2021-12-15 Report No. 34/2021: Dividend policy update.

Further to current report no. 9/2020 of 6 March 2020, the Management Board of ING Bank Śląski S.A. ("Bank") hereby communicate that on 15 December 2021 the Bank Supervisory Board have approved the updated ING Bank Śląski S.A. Dividend Policy ("Policy").

The Policy has been updated primarily to accommodate for the requirements of Polish Financial Supervision Authority ("PFSA") Recommendation Z in the following manner:

1. by adding the assumed range of the dividend payout ratio of up to 50% of the Bank's net profit,
2. by adding the condition of the macroeconomic landscape taken into account while determining the dividend,
3. by adding the possibility of paying a higher dividend, e.g. from previous-years' undivided profit, provided that the payout terms and conditions are met, and
4. adding a reference to the Best Practice for GPW Listed Companies 2021 that was adopted by the Bank.

The key assumptions of the ING Bank Śląski S.A. Dividend Policy:

1. ING Bank Śląski S.A. endorses in the foreseeable future a stable process of dividend payout up to 50% of a yearly net profit of the Bank, in adherence to the rules of prudent management and any and all regulatory requirements which the Bank shall comply with and taking into account the adopted Best Practice for GPW Listed Companies 2021.
2. A proposal to pay a dividend in the amount higher than the dividend ratio referred to in point 1 is possible when it is justified by the financial standing of the Bank (e.g. from undivided profit from previous years) and provided that all other requirements set out in the law and the Policy are met.
3. The Dividend Policy endorses the option to pay dividend from the capital surplus over the minimum capital adequacy ratios and over the minimum capital ratios set for the Bank by the PFSA for dividend payout purposes:
    a. minimum common equity Tier 1 (CET1) at the level of 4.5% + combined buffer requirement[1],
    b. minimum Tier 1 (T1) at the level of 6.0% + combined buffer requirement[1],
    c. minimum total capital ratios (TCR) at the level of 8.0% + combined buffer requirement[1],

    where the footnote [1] means the combined buffer requirement binding in a year of dividend payment.

4. When deciding on the proposed amount of dividend payout, the Bank Management Board considers Polish Financial Supervision Authority's stance on the banks' dividend policy, which is subject to official announcement, as well as the following terms and conditions:
    a. the current financial standing of the Bank and the Bank Group, including limitations in the case of sustaining a financial loss or low profitability (low ROA/ROE),
    b. Bank's and Bank Group's assumptions of the management strategy and risk management strategy,
    c. limitations under Article 56 of the Act on macroprudential supervision over the financial system and crisis management in the financial system of 5 August 2015,
    d. the need to adjust profits of the present period or unapproved annual profits recognised as own funds with foreseeable dividends, according to Article 26 of the EU Regulation No. 575/2013,
    e. macroeconomic environment.

Legal grounds: Article 17.1 of Regulation of the European Parliament and of the Council (EU) No. 596/2014 of 16 April 2014 (Market Abuse Regulation).