
E (Environmental)	S (Social)	G (Governance)
<ul style="list-style-type: none">• Climate change<ul style="list-style-type: none">• Sustainable products, green financing• Measuring and reducing CO₂ emissions (of the organisation, of the client receivables portfolio)• Environmental education of clients, employees and the public	<ul style="list-style-type: none">• Human rights<ul style="list-style-type: none">• Employees<ul style="list-style-type: none">• Working conditions, <i>well-being</i>• Employee development• Responsibility in relations with suppliers• Activities for clients<ul style="list-style-type: none">• Responsible selling• Financial education• Accessible banking (including plain language)• Community involvement• Promoting innovation	<ul style="list-style-type: none">• Integrated business strategy• Business ethics• Counteraction of corruption• Diversity and remuneration policies at all levels of the organisation• Cyber security, data security• Risk management (including ESG risks)

Although the GRI Standards 2021 requires an organisation to report basic information on its human rights-related accountability, the organisation should identify which area of human rights is of particular importance to it. Additionally, the topic of human rights is increasingly important to the industry and was presented as relevant during the dialogue session. It was therefore decided to include it in the list of relevant topics, narrowing it down to the relevant scopes.

Due to a more comprehensive approach to materiality assessment, but also due to a change in the challenges we face, the list of material topics has changed in some aspects compared to last year. Climate issues, including greenhouse gas emissions, are invariably an important theme, but this year the topic of sustainable products, as well as environmental education, stands out strongly in addition. For employees, working conditions, *well-being* and diversity remain an important theme. This year, in addition, staff development emerged as an important theme. Responsibility in supplier relationships is also an important theme this year compared to last year, as well as client advocacy efforts in the areas of responsible selling, financial education, accessible banking. Innovation, cyber-security and data security, as well as business ethics and anti-corruption and risk management, including ESG risks, resounded in both the previous year and this year. A new theme this year is to emphasise community engagement and integrated business strategy. What is not on the list is economic performance, but this topic was not subject to materiality analysis this year as an obvious reporting element.



Who was involved in the drafting of the report

Work on the report was coordinated by a team comprising representatives from the areas of sustainable development and ESG, investor relations and financial reporting. However, the report is the result of the involvement of our entire organisation.

These included primarily:

- employees at all levels who participated in the preparatory work and prepared the data for the report, as well as participating in the audit process,
- representatives of our key stakeholder groups who took part in the materiality assessment.

The contribution of all the people and institutions allowed us to prepare the Management Board Report on Operations of the ING Bank Śląski S.A. Group in 2022.

GRI [2-3]

Please direct any questions relating to this report to:

Contact details	
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GRI Content Index

Statement of use: ING Bank Śląski S.A. Capital Group has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2022.

GRI 1 used: GRI 1: Foundation 2021

General Disclosures			
Disclosure number	GRI Standard	Disclosure name	Location in the report
The organization and its reporting practices			
GRI 2-1	GRI 2: General Disclosures 2021	Organizational details	Who we are Shares and shareholders of ING Bank Śląski S.A.
GRI 2-2	GRI 2: General Disclosures 2021	Entities included in the organization’s sustainability reporting	About the report
GRI 2-3	GRI 2: General Disclosures 2021	Reporting period, frequency and contact point	About the report Who was involved in the drafting of the report
GRI 2-4	GRI 2: General Disclosures 2021	Restatements of information	About the report
GRI 2-5	GRI 2: General Disclosures 2021	External assurance	About the report
Activities and workers			
GRI 2-6	GRI 2: General Disclosures 2021	Activities, value chain and other business relationships	Who we are The scale of our activity Responsibility in the supply chain
GRI 2-7	GRI 2: General Disclosures 2021	Employees	Employees in the bank – in numbers
GRI 2-8	GRI 2: General Disclosures 2021	Workers who are not employees	Employees in the bank – in numbers
Governance			
GRI 2-9	GRI 2: General Disclosures 2021	Governance structure and composition	Supervisory Board Management Board
GRI 2-10	GRI 2: General Disclosures 2021	Nomination and selection of the highest governance body	Supervisory Board Management Board
GRI 2-11	GRI 2: General Disclosures 2021	Chair of the highest governance body	Supervisory Board Management Board
GRI 2-12	GRI 2: General Disclosures 2021	Role of the highest governance body in overseeing the management of impacts	Management of sustainability issues Non-financial risk



			Operational risk ESG risk
GRI 2-13	GRI 2: General Disclosures 2021	Delegation of responsibility for managing impacts	Management of sustainability issues Non-financial risk Operational risk ESG risk
GRI 2-14	GRI 2: General Disclosures 2021	Role of the highest governance body in sustainability reporting	About the report
GRI 2-15	GRI 2: General Disclosures 2021	Conflicts of interest	We combat conflicts of interest
GRI 2-16	GRI 2: General Disclosures 2021	Communication of critical concerns	We report instances of breach of law and Business Ethics Standards Non-financial risk
GRI 2-17	GRI 2: General Disclosures 2021	Collective knowledge of the highest governance body	Management of sustainability issues
GRI 2-18	GRI 2: General Disclosures 2021	Evaluation of the performance of the highest governance body	Supervisory Board Management Board Remuneration of the Management Board and the Supervisory Board members
GRI 2-19	GRI 2: General Disclosures 2021	Remuneration policies	Remuneration of the Management Board and the Supervisory Board members
GRI 2-20	GRI 2: General Disclosures 2021	Process to determine remuneration	Remuneration of the Management Board and the Supervisory Board members
GRI 2-21	GRI 2: General Disclosures 2021	Annual total compensation ratio	Remuneration of Management Board members
Strategy, policies and practices			
GRI 2-22	GRI 2: General Disclosures 2021	Statement on sustainable development strategy	Letter from the CEO
GRI 2-23	GRI 2: General Disclosures 2021	Policy commitments	ESG strategy Ethics, values and compliance Management of sustainability issues Environmental Declaration
GRI 2-24	GRI 2: General Disclosures 2021	Embedding policy commitments	ESG strategy Management of sustainability issues Environmental Declaration
GRI 2-25	GRI 2: General Disclosures 2021	Processes to remediate negative impacts	Non-financial risk Operational risk
GRI 2-26	GRI 2: General Disclosures 2021	Mechanisms for seeking advice and raising concerns	We report instances of breach of law and Business Ethics Standards
GRI 2-27	GRI 2: General Disclosures 2021	Compliance with laws and regulations	Administrative penalties imposed Administrative penalties imposed



Stakeholder engagement			
GRI 2-28	GRI 2: General Disclosures 2021	Membership associations	Involvement in industry initiatives and organisations
GRI 2-29	GRI 2: General Disclosures 2021	Approach to stakeholder engagement	Managing relationships with our stakeholders
GRI 2-30	GRI 2: General Disclosures 2021	Collective bargaining agreements	Relations with the social partners
Material Topics			
GRI 3-1	GRI 3: Material Topics 2021	Process to determine material topics	Materiality assessment
GRI 3-2	GRI 3: Material Topics 2021	List of material topics	Materiality assessment
Climate change (E)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic, including: <ul style="list-style-type: none">• Sustainable products, green financing• Measuring and reducing CO₂ emissions (of the organisation, of the client receivables portfolio)• Environmental education of clients, employees and the public	Environmental Declaration Sustainable financing Supporting climate innovation Eco-initiatives of an educational nature Actions for financial education, climate education, entrepreneurial development and sustainable development
GRI 302-1	GRI 302: Energy 2016	Energy consumption within the organization	Electricity
GRI 302-4	GRI 302: Energy 2016	Reduction of energy consumption	Electricity
GRI 303-3	GRI 303: Water and Effluents 2018	Water withdrawal	Water consumption
GRI 305-1	GRI 305: Emissions 2016	Direct (Scope 1) GHG emissions	Greenhouse gas emissions
GRI 305-2	GRI 305: Emissions 2016	Energy indirect (Scope 2) GHG emissions	Greenhouse gas emissions
GRI 305-3	GRI 305: Emissions 2016	Other indirect (Scope 3) GHG emissions	Greenhouse gas emissions
GRI 305-4	GRI 305: Emissions 2016	GHG emissions intensity	Greenhouse gas emissions
GRI 305-5	GRI 305: Emissions 2016	Reduction of GHG emissions	Implementation of the Environmental Declaration – own operations Greenhouse gas emissions
GRI 306-3	GRI 306: Waste 2020	Waste generated	We manage waste wisely
Own indicator - 1	Not applicable	Financing of RES by the corporate segment	Sustainable financing
Own indicator - 2	Not applicable	The scale of reaching recipients with activities in the field of climate education	Actions for financial education, climate education, entrepreneurial development and sustainable development Eco-initiatives of an educational nature We share our knowledge Supporting climate innovation



Human rights (S)

GRI 3-3

GRI 3: Material Topics 2021

Management of material topic
Topics, where the bank's activities have or may have an impact on human rights, including:

- Employees
- Responsibility in the supply chain
- ESG risk management

[Management of sustainability issues](#)
[Ethics, values and compliance](#)
[ING for employees](#)
[Responsibility in the supply chain](#)
[ESG risk](#)

Employees (S)

GRI 3-3

GRI 3: Material Topics 2021

Management of material topic, including:

- Working conditions, well-being
- Employee development

[HR management](#)
[Our flexible working arrangements](#)
[Development and training programs](#)
[Remuneration principles](#)
[We develop a friendly work place](#)

GRI 202-1

GRI 202: Market Presence 2016

Ratios of standard entry level wage by gender compared to local minimum wage

[Linking employee remuneration to the minimum wage](#)

GRI 401-1

GRI 401: Employment 2016

New employee hires and employee turnover

[Employment structure](#)

GRI 401-2

GRI 401: Employment 2016

Benefits provided to full-time employees

[We develop a friendly work place](#)

GRI 401-3

GRI 401: Employment 2016

Parental leave

[Parents at work](#)

GRI 403-1

GRI 403: Occupational Health and Safety 2018

Occupational health and safety management system

[Occupational health and safety](#)

GRI 403-3

GRI 403: Occupational Health and Safety 2018

Occupational health services

[Occupational health and safety](#)

GRI 403-5

GRI 403: Occupational Health and Safety 2018

Worker training on occupational health and safety

[Occupational health and safety](#)

GRI 403-6

GRI 403: Occupational Health and Safety 2018

Promotion of worker health

[We develop a friendly work place](#)

GRI 403-9

GRI 403: Occupational Health and Safety 2018

Work-related injuries

[Occupational health and safety](#)

GRI 404-1

GRI 404: Training and Education 2016

Average hours of training per year per employee

[Development at ING in figures](#)

GRI 404-2

GRI 404: Training and Education 2016

Programs for upgrading employee skills and transition assistance programs

[Development and training programs](#)



GRI 404-3	GRI 404: Training and Education 2016	Percentage of employees receiving regular performance and career development reviews	Annual performance assessment talks
Own indicator - 3	Not applicable	Results of the OHI Puls survey	We know how employees rate us
Responsibility in relations with suppliers (S)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Responsibility in the supply chain
GRI 308-1	GRI 308: Supplier Environmental Assessment 2016	New suppliers that were screened using environmental criteria	Responsibility in the supply chain
GRI 414-1	GRI 414: Supplier Social Assessment 2016	New suppliers that were screened using social criteria	Responsibility in the supply chain
Activities for clients (S)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic, including: <ul style="list-style-type: none">Responsible sellingFinancial educationAccessible banking (including plain language)	Business responsibility Client experience Simple and understandable banking Service in meeting places Availability and flexibility We educate and share knowledge
GRI 417-1	GRI 417: Marketing and Labeling 2016	Requirements for product and service information and labeling	Business responsibility
GRI 417-3	GRI 417: Marketing and Labeling 2016	Incidents of non-compliance concerning marketing communications	Responsible marketing
Own indicator - 4	Not applicable	Customer satisfaction indicator - Net Promoter Score (NPS)	Net Promoter Score
Own indicator - 5	Not applicable	Availability of Moje ING in 2022	Moje ING
Own indicator - 6	Not applicable	Availability of ING Business in 2022	ING Business
Community involvement (S)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Social involvement
GRI 413-1	GRI 413: Local Communities 2016	Operations with local community engagement, impact assessments, and development programs	Social involvement
Own indicator - 5	Not applicable	Number of hours used for volunteering by employees	Employee volunteering
Promoting innovation (S)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Technological development



			Supporting climate innovation Special programmes – development of new technologies
Own indicator - 6	Not applicable	Funds to support educational initiatives and innovation	Donations and sponsoring Supporting climate innovation
Integrated business strategy (G)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Business strategy ESG strategy Management of sustainability issues
GRI 2-12	GRI 2: General Disclosures 2021	Role of the highest governance body in overseeing the management of impacts	Management of sustainability issues Non-financial risk Operational risk ESG risk
GRI 2-13	GRI 2: General Disclosures 2021	Delegation of responsibility for managing impacts	Management of sustainability issues Non-financial risk Operational risk ESG risk
GRI 2-22	GRI 2: General Disclosures 2021	Statement on sustainable development strategy	Letter from the CEO
GRI 2-23	GRI 2: General Disclosures 2021	Policy commitments	ESG strategy Ethics, values and compliance Management of sustainability issues Environmental Declaration
GRI 2-24	GRI 2: General Disclosures 2021	Embedding policy commitments	ESG strategy Management of sustainability issues Environmental Declaration
Risk management (including ESG risks) (G)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Risk and capital management system Business strategy Non-financial risk Operational risk ESG risk
GRI 2-16	GRI 2: General Disclosures 2021	Communication of critical concerns	We report instances of breach of law and Business Ethics Standards Non-financial risk










GRI 2-24	GRI 2: General Disclosures 2021	Embedding policy commitments	ESG strategy Management of sustainability issues Environmental Declaration
GRI 2-25	GRI 2: General Disclosures 2021	Processes to remediate negative impacts	Non-financial risk Operational risk
Cyber security, data security (G)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Cyber security Personal data security
GRI 418-1	GRI 418: Customer Privacy 2016	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Management of personal data security
Own indicator - 7	Not applicable	Percentage of employees trained in personal data security	Management of personal data security
Business ethics (G)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Ethics, values and compliance
GRI 406-1	GRI 406: Nondiscrimination 2016	Incidents of discrimination and corrective actions taken	Total number of incidents of discrimination
GRI 2-26	GRI 2: General Disclosures 2021	Mechanisms for seeking advice and raising concerns	We report instances of breach of law and Business Ethics Standards
Counteraction of corruption (G)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	We counteract corruption
GRI 205-2	GRI 205: Anti-corruption 2016	Communication and training about anti-corruption policies and procedures	We counteract corruption
GRI 205-3	GRI 205: Anti-corruption 2016	Confirmed incidents of corruption and actions taken	We counteract corruption
Diversity and remuneration policies at all levels of the organisation (S and G)			
GRI 3-3	GRI 3: Material Topics 2021	Management of material topic	Diversity Policy Diversity and equal opportunities Remuneration principles
GRI 2-19	GRI 2: General Disclosures 2021	Remuneration policies	Remuneration of the Management Board and the Supervisory Board members
GRI 2-20	GRI 2: General Disclosures 2021	Process to determine remuneration	Remuneration of the Management Board and the Supervisory Board members
GRI 2-21	GRI 2: General Disclosures 2021	Annual total compensation ratio	Remuneration of Management Board members










GRI 405-1	GRI 405: Diversity and Equal Opportunity 2016	Diversity of governance bodies and employees	Diversity Policy Employment structure
GRI 405-2	GRI 405: Diversity and Equal Opportunity 2016	Ratio of basic salary and remuneration of women to men	Diversity Policy Employment structure



SDG index

The UN Sustainable Development Goals index, which we refer to in this report		
SDG Number	UN Sustainable Development Goal	Location in the report
	End poverty in all its forms everywhere	Donations and sponsoring Our corporate foundations
	Ensure healthy lives and promote well-being for all at all ages	ESG strategy ESG risk We develop a friendly work place Occupational health and safety
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	ESG strategy Social involvement Our corporate foundations Development and training programs
	Achieve gender equality and empower all women and girls	ESG strategy Diversity Policy Diversity and equal opportunities Parents at work
	Ensure access to affordable, reliable, sustainable and modern energy for all	ESG strategy Environmental Declaration Sustainable financing Supporting climate innovation
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	ESG strategy ESG risk HR management Remuneration principles
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Technological development Supporting climate innovation Special programmes – development of new technologies
	Reduce inequality within and among countries	ESG strategy Business responsibility

		Simple and understandable banking Availability and flexibility Social involvement Donations and sponsoring Our corporate foundations Diversity and equal opportunities
	Make cities and human settlements inclusive, safe, resilient and sustainable	ESG strategy Environmental Declaration
	Ensure sustainable consumption and production patterns	ESG strategy Environmental Declaration Supporting climate innovation
	Take urgent action to combat climate change and its impacts	ESG strategy ESG risk Environmental Declaration Sustainable financing Impact of operating activities on the natural environment and climate
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	ESG risk
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	ESG risk Environmental Declaration
	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	ESG strategy Ethics, values and compliance Social involvement Diversity and equal opportunities
	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	ESG strategy Involvement in industry initiatives and organisations Social involvement



Attachments

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Figures - ESG risk

The tables below present exposures at gross carrying value in the banking book of the ING Bank Śląski S.A. Group, in line with prudential consolidation. We don't repossess real estate collaterals, which is why there is no such information in the tables.

Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (mln PLN; 1/2)												
Sector	Gross carrying amount				Accumulated impairment			Maturity – gross carrying amount (years)				
	-	of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and Article 12.2 of Climate Benchmark Standards Regulation	of which stage 2	of which non-performing exposures	of which stage 2	of which non-performing exposures		<= 5	> 5 <= 10	> 10 <= 20	> 20	Average weighted maturity
Exposures towards sectors that highly contribute to climate change*	59 376,8	691,8	8 891,4	1 681,7	1 288,2	200,8	967,8	48 475,7	9 880,0	995,5	25,6	2,79
A - Agriculture, forestry and fishing	1 325,2	0,0	123,9	53,7	38,8	6,5	27,6	1 001,8	309,2	14,2	0,0	3,45
B - Mining and quarrying	345,7	0,0	44,2	6,7	7,2	2,6	4,1	272,4	73,3	0,0	0,0	3,20
B.05 - Mining of coal and lignite	20,7	0,0	0,0	0,1	0,1	0,0	0,1	20,7	0,0	0,0	0,0	2,56
B.06 - Extraction of crude petroleum and natural gas	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1,00
B.07 - Mining of metal ores	26,2	0,0	1,2	0,9	0,2	0,0	0,2	25,0	1,2	0,0	0,0	0,61
B.08 - Other mining and quarrying	262,8	0,0	43,0	3,3	6,3	2,6	3,2	190,7	72,1	0,0	0,0	3,55
B.09 - Mining support service activities	36,0	0,0	0,0	2,4	0,6	0,0	0,6	36,0	0,0	0,0	0,0	2,82
C - Manufacturing	22 137,0	466,9	3 178,5	524,5	401,8	95,2	263,0	17 975,7	4 161,3	0,0	0,0	2,67
C.10 - Manufacture of food products	3 475,2	0,0	545,7	234,7	158,2	44,7	105,7	2 966,9	508,3	0,0	0,0	2,29
C.11 - Manufacture of beverages	565,7	0,0	22,6	5,8	2,4	0,8	0,3	539,1	26,6	0,0	0,0	2,07
C.12 - Manufacture of tobacco products	15,5	0,0	0,0	0,0	0,0	0,0	0,0	15,5	0,0	0,0	0,0	1,00
C.13 - Manufacture of textiles	230,1	0,0	20,0	5,7	4,4	0,5	3,5	199,2	30,9	0,0	0,0	3,00
C.14 - Manufacture of wearing apparel	69,3	0,0	3,8	18,3	6,9	0,1	6,8	68,5	0,8	0,0	0,0	0,76
C.15 - Manufacture of leather and related products	12,3	0,0	0,3	0,1	0,1	0,0	0,0	11,1	1,2	0,0	0,0	3,10
C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	1 187,1	0,0	258,5	22,6	10,5	1,4	6,7	791,8	395,3	0,0	0,0	3,91
C.17 - Manufacture of pulp, paper and paperboard	1 075,8	0,0	55,5	35,9	34,1	2,1	29,8	707,8	368,0	0,0	0,0	3,69
C.18 - Printing and service activities related to printing	612,8	0,0	78,7	6,4	6,6	3,1	1,7	380,4	232,4	0,0	0,0	4,20
C.19 - Manufacture of coke oven products	325,3	307,2	0,3	0,0	0,2	0,0	0,0	325,3	0,0	0,0	0,0	0,58
C.20 - Production of chemicals	1 990,1	159,7	604,5	0,5	10,4	5,7	2,1	1 848,4	141,7	0,0	0,0	1,70
C.21 - Manufacture of pharmaceutical preparations	352,5	0,0	18,8	0,0	1,2	0,7	0,0	336,1	16,4	0,0	0,0	1,88
C.22 - Manufacture of rubber products	2 595,2	0,0	182,0	32,2	29,5	4,0	19,0	1 966,4	628,8	0,0	0,0	3,08
C.23 - Manufacture of other non-metallic mineral products	892,6	0,0	140,2	5,8	14,0	9,0	3,5	550,5	342,1	0,0	0,0	3,52
C.24 - Manufacture of basic metals	463,9	0,0	133,3	4,1	3,6	1,1	2,0	395,2	68,7	0,0	0,0	2,06
C.25 - Manufacture of fabricated metal products, except machinery and equipment	3 204,9	0,0	422,3	86,1	60,8	8,4	46,1	2 422,3	782,6	0,0	0,0	3,07
C.26 - Manufacture of computer, electronic and optical products	500,1	0,0	25,9	3,5	4,5	1,7	2,0	468,8	31,3	0,0	0,0	2,37
C.27 - Manufacture of electrical equipment	1 027,2	0,0	75,4	11,1	11,9	4,4	5,6	993,7	33,5	0,0	0,0	2,24
C.28 - Manufacture of machinery and equipment n.e.c.	987,4	0,0	129,9	21,3	16,7	2,5	11,7	764,6	222,8	0,0	0,0	2,94
C.29 - Manufacture of motor vehicles, trailers and semi-trailers	639,8	0,0	124,1	6,6	4,8	1,2	3,1	618,4	21,4	0,0	0,0	1,26
C.30 - Manufacture of other transport equipment	265,9	0,0	61,8	0,1	1,2	0,5	0,0	231,2	34,7	0,0	0,0	2,10
C.31 - Manufacture of furniture	513,4	0,0	157,6	6,6	6,6	1,9	3,4	388,9	124,5	0,0	0,0	2,96
C.32 - Other manufacturing	1 133,2	0,0	116,1	17,1	13,2	1,4	10,0	983,9	149,3	0,0	0,0	2,22
C.33 - Repair and installation of machinery and equipment	1,7	0,0	1,2	0,0	0,0	0,0	0,0	1,7	0,0	0,0	0,0	3,00



Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (mln PLN; 2/2)

Sector	Gross carrying amount				Accumulated impairment			Moturity – gross carrying amount (years)				Average weighted maturity
	-	of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and Article 12.2 of Climate Benchmark Standards Regulation	of which stage 2	of which non-performing exposures	of which stage 2	of which non-performing exposures		<= 5	> 5 <= 10	> 10 <= 20	> 20	
D - Electricity, gas, steam and air conditioning supply	2 508,7	200,9	10,5	111,4	106,4	2,0	97,5	1 069,6	465,0	948,5	25,6	7,34
D35.1 - Electric power generation, transmission and distribution	2 508,7	200,9	10,5	111,4	106,4	2,0	97,5	1 069,6	465,0	948,5	25,6	7,34
D35.11 - Production of electricity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-
D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-
D35.3 - Steam and air conditioning supply	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	-
E - Water supply; sewerage, waste management and remediation activities	610,8	0,0	38,9	36,1	22,1	1,1	20,1	491,9	118,9	0,0	0,0	2,93
F - Construction	2 636,6	0,0	597,0	275,0	202,1	12,9	181,7	2 174,5	462,1	0,0	0,0	2,49
F.41 - Construction of buildings	1 210,8	0,0	352,1	175,0	133,6	5,3	124,1	911,9	298,9	0,0	0,0	2,94
F.42 - Civil engineering	648,5	0,0	137,7	60,9	44,2	2,2	40,9	590,5	58,0	0,0	0,0	1,87
F.43 - Specialised construction activities	777,3	0,0	107,2	39,1	24,3	5,4	16,7	672,1	105,2	0,0	0,0	2,32
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	15 484,3	24,0	1 481,2	437,6	366,8	30,5	302,8	13 937,6	1 546,7	0,0	0,0	1,76
H - Transportation and storage	4 522,6	0,0	655,3	85,3	60,5	17,0	34,3	3 736,8	754,4	31,4	0,0	3,12
H.49 - Land transport and transport via pipelines	3 405,7	0,0	555,6	75,3	51,5	14,1	30,3	2 797,5	576,8	31,4	0,0	3,29
H.50 - Water transport	12,4	0,0	0,0	0,0	0,0	0,0	0,0	12,4	0,0	0,0	0,0	2,68
H.51 - Air transport	29,6	0,0	0,1	0,0	0,0	0,0	0,0	29,6	0,0	0,0	0,0	2,92
H.52 - Warehousing and support activities for transportation	981,8	0,0	96,2	8,8	8,1	2,7	3,4	804,7	177,1	0,0	0,0	2,71
H.53 - Postal and courier activities	93,1	0,0	3,4	1,2	0,9	0,2	0,6	92,6	0,5	0,0	0,0	1,25
I - Accommodation and food service activities	573,0	0,0	439,5	11,8	26,7	17,9	7,7	469,0	104,0	0,0	0,0	2,83
L - Real estate activities	9 232,9	0,0	2 322,4	139,6	55,8	15,1	29,0	7 346,4	1 885,1	1,4	0,0	3,43
Exposures towards sectors other than those that highly contribute to climate change*	9 258,5	0,1	899,7	191,4	163,6	32,7	110,7	8 198,1	1 050,0	10,4	0,0	2,27
K - Financial and insurance activities	1 060,0	0,0	159,9	3,4	2,8	1,0	1,0	1 023,8	36,2	0,0	0,0	1,74
Exposures to other sectors (NACE codes J, M - U)	8 198,5	0,1	739,8	188,0	160,8	31,7	109,7	7 174,3	1 013,8	10,4	0,0	2,90
Total	68 635,3	691,9	9 791,1	1 873,1	1 451,8	233,5	1 078,5	56 673,8	10 930,0	1 005,9	25,6	

* In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

The table above presents a summary of the gross carrying value of loan exposures to non-financial corporations operating in sectors that contribute significantly to climate change and in carbon emissions sectors.

It lists exposures to entities excluded from the EU benchmarks aligned with the Paris Agreement in accordance with Article 12(1)(d) to (g) and in accordance with Article 12(2). In the case of Article 12(1), we selected the exposures manually, on a best estimate basis.

With regard to Article 12(2), due to the lack of reference indicators, we have not carried out such verification.



Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral (mln PLN)

		Gross carrying amount														of which level of energy efficiency estimated (EP score in kWh/m² of collateral)	
		Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral		
		0 <= 100	> 100 <= 200	> 200 <= 300	> 300 <= 400	> 400 <= 500	> 500	A	B	C	D	E	F	G			
Total EU area	88 788,2	32 366,7	39 227,0	6 912,8	4 665,0	49,8	0,0	-	-	-	-	-	-	-	83 221,3	91,9%	
Of which Loans collateralised by commercial immovable property	32 551,0	3 532,0	20 841,5	1 802,5	889,3	49,8	0,0	-	-	-	-	-	-	-	27 115,1	76,0%	
Of which Loans collateralised by residential immovable property	56 237,2	28 834,7	18 385,5	5 110,3	3 775,7	0,0	0,0	-	-	-	-	-	-	-	56 106,2	99,5%	
Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	76 439,0	32 510,9	34 124,5	5 694,3	4 109,3	0,0	0,0	-	-	-	-	-	-	-	76 439,0	100,0%	

The table above shows the value of loans secured by commercial and residential properties, together with information on the energy efficiency level of the collateral as measured by energy consumption in kWh/m².

We have prepared the disclosure for commercial properties based on the information we had from the energy performance certificates of the buildings or, in the absence thereof, on calculations based on available statistics (we used statistics for properties located in Poland that were made publicly available by the PCAF (Partnership for Carbon Accounting Financials)).

In the case of disclosures for residential properties, we have prepared them on the basis of our own methodology based on the year of construction of the property and the corresponding technical and building regulations. That means that we do not take into account any thermal modernisation that may have taken place after the year of construction, as we do not have such information.

We do not publish information by energy efficiency class of buildings, as there are no such legal regulations in Poland.

In the column with total gross carrying value, we report the sum of loans secured on properties, including those that are not subject to an energy efficiency assessment (e.g. land). This approach ensures that we are compliant with the table presenting physical risk-sensitive exposures.



Banking book - Climate change physical risk: Exposures subject to physical risk (mln PLN)

Poland	Total (gross carrying amount)	Exposures sensitive to impact from climate change physical events											Accumulated impairment		
		Gross carrying amount (mln PLN)													
		Breakdown by maturity bucket (years)					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which stage 2	of which non- performing exposures				
		<= 5	> 5 <= 10	> 10 <= 20	> 20	Average weighted maturity						of which stage 2	of which non- performing exposures		
A - Agriculture, forestry and fishing	1 325,2	283,3	10,3	0,0	0,0	1,99	0,0	0,5	293,1	21,0	2,6	3,2	1,0	1,4	
B - Mining and quarrying	345,7	9,9	0,0	0,0	0,0	1,21	0,0	8,0	1,9	0,0	0,0	0,0	0,0	0,0	
C - Manufacturing	22 137,0	2 213,1	78,4	0,0	0,0	1,29	194,6	2 086,2	10,7	593,5	5,9	10,1	5,8	1,6	
D - Electricity, gas, steam and air conditioning supply	2 508,7	41,4	207,5	0,0	2,6	7,29	250,1	0,1	1,3	6,0	5,4	6,3	0,1	3,2	
E - Water supply; sewerage, waste management and remediation activities	610,8	0,9	0,0	0,0	0,0	0,79	0,0	0,0	0,9	0,8	0,0	0,0	0,0	0,0	
F - Construction	2 636,6	43,8	13,2	0,0	0,0	2,88	0,0	56,9	0,1	0,4	4,9	0,3	0,0	0,2	
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	15 484,3	457,7	29,4	0,0	0,0	1,62	26,6	98,8	361,7	31,2	13,2	11,5	1,6	8,3	
H - Transportation and storage	4 522,6	2 317,6	314,2	31,4	0,0	3,35	0,0	2 663,0	0,2	425,6	68,1	44,5	11,9	27,6	
L - Real estate activities	9 232,9	52,0	0,0	0,0	0,0	0,27	0,0	52,0	0,0	50,5	0,0	2,0	2,0	0,0	
Loans collateralised by residential immovable property	56 237,2	6,1	9,0	28,3	52,8	20,13	0,0	96,2	0,0	0,2	0,6	0,1	0,0	0,1	
Loans collateralised by commercial immovable property	32 551,0	291,2	2,5	1,4	0,6	2,61	0,0	295,7	0,0	0,0	0,0	0,0	0,0	0,0	
Reposessed colaterals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other relevant sectors	9 831,5	505,7	1,6	0,0	0,0	2,40	97,6	409,2	0,5	387,0	1,5	16,8	14,8	1,2	



The table above shows the exposures that are vulnerable to the impact of both long-term and abrupt climate change risks. These are presented by:

- sectors of economic activity, and
- type of property that constitutes the collateral.

We have prepared the data by sector based on the Environmental Risk Heatmaps, while the data by type of property constituting the collateral has been prepared based on Ambiental Risk Analytics data. The data in the table does not take into account in any way the fact that the property is insured against physical risks.

Total gross carrying amount in the sector lines is the entire exposure of the ING Bank Śląski S.A. Group to non-financial corporations operating in the specified sectors. The remaining columns in the sector lines present sensitive exposures excluding loans secured by properties, as those are presented in dedicated lines.

The use of an environmental risk Heatmap to present sensitive exposures in the sector lines is a conservative approach. Here, we have identified as sensitive not only exposures in high physical risk sectors, but also those in

medium risk sectors (on a three-level rating scale). In addition, we have taken the whole of Poland as the geographical area in which the counterparty operates, which also raised the amount at risk. Nevertheless, we are constantly working on developing the methodology and acquiring better quality data.

The lines dedicated to loans secured by properties presented retail mortgage loans and loans secured by properties granted to our corporate clients. We identified as sensitive those loans for which at least one physical risk factor was at high risk or very high risk (on a 5-level scale). The high precision of the method used resulted in a relatively low amount of exposure to physical risk.

For the purpose of identifying exposure of the 20 most carbon-intensive companies in the world, we chose to use the compilation published by CDP The Carbon Majors Database – CDP Carbon Majors Report 2017. As at 2022 yearend, we had no direct exposure to any of those 20 companies or any exposure under loan agreements to their related entities.



Dictionary

Add-on – Imposed on the capital requirements in keeping with Regulation No. 575/2013 (CRR).

Agile – It is a new way of working at selected bank units, adopted from the IT sector. It enables fast response to changing client and market needs.

AIRB Advanced Internal Rating-Based – is an advanced internal rating method used to measure credit risk.

Interest assets – Assets earning interest income for the bank; loans granted to clients form their major portion.

ALCO / ALCO Committee Asset-Liabilities Committee.

BGF – Bank Guarantee Fund – a deposit guarantee and resolution scheme. BGF guarantee covers deposits being the equivalent of up to EUR 100,000. .

BGK – Bank Gospodarstwa Krajowego – a state-owned development bank. The main task of BGK is to support economic development of Poland and improve the quality of life for Poles.

BIK – Credit Information Bureau – an institution that processes information on the timeliness of repayment of financial obligations of natural and legal persons.

SREP – Supervisory Review and Evaluation – One of the supervisory tools of the Polish Financial Supervision Authority. The aim of the BION process is to identify the size and nature of the risk to which the bank is exposed, to assess the quality of the risk management process, to assess the level of capital covering the risk arising from the bank's operations and bank management.

BRRD Bank Recovery and Resolution Directive – Directive of the European Parliament and of the Council on the recovery and resolution of credit institutions and investment firms.

The OSII Buffer – Other Systemically Important Institution Buffer – is part of the macro-prudential supervision of the banking sector. The buffer is imposed on banks of systemic importance on both the standalone and consolidated bases. The buffer takes values from 0% to 2% of the capital requirement.

Capital conservation buffer – An element of macroeconomic supervision of the banking sector. Buffer imposed on all banks; it must consist of the highest quality capital (Tier 1) and amounts to a maximum of 2.5% of the capital requirement. In 2016-2017, it was 1.25%; in 2018, it went up to 1.875%; and in 2019 has increased to 2.5%.

Compliance – Ensuring observance of laws, norms and standards, and recommendations.

CPI – Consumer Price Index that measures changes in the price level of consumer goods and services. The most popular global inflation/deflation index.

CRR – Regulation (EU) No 575/2013 of the European Parliament and of the Council.

CSR Corporate Social Responsibility.

Credit Value Adjustment (CVA) – The credit value adjustment resulting from the difference between the risk-free value of the portfolio and the real value of the portfolio, which includes the possibility of counterparty default.

Exposure At Default (EAD) – a measure of a bank's exposure to a client when the client defaults.

Earnings at Risk (EaR) – earnings at risk; this is a measure of the maximum potential change in profit, relative to the profit assumed in the financial plan.

Easy Lending – The Bank's approach to financing the mid and big companies on simplified terms.

EBA – European Banking Authority.

ESG Enviromental, Social, Governance – an acronym for environmental, social and corporate governance factors respectively.

ESR Environmental and Social Risk.

Factoring – Purchase by the factor of not past-due receivables of companies (clients) due thereto from business partners (offtakers) under delivery of goods and services.

Fast Track – a simplified lending track in the mid and big companies segment.

FCR First Call Resolution – contact centre effectiveness study. It checks what volume of problems reported by clients to the contact centre is solved at the first contact.

Own funds – Funds comprising Tier 1 capital (comprising, inter alia, share capital, supplementary capital, reserves, retained earnings) and Tier 2 capital (comprising, inter alia – with the approval of the relevant supervision authority – subordinated liabilities).

Global Reporting Initiative (GRI) – An international organisation which publishes non-financial reporting guidelines.

Guarantee – a bank guarantee is a written commitment of the bank to pay the amount given there to the beneficiary on the terms and conditions stated therein. The agreement is, however, of securing nature only. It is not a tool to settle commercial agreements.



ICAAP Internal Capital Adequacy Assessment Process – this is a model for estimating internal capital.

ILAAP Internal Liquidity Adequacy Assessment Process – this is a model for estimating liquidity resources.

International Integrated Reporting Council (IIRC)

PFSA – Polish Financial Supervision Authority – supervises the banking sector as well as the capital, insurance and pension markets, payment institutions and payment services offices, electronic money institutions and the sector of credit unions.

Funding cost – interest cost/ average interest liabilities for 5 subsequent quarters.

Costs of risk – Pursuant to IAS 39: the balance of provisions made and released under impairment of assets, credit facilities and cash loans granted to clients, first and foremost. Under IFRS 9: the balance of the allowance for expected losses and the provision for legal risk of foreign currency mortgage loans.

Loans and other receivables from clients (gross/net) – unless otherwise indicated, includes all receivables from clients regardless of the valuation model adopted.

KRS – National Court Register.

LCR Liquidity Coverage Ratio. Computed as a ratio of very liquid assets to short-term liabilities. It is introduced in stages. The minimum value is: 60% in 2014 and 2015, 70% in 2016, 80% in 2017 and 100% starting from 2018.

Leasing – The agreement, whereunder the owner of an assets item (lessor) provides the user (lessee) with the right to use the assets item for a defined period in exchange for payment or a series of payments.

Loss Given Default (LAG) – the percentage loss on the total exposure in the event of counterparty insolvency.

Total capital ratio (TCR) – Calculated as the ratio of own funds to assets and off-balance sheet liabilities including risk weights; a ratio calculated in accordance with Basel III regulations.

CAPI method Computer Assisted Personal Interview – a research method that involves interviewing the respondent using mobile devices on which the answers given are recorded.

CAWI method Computer Assisted Web Interview – a research method that involves interviewing the respondent using survey questionnaires provided electronically.

Markets in Financial Instruments Directive II (MiFID II) – Directive on the service and sale of investment products and advice thereon.

Minimum Requirement for own funds and Eligible Liabilities (MREL) – minimum level of own funds and liabilities subject to write down or conversion. The institution transposed into Polish law under the Act on the Bank Guarantee Fund, Deposit Guarantee Scheme and Resolution of 10 June 2016.

IAS – International Accounting Standards; gradually superseded by the IFRS, i.e. International Financial Reporting Standards.

IFRS – International Financial Reporting Standards and their interpretations approved by the International Accounting Standards Board.

Mystery Shopper – One of the methods used to score the client service satisfaction where service quality is assessed during client sales and service points visits.

Non-performing loans (NPL) – in simple terms, these are 'bad' loans; this means that clients fail to repay their loans on time or are very likely not to

do so in the future. Pursuant to IFRS 9 the term covers receivables reflected in Stage 3 and POCI (purchased or originated credit impairment) assets.

NBP – National Bank of Poland – a central bank which acts as the issue bank, the bank of banks and the central state-owned bank.

NPS Net Promoter Score – a method for assessing client loyalty. Client database is split into three categories: promoters, neutral clients and detractors. NPS ratio is the difference between the share of promoters and detractors in the entire client database.

NSFR Net Stable Funding Ratio. It is computed as the ratio of available stable funding to require stable funding. In accordance with the Regulation of the European Parliament and of the Council (EU) No 876/2019, the minimum level of the ratio is 100% and is valid from the end of June 2021.

OHI Organisational Health Index – a survey of organisational health.

PACE – An organised process boosting innovations across ING Group. It fosters a fast market launch of new products and services, developed by small and independent scrums.

Interest liabilities – Liabilities generating interest cost for the bank; client deposits form their major portion.

PD Probability of Default – a measure of the likelihood of default.

GDP – Gross Domestic Product – Aggregated market value of goods and services produced by national and foreign factors in a given country and in a given period.

Bank levy – a popular name of the tax on certain financial institutions. a tax of 0.0366% per month (0.44% per annum) is levied on the value of assets at the end of the month after previous deductions.

Coverage of the impaired loan portfolio with write-offs *NPL coverage ratio*. Ratio of impairment allowances on loans and other receivables



granted to clients to impaired loans and other receivables granted to clients. Under IFRS 9, it is the ratio of the write-downs of receivables in stage 3 and POCI to the value of these receivables.

RAS Risk Appetite Statement – a document that sets out the maximum amount of risk the group is prepared to accept against a given type of risk.

Credit rating – Evaluation of the ability of a legal entity drawing a loan to repay the debt in full that is to repay interest and principal on the contractual terms and conditions. The entity can be both a company and a state, for example.

Yield on interest-earning assets – Annual interest income / average interest-earning assets for 5 consecutive quarters.

Monetary Policy Council (MPC) – a body of the National Bank of Poland (NBP). Its tasks include but are not limited to determining the NBP interest rates.

Retail segment – Simply: natural persons and natural persons running business.

Corporate segment – Simply: natural persons running their own business, clients of mid and big companies segments and strategic clients.

Adjusted Return on Equity (ROE) – adjusted for MCFH – Return on – return on equity excluding the revaluation reserve for the cash-flow hedging instruments – net profit/ average equity for 5 subsequent quarters (excluding the revaluation reserve for the cash-flow hedging instruments).

SWIFT Society for Worldwide Interbank Financial Telecommunication. SWIFT participates in international transactions between financial institutions.

Carbon footprint – The total set of greenhouse gas emissions caused directly or indirectly by an individual, organisation, event or product.

Tier 1 – Top-quality capital, computed in line with Basel III regulations.

United Nations Environment Program Finance Initiative – a global partnership between the United Nations and over 200 representatives of the world financial sector. The partnership seeks to promote sustainable funding.

United Nations Global Compact – The largest global initiative gathering business striving after sustainable growth.

Value at Risk (VaR) – this indicator measures the potential loss that is expected not to be exceeded given a certain level of probability.

WCAG – International guidelines on making Web content more accessible. These guidelines read how to make content accessible to everyone, regardless of one’s ability, age, equipment or software.

WIBOR Warsaw Interbank Offered Rate – It is a reference interest rate of loans on the Polish interbank market.

Impaired Loans (NPL Ratio) Non-Performing Loans Ratio – simplified, this is the share of “bad” loans in the total gross loan portfolio. Under IFRS 9, this is the share of Stage 3 and POCI receivables in the total gross receivables portfolio.

Loans/Deposits (L/D) ratio – Loans and other receivables granted to clients net of liabilities to clients.

Risk cost margin ratio – Net loan loss provisions (pursuant to IFRS 9: allowances for expected credit losses and provisions for legal risk of foreign currency mortgage loans) to the average value of the gross loan portfolio for 5 consecutive quarters.

Interest margin ratio – Annual net interest result / average interest assets for 5 consecutive quarters.

Cost share ratio (C/I) Cost to Income ratio – Ratio calculated as the ratio of operating expenses (excluding bank levy) to income, including net profit of associates consolidated by the equity method.

Return on Assets (ROA) Return On Assets – annual net profit / average assets for 5 consecutive quarters.

Return on Equity (ROE) Return On Equity – annual net profit / average capital value over 5 consecutive quarters.

Tier 1 capital ratio – Ratio of Tier 1 capital to assets and off-balance sheet liabilities including risk weights; ratio calculated in accordance with Basel III regulations.



Legal changes

Changes in the banking sector regulations

Name	Effective date	Description
Recommendation Z on the principles of internal governance in banks	1 January 2022	Recommendation Z is a collection of good practices in the field of internal governance. The internal governance includes in particular: the bank management system, the bank’s organization, principles of operation, powers, duties and responsibilities as well as mutual relations between the supervisory board, the management board and persons performing key functions in the bank.
Recommendation R on principles for classification of credit exposures, estimation and recognition of expected credit losses and management of credit risk	1 January 2022	The revised Recommendation R is a set of good practices concerning the classification of credit exposures, estimation and recognition of expected credit losses, in accordance with the accounting and credit risk management policies adopted and applied by banks. The need to develop Recommendation R in a new wording resulted in particular from the entry into force of International Financial Reporting Standard 9 (IFRS 9) in 2018.
Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment, amending Regulation (EU) 2019/2088	The regulation entered into force on 12 July 2020, but the specific requirements apply from 1 January 2022/1 January 2023	The EU taxonomy provides for the extension of the scope of non-financial reporting to include information on how and to what extent a company’s activities are related to economic activities that qualify as environmentally sustainable.
Act of 29 October 2021 amending the act on tax on goods and services and certain other acts	01 January 2022	<p>The introduction of the National e-Invoice System (KSeF), i.e. a nationwide ICT system operated by the Ministry of Finance, in which entrepreneurs will be able to issue and receive electronic structured invoices. This will be one of the acceptable forms of documenting sales alongside paper invoices and electronic invoices. Structured invoices will be issued based on a uniform logical structure provided by the Ministry of Finance.</p> <p>From 1 January 2022, the use of the e-Invoice system will be voluntary, while in 2023 it is planned to introduce universal invoicing based on KSeF in Poland.</p>
The Act of 29 October 2021 amending the Act on Personal Income Tax, the Act on Corporate Income Tax and certain other acts, the so-called “Polish Deal”	1 January 2022	<p>This Act is referred to as the Polish Deal (originally: New Deal) and introduces a significant number of changes to existing tax principles, in particular personal income tax, of systemic importance. Tax changes in the area of personal income tax include, inter alia, elimination of the possibility to deduct health contributions from personal income tax, increase in the amount of the tax-free sum, introduction of the so-called middle class relief or the so-called return relief.</p> <p>The Act also introduces a number of changes to corporate income tax.</p> <p>In addition to the numerous changes to income taxes, the Polish Deal also affects value added tax.</p> <p>In addition to the above, as a result of the amendment to the Tax Ordinance, the Polish tax system implements a completely new instrument called the “investment agreement”, which enables the conclusion of an agreement between an investor and a tax authority on the tax consequences of a planned investment in the territory of the Republic of Poland. The investment agreement is to take the form of an agreement concluded between the tax authorities and a taxpayer who is an investor that plans or has commenced investments in the territory of Poland with a value of at least PLN 100 million (PLN 50 million from 2025). The conclusion of this agreement is therefore intended to provide a protective power with regard to the tax consequences of the planned/conducted investment covered by the agreement concluded.</p>



[Regulation of the Minister of Finance of 11 March 2022 on abandoning the collection of income tax on certain income \(revenues\) related to a mortgage loan granted for housing purposes](#)

15 March 2022

The regulation specifies that the PIT waiver applies to:

- amounts of housing loan claims if they relate to one housing development and the individual has not benefited from the write-off of housing loan claims for another housing development,
- revenue resulting from the application of a negative interest rate on the loan.

The waiver is to be applied to income (revenue) earned from 1 January to 31 December 2022. Thus, it will also cover persons who have entered into settlements between 1 January 2022 and the date of entry into force of the regulation, if such persons meet the conditions listed in the regulation.

The regulation also provides for the waiver of CIT collection from lenders, on income corresponding to the equivalent of redeemed loan receivables, on that part of the capital of the redeemed loan on which PIT collection is waived.

[Act of 7 April 2022 amending the Act on mortgage bonds and mortgage banks and certain other acts](#)

7 May / 8 July 2022

The law aims to implement the provisions of Directive (EU) 2019/2162. In this respect, the changes concern the definitions and obligations relating to the issuance of mortgage bonds by mortgage banks.

In addition, the Act supplements the Banking Law with provisions on the principles for the creation and operation of an institutional protection system, with the aim of also enabling commercial banks, operating in the form of joint stock companies, to create institutional protection systems, under principles similar to those for cooperative banks. The purpose of the operation of the protection scheme is to ensure the liquidity and solvency of each of its participants under the terms of the Act and the protection scheme agreement, in particular by providing loans, guarantees and sureties under the terms of the protection scheme agreement.

The Act also introduced the possibility for the Council of the Bank Guarantee Fund to reduce the target level of the deposit guarantee scheme funds in banks to a level not lower than 1.6% of the amount of funds guaranteed in banks and branches of foreign banks covered by the mandatory deposit guarantee scheme. The obligation to pay the contributions due for 2022 to the mandatory deposit guarantee scheme paid by banks was suspended until 31 October 2022. In addition to this, the amendment deals with provisions related to the compulsory restructuring of banks.

The Act introduced, on the grounds of PIT and CIT, exemptions from tax on interest or discount on bonds issued by the Bank Guarantee Fund and offered on foreign markets, as well as income from the disposal of these bonds against payment, obtained by taxpayers with the status of a tax non-resident, i.e. without a registered office or management in the territory of the Republic of Poland.

[Act of 20 May 2021 on the Protection of the Rights of the Purchaser of a Dwelling or Single-Family House and the Developer Guarantee Fund](#)

1 July 2022

Among other things, the Act sets out the principles for banks to maintain housing trust accounts. As a result of the changes, the bank's control over the implementation of development projects has been extended. The Act also provides for the intermediation of banks for contributions from developers to the Developer Guarantee Fund.

[Act of 8 June 2022 on amending certain acts in order to automate the handling of certain matters by the National Fiscal Administration \(](#)

7 July 2022

The aim of the law was to automate the handling of certain matters handled by the National Tax Administration, it continues: KAS, using KAS ICT systems. The e-Fiscal Office ICT system has replaced the tax administration's previous tool, the Tax Portal. E-US is an information and transaction service for taxpayers, payers, attorneys, bailiffs and notaries. It enables taxpayers to deal with their affairs online in a comprehensive manner, mainly in the areas of VAT, PIT and CIT.

By the power of this law, changes were also introduced in the field of CIT and PIT, concerning transfer pricing. The changes included an extension of the deadline for submitting transfer pricing information and a statement on the preparation of local transfer pricing documentation:

[Act of 7 July 2022 on crowdfunding for business ventures and assistance to borrowers](#)

29 July 2022

The Act introduces tools to assist borrowers, including the possibility to temporarily suspend repayments of mortgage instalments granted in Polish currency (so-called credit holidays). This applies to contracts entered into to meet one's own housing needs. The solutions provided for



		<p>in the Act are also intended to allow for the replacement of the WIBOR index. In addition, the amount of the Borrower Support Fund, which is financed by contributions from banks, has been increased. By 31 December 2022, lenders were required to make additional contributions to the Borrower Support Fund totalling PLN 1,400,000,000.</p> <p>This amount will not be deductible. The deadlines for the contributions and the amount thereof was determined by resolution, by the Council of the Borrowers' Support Fund.</p>
Regulation of the Minister of Finance of 29 August 2022 on the extension of certain deadlines for payers to perform their obligations with regard to flat-rate income tax	31 August 2022	<p>The regulation changed the validity dates of the WH-OSC and WH-OSP statements submitted in order to apply the withholding tax (WHT) preference once the amount of PLN 2 million is exceeded in a given year and the <i>pay & refund</i> mechanism is not applied.</p> <p>The extension of the deadline applied only to those declarations which had been made within the statutory deadline and whose validity had not expired at the date of entry into force of the regulation.</p>
The Act of 09 February 2022 amending the Act on the Code of Commercial Companies and certain other acts	13 October 2022	<p>The amendment introduces regulations for groups of companies and also concerns the functioning of the management and supervisory boards. Among other things, the scope of the management board's information obligations towards the board has been clarified and the possibility for the board to directly appoint advisers has been introduced. The law also regulates the liability of board and council members. a member of a corporate body does not breach the duty of care arising from the professional nature of his or her activities if, in acting loyally towards the company, he or she acts within the limits of reasonable economic risk.</p>
Act of 4 November 2022 amending the Act on Counteracting Excessive Delays in Commercial Transactions and the Public Finance Act	8 December 2022	<p>The Act introduced:</p> <ul style="list-style-type: none">• simplification of the reporting obligation on payment practices,• clarification and regulation of the reporting obligation on payment practices,• improving the efficiency of dealing with excessive delay in monetary payments and making the punishment model more flexible. <p>Other changes include:</p> <ul style="list-style-type: none">• the power not to seek compensation from executive agencies,• making the declaration of their status mandatory for all large entrepreneurs, the declaration will be made once per business relationship and an update will be required if there is a change in status – under the current rules, the declaration is made for every business transaction,• introducing the invalidity of a contractual reservation prohibiting the creditor from disposing of the claim.
Act of 01 December 2022 amending the Excise Duty Act and certain other acts	31 December 2022 / 1 January 2023	<p>The law introduces, among other things, an obligation for banks to provide the National Tax Administration with information on the merchant's payment transactions carried out using a payment terminal, software or ICT system.</p>
Act of 07 October 2022 amending the act on corporate income tax and certain other acts	1 January 2023 with exceptions	<p>By virtue of this law, referred to as the Polish Deal 3.0, the provisions of the CIT Act, among others, were amended, in particular with regard to:</p> <ul style="list-style-type: none">• Modification of the legislation and extension of the exemption from minimum income tax.• Repeal with effect from 1 January 2023 of the 'hidden dividend' provisions introduced by the Act of 29 October 2021 (the so-called Polish Deal 1.0) on the basis of added Article 16(1)(15b) and (1d) and (1e) of the CIT Act.• Amendments to the regulations on foreign controlled entities.• Amendments and clarifications to the provisions on tax on flipped income.• Changes to withholding tax (WHT).



- Changes to the accounting for debt financing costs in tax costs (CIT Act).
- Amendments to the provisions on relief for bad debts consisting of the repeal of Article 18f(19) of the CIT Act and, respectively, Article 26i(19) of the PIT Act, resulting in the resignation from the relevant attachment to the tax return (CIT and PIT Act) in which such data was disclosed.
- Improvements to the PSH legislation (CIT Act).
- Amendments to the legislation on flat-rate taxation of corporate income (CIT Act).
- Simplification of the tax refund procedure for income from buildings (CIT and PIT Act).
- Amendments to the regulations on the documentation obligation in respect of so-called “paradise transactions” (CIT and PIT Act).
- Changes to the obligation to submit transfer pricing information to the taxpayer’s competent Head of the Tax Office (Tax Ordinance).
- Introduce a transitional provision regulating the settlement of losses in companies forming PGKs (Polish Deal 1.0).
- Amendments to the provisions concerning the first deadline for filing the JPK/CIT in the event of early termination of the tax year (Polish Deal 1.0).



Management Board statement

Correctness and reliability of the presented financial statements

According to the best knowledge of the Bank’s Management Board, the financial data for 2022 and comparable data presented in the annual financial statements of ING Bank Śląski S.A. and the annual consolidated financial statements of the ING Bank Śląski S.A. Group have been prepared in accordance with the applicable accounting principles and reflect truthfully, fairly and clearly the financial and economic standing of the Bank and the Bank’s Group and the financial result achieved by the Bank and the Bank’s Group. The Management Board’s report contained in this document presents a true view of the development, achievements and situation (including a description of the basic types of threats and risks) of the Bank and the Bank’s Group in 2022.

In the opinion of the Management Board, this Management Report on ING Bank Śląski Group 2022 has been prepared in accordance with the Integrated Reporting Guidelines (The International <IR> Framework).



SIGNATURES OF THE MANAGEMENT BOARD MEMBERS OF ING BANK ŚLĄSKI S.A.

2023-03-15	Brunon Bartkiewicz President	The original Polish document is signed with a qualified electronic signature
2023-03-15	Joanna Erdman Vice-President	The original Polish document is signed with a qualified electronic signature
2023-03-15	Marcin Giżycki Vice-President	The original Polish document is signed with a qualified electronic signature
2023-03-15	Bożena Graczyk Vice-President	The original Polish document is signed with a qualified electronic signature
2023-03-15	Ewa Łuniewska Vice-President	The original Polish document is signed with a qualified electronic signature
2023-03-15	Michał H. Mrożek Vice-President	The original Polish document is signed with a qualified electronic signature
2023-03-15	Sławomir Soszyński Vice-President	The original Polish document is signed with a qualified electronic signature
2023-03-15	Alicja Żyła Vice-President	The original Polish document is signed with a qualified electronic signature