

## **Report on remuneration of the Supervisory Board and Management Board Members of ING Bank Śląski S.A. for the year 2022**

This report was drafted pursuant to the Act of 29 July 2005 on Public Offering and on the Terms of Introducing Financial Instruments into Organized Trading and on Public Companies (Journal of Laws of 2022, item 2554 of 09.12.2022) which introduced the duty to prepare annual reports on the remuneration of the Management Board and of the Supervisory Board, and to have that report assessed by the statutory auditor. The structure and the scope of the report derive explicitly from Article 90g(2) of the said Act.

The Supervisory Board presented the first report on the remuneration of the Members of the governing bodies to the Ordinary General Meeting of ING Bank Śląski S.A. on 15 April 2021. The report covered remunerations for the years 2019 and 2020. With Resolution No. 6, the Ordinary General Meeting gave positive opinion on the report on the remunerations of the Supervisory Board and the Management Board of ING Bank Śląski S.A. (the "Bank").

In the following year, in accordance with Resolution No. 6 of the Ordinary General Meeting of ING Bank Śląski S.A. of 7 April 2022 on the opinion to the Supervisory Board report on the remuneration of Supervisory Board Members, the General Meeting issued a positive opinion to the report on the remuneration of the Supervisory Board and the Management Board of ING Bank Śląski S.A. for 2021, as presented by the Supervisory Board.

### **I. INTRODUCTION**

As required under the Act of 16 October 2019 Amending the Act on Public Offering and on the Terms of Introducing Financial Instruments into Organized Trading and on Public Companies and Certain Other Acts, the Bank introduced the *ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy*. The Policy was adopted by way of Resolution No. 29 of the Ordinary General Meeting of ING Bank Śląski S.A. of 2 April 2020.

As a result of the annual review of the internal regulations, the Supervisory Board of ING Bank Śląski S.A. approved, pursuant to Resolution no. 105/XXI/2020 of 20 November 2020, changes to the *Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A.*, effective as of 1 January 2021. Respective amendments were introduced to the *ING Bank Śląski S.A. Supervisory Board and Management Board Members Remuneration Policy*. The most important change assumed the extension of the deferral period of variable remuneration of Members of the Management Board to 5 years (excluding the President of the Management Board, to whom the deferral period of 6 years applies).

The most recent changes to the Policy were adopted by way of Resolution No. 32 of Ordinary General Meeting of ING Bank Śląski S.A. of 7 April 2022. The amendments concerned the level of remuneration of the Supervisory Board Members, changes to the incentive programme applicable to the Management Board Members and specifying in more detail the provisions, whereby the total remuneration of the Management Board Members is linked to the remuneration of other employees.

As regards the remuneration of other employees, the *ING Bank Śląski S.A. Group Employees Remuneration Policy* has been in effect since 1 January 2017. The document sets out the key assumptions of the remuneration policy applied in order to attract and retain employees by ensuring a salaries level that is competitive on the market, and it defines the remuneration components. Detailed principles arising from the *Policy* are specified in greater detail by:



- 1) *Variable Remuneration Policy for Identified Staff*<sup>1</sup> of ING Bank Śląski S.A.,
- 2) *ING Bank Śląski S.A. Employees Remuneration Bylaw*, including enclosures thereto:
  - a) *ING Bank Śląski S.A. Employee Evaluation Bylaw (Step Up)*, and
  - b) *ING Bank Śląski S.A. Identified Staff Evaluation Bylaw*.

## II. TOTAL REMUNERATION OF THE BANK GOVERNING BODIES' MEMBERS

Pursuant to Article 90g Section 2 Item 1 of the Act, we disclose the amount of the total remuneration sub-divided into components referred to in Article 90d Section 3 Item 1, and the proportions of those remuneration components. At the same time, we account for the provisions of Section 5, whereby where the remuneration of the management board and of the supervisory board members includes cash payments or non-monetary benefits awarded to close ones of those persons, the report on remuneration should include information on the value of those benefits.

### 1. Structure of the Supervisory Board Members' remuneration

Due to the supervisory function of the Supervisory Board, the Supervisory Board Members are only awarded **fixed remuneration** that is not conditional on the Bank's performance. The fixed remuneration of the Supervisory Board Members consists of:

- a) base remuneration which amounts to PLN 13,300 (in words: thirteen thousand three hundred PLN <sup>00/100</sup>) gross a month, and
- b) a monthly allowance for each additional function held by the Supervisory Board Members on the Supervisory Board or its committees, which is set as a percentage of the base salary and which is as follows:
  - Chairperson of the Supervisory Board – 100%,
  - Deputy Chairperson of the Supervisory Board and Members who are Chairpersons of the Supervisory Board Committees – 25%,
  - Members other than Chairpersons of the Supervisory Board Committees – 15%.

The remuneration of a Supervisory Board Member is paid regardless of the frequency of the Supervisory Board meetings and it is paid on the last business day of any given month.

Members of the Supervisory Board who also hold other functions in ING Bank N.V. perform their tasks on the Supervisory Board without payment.

### 2. Structure of the Management Board Members' remuneration

The total remuneration is set out in the *Executive Remuneration Bylaw for Members of the Management Board of ING Bank Śląski S.A.* It consists of fixed remuneration and variable remuneration, or the annual bonus. Fixed remuneration is composed of:

- a) the **base remuneration** which is determined in conjunction with a benchmark according to a selected job valuation methodology, based on a role description in reference to the knowledge, challenges, issues and responsibilities in a given position, as well as the professional experience.

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<sup>1</sup>Identified Staff – persons employed at the Bank, identified as having material impact on the risk profile of ING Bank Śląski S.A. on the basis of the criteria indicated in the Enclosure 1 to the *Variable Remuneration Policy for Identified Staff of ING Bank Śląski S.A.* according to the provisions of the Regulation of the Minister for the Development and Finance and the RTS Regulation.



The terms of remuneration of the Management Board Members are determined upon taking into account the market data, including the median for comparable positions at comparable organisations, and upon accounting for the Bank's operations and its financial situation.

The base salary of the Members of the Management Board for a given month is paid in arrears on the last business day of the month,

b) **fringe benefits**, which comprise:

- life insurance,
- contributions to the investment fund,
- medical care,
- a company car,
- benefits related to termination of the employment contract,
- in justified cases the Supervisory Board may, upon the Remuneration and Nomination Committee's recommendation, decide to cover, temporarily, additional costs related to a long-term foreign contract of a Management Board Member, such as the costs of accommodation or education of the Management Board Member's children.

c) **variable remuneration**, or the annual bonus. The criteria for the award of variable remuneration are in line with the long-term business strategy, the values and risk appetite of the Bank; they promote and support the effective risk management board process, and support long-term interests of the Bank and its clients. The bonus is deferred for five years from the date on which the Supervisory Board determined the variable remuneration (in case of the President of the Management Board, the deferral period is six years). Where a Management Board Member is awarded variable remuneration below the amounts defined by the Supervisory Board in the *Executive Remuneration Bylaw for Members of the Management Board*, the deferral is not applied. Where a Management Board Member is awarded a particularly high variable remuneration defined in the said *Bylaw*, no more than 60% of the awarded variable remuneration is deferred.

The annual non-deferred and deferred annual bonus is sub-divided into two parts (rounded up to the integer number of financial instruments):

- at least 50% in the shares of ING Bank Śląski S.A. or other financial instruments which entitle the holders to receive funds in an amount conditional on the value of the ING Bank Śląski S.A. shares, and
- the remaining portion is paid out in cash.

With Resolution No. 29 of 7 April 2022, the Ordinary General Meeting of the Bank decided to establish an incentive programme at the Bank addressed at people having material impact on the risk profile of the Bank. As part of the Programme, own shares will be awarded free of charge as a component of variable remuneration for Identified Staff within the meaning of the Regulation of the Minister for Finance, Development Funds and Regional Policy of 8 June 2021 on risk management system and internal control system, and remuneration policy at banks (Journal of Laws of 2021, item 1045).

The new programme replaced the existing solution, under which a portion of variable remuneration was paid out in the financial instrument, or phantom equity. The new programme entered into force as of 1 July 2022, and the persons covered by that solution (including but not limited to the Management Board Members) received the relevant amendment agreements to their contracts of employment. The variable portion of remuneration for the period from 1 January 2022 until 30 June 2022 will be paid out



in phantom equity, on terms and conditions set out in the existing programme, and in own shares on terms and conditions set out under the new programme, in proportion to the effective term of the existing- and the new programme during the period from 1 July 2022 and 31 December 2022. The period from 1 January 2023 and 31 December 2023 will be the first full period for which the variable portion of remuneration will be paid out on own shares.

In order for the Programme to work, it is necessary to obtain an adequate number of own shares from the market. According to the Programme assumptions, the Ordinary General Meeting of the Bank authorised the Bank Management Board to acquire own shares.

Where it is actually impracticable to purchase the shares on the market or where it is impossible without excessive difficulties or within the assumed time sheet, in order to continue to effect the Bank's obligations under the Programme, the Bank Management Board may decide, upon consent of the Supervisory Board, to replace the own shares with any other financial instruments whose value is conditional on the value of the Bank shares, or the Bank Management Board may decide to effect the Bank's obligations under the Programme in any other way to achieve its objectives.

The rights to phantom equity awarded before the initial date of the new programme will be exercised according to the existing rules. Most significantly, the deferred portions of the remuneration awarded in phantom equity will not be converted to own shares.

Variable remuneration for a given year is determined by the Supervisory Board in the year following the year subject to assessment. Only the non-deferred portion in the form of cash is paid out, not later than within seven business days following the approval of the annual financial statements of the Bank by the General Meeting of ING Bank Śląski S.A.

A holding period applies to a bonus awarded in financial instruments, during which a Management Board Member may not exercise the rights relating to the awarded instruments. The period is one year from the financial instruments' award date.

The Bank Management Board Members receive information on the number of financial instruments awarded as part of their deferred and non-deferred bonus not later than by 30 April of the following year. The own shares awarded to the Bank Management Board Members are recorded in their securities accounts not later than on the last day of the holding period. If the conclusion of the agreement on the acquisition of own shares falls during the closed period, the agreement will be concluded after the end of that period.

A Management Board Member who does not have the right to acquire the deferred Annual Bonus will not acquire the right to that part of the bonus until the end of a given deferral period.

3. A breakdown of total remuneration for the year 2022 by components is presented in Enclosure 1 herewith. The base salary and other benefits constituting the components of the fixed remuneration were paid in 2022. Variable remuneration determined for 2022, however, will be paid in the following years:
  - the non-deferred portion in cash – in 2023,
  - the non-deferred portion in the form of financial instruments – in 2024,
  - deferred parts in cash – in the years 2024-2028 (2029 – in the case of the President of the Management Board),
  - deferred parts in the form of financial instruments – in the years 2025-2029 (2030 – in the case of the President of the Management Board).



### III. COMPLIANCE WITH THE REMUNERATION POLICY

*Pursuant to Article 90g Section 2 Item 2 of the Act, we explain how the total remuneration complies with the adopted remuneration policy and how it helps achieve the long-term performance of the company*

#### 1. Compliance with the ING Bank Śląski S.A. Group Remuneration Policy

- 1) The *Remuneration Policy at ING Bank Śląski S.A. Group* relies on performance management. It supports the process of attracting, motivating and retaining talented employees, and is conducive to their development, while treating all employees in a fair manner. The remuneration policy:
  - a) supports the implementation of the business strategy, as well as the long-term interests of the Bank and its clients,
  - b) supports the correct and effective risk management in order to maintain and protect a safe capital base of the Bank and it does not encourage taking excessive risks beyond the risk appetite approved by the Supervisory Board of ING Bank Śląski S.A.,
  - c) is gender-neutral which means that it does not create conditions for unjustified privilege of either gender in terms of pay conditions.
- 2) The Bank identifies social- and environmental risks diagnosed as part of the sustainability strategy. The remuneration policy is aligned with the strategy adopted at the Bank for a given period and it supports corporate social responsibility which is reflected by the goals set for the employees for a given year. At the same time, the Policy does not promote actions that are against sustainable growth.
- 3) The purpose of the remuneration policy is to ensure that the conflicts of interest relating to remuneration are identified and mitigated properly. The process for awarding variable remuneration involves adequate risk-mitigating actions, that is a multi-level decision-making process as well as clear and transparent rules of performance assessment; those rules are communicated to all employees.
- 4) ING Bank Śląski S.A. does not provide for any form of remuneration that might be perceived by the employees as an incentive to favour their own interests or the Bank's interests to the detriment of the clients. The principles of remunerating persons who act on the Bank's behalf do not encourage people to take excessive risks of improper product sale.
- 5) The variable remuneration remains at an adequate proportion to the fixed remuneration. Its level vis-à-vis fixed remuneration should be high enough to encourage people to care about the long-term and stable development of the Bank. It is agreed that the fixed remuneration to variable remuneration ratio shall be 1 to no more than 1, which means that variable remuneration may not be greater than the fixed remuneration.
- 6) As regards the fixed remuneration of the Bank Supervisory Board and Management Board Members, a rule was adopted to tie those salaries to the average remuneration of other Bank employees. The monthly fixed remuneration for:
  - a) Supervisory Board Members represents no more than 10-fold average base remuneration of an employee of ING Bank Śląski S.A.
  - b) Management Board Members represents no more than 40-fold average base remuneration of an employee of ING Bank Śląski S.A.
- 7) The remuneration system is open and transparent, and its rules are communicated to all employees of the Bank.



- 8) In an effort to ensure a competitive level of remuneration, it follows the market median. The Bank reviews the remuneration levels on an annual basis. The analysis focuses on market data – pay reports as well as economic information.
  - 9) The Supervisory Board of ING Bank Śląski S.A. approves the Remuneration Policy and oversees compliance therewith, based on the recommendations of the Remuneration and Nomination Committee of the ING Bank Śląski S.A. Supervisory Board. The review results, along with the recommendation of adequate measures in the remuneration area, are presented to the Management Board by the HR units. Based on the review results, Management Board accept the directions and changes, if any, to the remuneration policy for a given calendar year, and presents the Policy to the Remuneration and Nomination Committee for recommendation and to the Supervisory Board for approval.
  - 10) Each year, the Supervisory Board draw up a report on the implementation of the remuneration policy. The General Meeting assess, based on the report, whether or not the Policy is conducive to the development and safety of the Bank's operations.
  - 11) The Risk Committee verify whether or not the elements of the remuneration system account for the risk, capital and liquidity. A representative of the Risk Committee takes part in the meetings of the Remuneration and Nomination Committee and vice versa.
  - 12) The General Meeting assess each year whether or not the Remuneration Policy is conducive to the development and safety of ING Bank Śląski S.A. operations.
  - 13) The remuneration policy is subject to an annual independent internal audit.
  - 14) The control functions and the CFO Division units take an active part and cooperate during the review of the Bank's remuneration policy with a view to ensuring its alignment with the strategy and the risk management framework; they also assess the correctness of the capital base and the fulfilment of conditions necessary to activate the bonus pool.
2. Supporting the implementation of the strategy
- 1) The *Supervisory Board and Management Board Members Remuneration Policy* is aligned with the values and long-term interests of ING Bank Śląski S.A., and – as such – it is conducive to the effective management of the Bank's risks and to the company's stability. Furthermore, the Policy supports sustainable growth of the bank, which is understood as actions taken in areas that are meaningful for the society and for the economy, as well as responsibility for and care of the results of those actions, and which is part and parcel of the business strategy. The means to achieve those goals include the following in particular:
    - a) introducing variable remuneration components for the Management Board Members the final amount of which is conditional on the Bank's performance,
    - b) making the payment of the variable remuneration components to the Management Board Members dependent on the Bank's fulfillment of certain capital requirements, and
    - c) inclusion of criteria arising from the adopted Sustainable Growth Strategy in the non-financial targets which are set by the Supervisory Board for the Management Board Members each year.
  - 2) The *Procedure concerning Risk Requirements for Management Board Members Who Are Risk Takers* has been in effect since 2019 to ensure the long-term stability of ING Bank Śląski S.A. and further reinforcement of relations between minimum standards in the risk management area and individual remuneration.

The risk requirements apply to Management Board Members who are Risk Takers, notably:



- a) President of the Management Board – CEO Division,
- b) Vice-President of the Bank Management Board – Retail Clients Division,
- c) Vice-President of the Bank Management Board – Business Clients Division,
- d) Vice-President of the Bank Management Board – Wholesale Banking Division,
- e) Vice-President of the Management Board – CFO Division,
- f) Vice-President of the Management Board – CIO Division,
- g) Vice-President of the Management Board – COO Division.

The procedure allows the Management Board Member in charge of the risk area to make a decision to apply the variable remuneration adjustment ratio. As required, each Management Board Member who is a Risk Taker receives a written notice specifying the risk requirements for a given calendar year. An assessment of the risk requirement fulfilment is performed upon the end of the year; the result of that assessment may lower the variable remuneration of the employee if the risk requirements are not met.

- 3) Furthermore, the Management Board Members are required not to apply their own hedging strategies or insurance concerning remuneration and liability that would neutralise the measures taken by the Bank as part of implementing the policy of variable remuneration components, save for mandatory insurance arising from special provisions.

#### IV. PERFORMANCE CRITERIA

*Pursuant to Article 90g Section 2 Item 3 of the Act, we provide information on the manner of applying performance criteria*

Performance criteria are applied at several levels at ING Bank Śląski S.A.:

##### 1. Performance included in the targets agreed with the employee for a given year

The targets of the Management Board Members may be non-financial or financial. They are determined in three categories of equal weight:

- **Job**, where goals as set regarding e.g. financial performance of the Bank, financial performance of the business line, risk and compliance, operational excellence, clients and their satisfaction, delivery of the strategic projects, motivation and engagement of employees,
- **Orange Code**, under which the individual goals are set regarding the way that the targets are achieved,
- **Stretch Ambition**, which are individually defined goals beyond job expectations the effect of which is e.g. a new quality for the client.

The targets of the Management Board Members who hold control functions arise from their functions and are not tied with results obtained in the areas they control. Upon the end of the assessment period, the Supervisory Board will evaluate the performance of the individual Management Board Members. The evaluation of the task performance is the basis for determining the individual level of variable remuneration.

##### 2. Risk requirements set in regard to Management Board Members other than Members holding control functions

The Management Board Member in charge of the risk area sets individual Risk Requirements for Management Board Members other than those holding control functions. They ensure focusing on the long-term stability of ING Bank Śląski S.A. and further reinforcement of relations between minimum standards in the risk management area and individual



remuneration of the Management Board Members whose activities have a material impact on the Bank's risk profile. On the basis of the assessment of risk requirements fulfilment, the Management Board Member in charge of the risk area makes a decision on the risk ratio corresponding to the level of adjustment of variable remuneration for a given Management Board Member.

**3. Bank's results that are the basis for the decision to disburse the bonus pool**

The annual bonus disbursement is conditional on the Bank's achieving at least 80% of the profit before tax in a given financial year subject to the assessment, as assumed in the plan for that year. The Bank's result taken into consideration accounts for the Bank's risk costs and the costs of liquidity risk in a long-term perspective, adjusted for the costs of free capital.

In addition, pursuant to the *Capital Management Policy at ING Bank Śląski S.A.*, ING Bank Śląski S.A. tests capital to ensure that the entire bonus pool for all employees does not restrain the Bank's ability to maintain an adequate capital base. Should it be the case, a decision may be taken not to disburse the bonus pool.

**4. Performance subject to assessment in the long-term perspective**

In order to adjust the variable remuneration to the additional risks that were identified or that materialised after the remuneration was awarded, the Bank will defer the variable remuneration of the Management Board Members in accordance with the table below. It is also a rule that at least 50% of the variable remuneration of the President of the Management Board is deferred.

	VARIABLE REMUNERATION AMOUNT	DEFERRAL METHOD
(1)	it does not exceed EUR 10,000* and it does not exceed 10% of the total annual remuneration of a Management Board Member	no deferral
(2)	above the threshold set out in item (1) up to EUR 0.5 million*	40% subject to deferral
(3)	in excess of EUR 0.5 million*	60% subject to deferral

\* The amounts in EUR are converted according to the average EUR/PLN exchange rate announced by the National Bank of Poland effective on the last business day of the year for which the annual bonus is determined.

The deferral period is five years from the moment the variable remuneration was determined by the Management Board of ING Bank Śląski S.A. or by the Supervisory Board. The deferred variable remuneration is awarded each year over a period of five years in five equal instalments, unless the reasons for its decrease or non-payment have occurred. The deferral period for the President of the Management Board is six years, and the deferred variable remuneration is divided into six equal parts.

**5. Ex-post performance verification**

The Supervisory Board may decide to reduce, or not to pay, variable remuneration subject to deferral on the basis of:

- a) verification of performance assessment and/ or
- b) ex-post risk adjustment and capital test.





Verification of performance assessment helps determine whether or not there were any reasons to change the results for the assessment period, given the effects of the work of a given Management Board Member.

Based on the ex-post risk adjustment, the Bank has the right to either reduce or not to pay variable remuneration under the following circumstances:

- a) the occurrence of events that result in the Bank's breach, or threaten the Bank's breach, of the standards set out in Article 142 Section 1 of the Banking Law so that it is necessary to implement the Recovery Plan,
- b) the disbursement of variable remuneration on the basis of data that proved to be false,
- c) if the Management Board Member in question fails to fulfil the relevant standards concerning competence and reputation,
- d) if there is a conflict of interest in relation to the disbursement of a part of variable remuneration in phantom equity of ING Bank Śląski S.A. due to failure to comply with rules concerning the use of inside information and other actions that may influence the price of the ING Bank Śląski S.A. shares in a short-term perspective.

## V. CHANGES TO EMPLOYEES' REMUNERATION OVER A COURSE OF 5 YEARS

*Pursuant to Article 90g Section 2 Item 4 of the Act, we provide information on the change, on an annual basis, of remuneration, company's results and average remuneration of employees of that company other than Members of the management board or of the supervisory board, over at least five most recent financial years, as a total, in a manner that allows comparisons*

A breakdown concerning the change of remuneration, the company's results and average remuneration of employees other than Members of the management board or of the supervisory board is presented in Enclosure 2 herewith.

## VI. REMUNERATION FROM GROUP MEMBERS

*Pursuant to Article 90g Section 2 Item 5 of the Act, we present the level of remuneration from Members of the same group of companies within the meaning of the Accounting Act of 29 December 1994 (Journal of Laws of 2023, Items 120 of 16.01.2023)*

As a rule, the Management Board Members who also hold other functions in the subsidiaries of the ING Bank Śląski S.A. Group perform their tasks in those companies without remuneration. The following subsidiaries are Members of the ING Bank Śląski S.A. Group:

- ING Investment Holding (Polska) S.A.,
- ING Commercial Finance Polska S.A.,
- ING Lease (Polska) Sp. z o.o.,
- ING Usługi dla Biznesu S.A.,
- Nowe Usługi S.A.,
- ING Bank Hipoteczny S.A.,
- SAIO S.A.

and corporate foundations:

- ING for Children Foundation, and
- ING Polish Art Foundation.



Likewise, Members of the Supervisory Board who also hold other functions in ING Bank N.V. perform their tasks on the Supervisory Board without payment. Members of the Supervisory Board waive their right to remuneration in writing.

## VII. AWARD OF REMUNERATION IN FINANCIAL INSTRUMENTS

*Pursuant to Article 90g Section 2 Item 6 of the Act, we present the number of financial instruments awarded or offered, as well as the main terms and conditions of exercising the rights to those instruments, including the exercise price and date, and changes thereto*

Terms and conditions of awarding a part of variable remuneration in financial instruments

The non-deferred and deferred variable remuneration is sub-divided into two parts (rounded up to the integer number of financial instruments):

- a) at least 50% is awarded in financial instruments on the terms and conditions set out in the Policy, with the proviso that own shares are the basic financial instruments,
- b) the remaining portion is paid out in cash to a Management Board Member's bank account designated for the purpose of remuneration payment, not later than within seven business days following the approval of the annual financial statements of the Bank by the General Meetings of ING Bank Śląski S.A.

A holding period applies to variable remuneration awarded in the form of financial instruments. The period is one year from the financial instruments' award date.

The Bank applies the rules of variable remuneration deferral. Where the base value of the annual bonus is lower than, or equal to, EUR 10,000 in gross terms, Management Board Members will acquire the right to the bonus in the amount equal to the base value.

Upon the end of the assessment period, the number of financial instruments to be awarded for a given period is determined according to the following formula:

$$n = z/c$$

where:

**n** – means the number of the financial instruments; if the number of Financial Instruments so determined is not an integer number, it is rounded up to the nearest integer number

**z** – means the base value of a Participant's annual bonus (deferred and/or non-deferred) to be disbursed in financial instruments

**c** – means the median price of the Bank's shares using the closing rate at Giełda Papierów Wartościowych w Warszawie S.A. (the Warsaw Stock Exchange) from the period started on 10 January and ended on 20 February in the year following the Assessment Period

however, in the case of:

- 1) the non-deferred part – the calculation is unconditional,
- 2) the deferred part – the calculation is preliminary and it represents the maximum number of financial instruments to which a Participant might be entitled. The number of financial instruments awarded may be reduced if the annual bonus base value is lowered.

As for variable remuneration for 2022, participants will be awarded phantom equity for the period from 1 January until 30 June 2022 and, ultimately, they will be awarded ordinary shares for the



period from 1 July until 31 December 2022 (provided the relevant permission of the Polish Financial Supervision Authority has been obtained).

Should there materialise legal events that would result in permanent inability to pay out the annual bonus in financial instruments, including the exclusion of the Bank shares from the stock exchange trade, or consolidation of ING Bank Śląski S.A. with another entity, the Supervisory Board will determine new rules of the annual bonus award and payment so as to achieve an economic- and incentive goal that is as close as possible to the goal that would have been achieved had such legal events not materialised.

In such a case, participants will be awarded phantom equity instead of own shares, at a 1:1 ratio. Where own shares are replaced with phantom equity, the own shares will be awarded to the eligible persons at a number proportional to the number of own shares to which they are entitled. Such a number of own shares to which a programme participant is entitled under a given tranche will be rounded down to the nearest integer number.

Phantom equity entitles the holder to receive monies the amount of which results from multiplying the number of phantom equity and the price of own shares. The following formula is applied to that effect:

$$w = l * c$$

where:

- w** means the monies due to a Management Board Member
- l** means the number of phantom equity for which the Holding Period expired
- c** means the median price of the Bank's shares using the closing rate at the Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange) from the period started on 10 January and ended on 20 February in the disbursement year

Enclosure 3 herewith presents the number of awarded or offered financial instruments.

## VIII. RETURN OF VARIABLE REMUNERATION COMPONENTS

*Pursuant to Article 90g Section 2 Item 7 of the Act, we provide information on the use of the possibility to demand the return of the variable remuneration components*

1. The remuneration policy does not envisage a mechanism for the return of the variable remuneration components. In accordance with the effective regulations, there is a mechanism in place so that the deferred bonus is not paid out at all or it is paid out at a lower amount.
2. The Bank uses to that effect advanced measurement methods to estimate the capital base. It also applies the stress-testing policy which ensures an adequate risk management and a proper assessment of current and future capital requirements. The information on that measurement is communicated to the Committee and to the Supervisory Board by the Finance Division of ING Bank Śląski S.A.
3. Upon the end of each calendar year during the deferral period, the Supervisory Board verifies, based on the Remuneration and Nomination Committee's recommendation, the assessment of target completion during the assessment period. Such a verification is conducted by 30 April. The Supervisory Board may decide to reduce, or not to pay, the annual bonus during a given bonus award period if:



- 1) there are circumstances justifying an adjustment (as described in Section IV item 5 hereof)
- 2) the Management Board Member fails to submit a written statement to confirm that s/he does not apply hedging strategies or insurance
- 3) there are other material circumstances that would make the annual bonus payment unacceptable under the principles of common sense and fairness.

#### IX. EXCEPTIONS

*Pursuant to Article 90g Section 2 Item 8 of the Act, we provide information concerning exceptions to the procedure for implementing the remuneration policy and exceptions applied in accordance with Article 90f, including an explanation of the premises and the mode, and indication of elements to which exceptions were applied.*

During the period covered by this report, there were no deviations from the remuneration policy or implementation procedure.



Enclosure 1

Management Board

Remuneration due and awarded to the members of the Management Board of ING Bank Śląski S.A. for 2022

Name and last name	Period from – to	Base salary	Cash benefits <sup>1</sup>	In kind benefits <sup>2</sup>	Fixed Remuneration	Upfront variable remuneration - cash	Upfront variable remuneration - phantom shares <sup>3</sup>		Upfront variable remuneration - own shares <sup>3</sup>		Deferred variable remuneration - cash	Deferred variable remuneration - phantom shares <sup>3</sup>		Deferred variable remuneration - own shares <sup>3</sup>		Variable remuneration granted for the year 2022 <sup>4</sup>	Variable to fixed remuneration ratio	Total variable remuneration - deferred cash as at 31.12.2022 <sup>5</sup>
							value	number	value	number		value	number	value	number			
<b>Brunon Bartkiewicz</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	01.01.2022 - 31.12.2022	2 685 000	463 341	16 808	3 165 149	483 179	236 603	1 378	246 905	1 438	483 179	236 603	1 378	246 733	1 437	1 933 200	61%	2 262 607
<b>Joanna Erdman</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A., ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	01.01.2022 - 31.12.2022	1 440 600	216 090	38 895	1 695 585	311 013	152 470	888	158 994	926	207 342	101 475	591	105 939	617	1 037 232	61%	817 233
<b>Marcin Giżyccki</b> <i>Deputy Chair of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	01.01.2022 - 31.12.2022	1 417 200	212 580	61 234	1 691 014	331 525	162 428	946	169 468	987	221 017	108 171	630	112 807	657	1 105 416	65%	867 005
<b>Bożena Graczyk</b> <i>Chair of the Supervisory Board of ING Bank Hipoteczny S.A., Member of of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o., Member of the Audit and Risk Committee of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	01.01.2022 - 31.12.2022	1 410 000	246 080	16 685	1 672 764	355 221	173 932	1 013	181 659	1 058	236 814	115 898	675	120 877	704	1 184 400	71%	890 734
<b>Ewa Łuniewska</b> <i>Chair of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	01.01.2022 - 31.12.2022	1 198 170	179 726	52 378	1 430 274	280 323	130 664	761	149 894	873	186 882	87 052	507	99 758	581	934 573	65%	354 400
<b>Michał Mrozek</b>	01.01.2022 - 31.12.2022	1 345 500	201 825	37 096	1 584 421	314 762	154 187	898	160 883	937	209 841	102 677	598	107 141	624	1 049 490	66%	505 690
<b>Ślawomir Soszyński</b>	01.01.2022 - 31.12.2022	1 198 500	198 939	16 682	1 414 121	258 760	126 715	738	132 381	771	172 506	84 476	492	88 082	513	862 920	61%	533 375
<b>Alicja Żyła</b>	01.01.2022 - 31.12.2022	1 098 000	164 700	42 709	1 305 409	256 829	122 937	716	134 269	782	171 219	81 729	476	89 456	521	856 440	66%	221 773
<b>Total</b>		11 792 970	1 883 280	282 487	13 958 736	2 591 611	1 259 935	7 338	1 334 452	7 772	1 888 800	918 080	5 347	970 792	5 654	8 963 671		6 452 817

<sup>1</sup>Cash benefits include contributions to the investment fund (15% of the monthly base salary net of the Management Member and equivalent of the life insurance premium in case resignation form the life insurance in-kind benefit)

<sup>2</sup>In-kind benefits include medical care (incl. family members), life insurance, usage of the company car for private purposes and other benefits granted by the Supervisory Board

<sup>3</sup>In case of variable remuneration for 2022 phantom shares are granted for the period 1 January to 30 June 2022 and in a basic financial instrument being an own share for the period from 1 July to 31 December 2022 (subject to obtaining the appropriate permission from the Polish Financial Supervision Authority). Details of the change related to the financial instrument awarded as part of the variable remuneration are included in the Report.

<sup>4</sup>Variable remuneration for the year 2022, determined by the Supervisory Board on the basis of the assessment of individual targets accomplishment is subject to payment as from the year 2023 according to the deferral scheme described in the Report.

Variable remuneration paid in 2022 for previous years amounted to: Brunon Bartkiewicz - PLN 1,4 million, Joanna Erdman - PLN 1,1 million, Marcin Giżyccki - PLN 1,2 million, Bożena Graczyk - PLN 1,1 million, Ewa Łuniewska - PLN 0,3 million, Michał Mrozek - PLN 0,5 million, Ślawomir Soszyński - PLN 0,6 million, Alicja Żyła - PLN 0,08 million

<sup>5</sup>The amount of deferred remuneration includes the deferred parts of the remuneration from 2017-2022, which are subject to payment after 31 December 2022

**Supervisory Board**

Remuneration due and awarded to members of the Supervisory Board of ING Bank Śląski S.A. for 2022			
Name and last name	Period from - to	Fixed remuneration	Other benefits <sup>1</sup>
Aleksander Galos <i>Independent member</i>	01.01.2022 - 31.12.2022	397 188	4 249,67
Dorota Dobija <i>Independent member</i>	01.01.2022 - 31.12.2022	241 428	2 323,00
Monika Marcinkowska <i>Independent member</i>	01.01.2022 - 31.12.2022	218 064	-
Małgorzata Kołakowska <i>Member having ties with ING Group</i>	01.01.2022 - 31.12.2022	-	-
Michał Szczurek <i>Member having ties with ING Group</i>	01.01.2022 - 31.12.2022	-	-
Remco Nieland <i>Member having ties with ING Group</i>	01.01.2022 - 07.04.2022	-	-
Stephen Creese <i>Member having ties with ING Group</i>	01.01.2022 - 31.12.2022	-	-
Aris Bogdanerlis <i>Member having ties with ING Group</i>	07.04.2022 - 31.12.2022	-	-
<b>Razem</b>		856 680	6 573

<sup>1</sup>Reimbursement of ZUS contributions due to exceeding the annual basis for retirement and disability contributions based on the decision of the Social Insurance Institution

Enclosure 2

Changes in the salaries of employees over the period of 5 years											
Bank performance and remuneration data	2017	2018		2019		2020		2021		2022	
	amount	amount	change	amount	change	amount	change	amount	change	amount	change
Gross profit (in mln PLN) - solo ING Bank Śląski S.A.	1 859	2 010	8%	2 217	10%	1 883	-15%	2 971	58%	2 605	-12%
Gross profit (in mln PLN) - total Grupa kapitałowa ING Banku Śląskiego S.A.	1 882	2 031	8%	2 258	11%	1 912	-15%	3 015	58%	2 633	-13%
Gross profit (in mln PLN) - solo ING Bank Śląski S.A.	1 403	1 524	9%	1 659	9%	1 338	-19%	2 308	73%	1 944	-16%
Gross profit (in mln PLN) - total Grupa kapitałowa ING Banku Śląskiego S.A.	1 403	1 524	9%	1 659	9%	1 338	-19%	2 308	73%	1 944	-16%
CI <sup>1</sup> - solo ING Bank Śląski S.A.	51,3%	51,0%	-1%	50,2%	-2%	52,1%	4%	50,3%	-3%	55,3%	10%
CI <sup>1</sup> - total Capital Group of ING Bank Śląski S.A.	51,7%	51,6%	0%	50,6%	-2%	52,1%	3%	50,9%	-2%	55,5%	9%
ROE <sup>2</sup> - solo ING Bank Śląski S.A.	12,7%	12,5%	-1%	11,7%	-6%	7,7%	-34%	13,8%	79%	20,1%	46%
ROE <sup>2</sup> - total Capital Group of ING Bank Śląski S.A.	12,7%	12,5%	-1%	11,6%	-7%	7,6%	-34%	13,6%	79%	19,7%	45%
Average annual monthly base salary of employees of ING Bank Śląski S.A. who are not members of the management board or the supervisory board	6 990	7 565	8%	7 882	4%	8 409	7%	8 677	3%	10 018	15%
Average monthly base and variable remuneration granted for a given year to the Management Board members of ING Bank Śląski S.A. for the period of performing the function / without additional benefits/											
Bartkiewicz Brunon (from 19.04.2016)	353 296	277 803	-21%	377 494	36%	343 580	-9%	398 050	16%	384 850	-3%
Boleslawski Michał (until 31.12.2020)	188 460	187 135	-1%	212 026	13%	190 361	-10%	-	-	-	-
Boda Mirosław (until 31.05.2017)	172 051	-	-	-	-	-	-	-	-	-	-
Kesler Justyna (until 31.12.2018)	174 717	159 708	-9%	-	-	-	-	-	-	-	-
Erdman Joanna (from 01.04.2013)	181 276	181 700	0%	202 320	11%	184 336	-9%	211 312	15%	206 486	-2%
Giżycki Marcin (from 01.08.2016)	150 461	149 372	-1%	191 568	28%	190 423	-1%	218 988	15%	210 218	-4%
Roesink Patrick (from 01.07.2015 until 31.03.2020)	125 587	117 888	-6%	131 558	12%	127 838	-3%	-	-	-	-
Graczyk Bożena (from 01.06.2017)	185 613	184 498	-1%	205 370	11%	186 296	-9%	217 800	17%	216 200	-1%
Tassan-Bassut Lorenzo (from 01.01.2019 until 31.01.2021)	-	-	-	130 159	-	127 964	-2%	152 703	19%	-	-
Soszyński Sławomir (from 01.09.2019)	-	-	-	162 000	-	147 600	-9%	173 371	17%	171 785	-1%
Mrozek Michał (from 01.07.2020)	-	-	-	-	-	164 000	0%	195 050	19%	199 583	2%
Łuniewska Ewa (from 01.01.2021)	-	-	-	-	-	-	-	149 178	-	177 729	19%
Żyła Alicja (from 01.09.2021)	-	-	-	-	-	-	-	140 913	-	162 870	16%
Average monthly remuneration of Supervisory Board members ING Bank Śląski S.A. for the period of performing the function											
Antoni Reczek (from 10.04.2014 until 29.11.2021) <i>Independent member</i>	26 555	27 120	2%	28 560	5%	29 040	2%	28 908	0%	-	-
Aleksander Galos (from 10.04.2014) <sup>3</sup> <i>Independent member</i>	16 385	19 610	20%	21 420	9%	21 780	2%	22 612	4%	33 099	46%
Aleksander Kutela (from 10.04.2014 to 29.11.2021) <i>Independent member</i>	14 523	17 077	18%	18 445	8%	18 755	2%	18 670	0%	-	-
Dorota Dobija (from 29.11.2021) <i>Independent member</i>	-	-	-	-	-	-	-	18 755	-	20 119	7%
Monika Marcinkowska (from 29.11.2021) <i>Independent member</i>	-	-	-	-	-	-	-	16 940	-	18 172	7%
Roland Boekhout (until 15.03.2017) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-
Christopher Steane (from 31.03.2016 until 05.04.2018) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-
Michał Szczurek (from 05.04.2018) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-
Ad Kas (until 02.04.2020) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-
Norman Tambach (until 02.04.2020) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-
Susan Poot (from 01.05.2020 until 30.09.2021) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-
Remco Nieland (from 01.05.2020 until 07.04.2022) <i>Member having ties with ING Group</i>	-	-	-	-	-	-	-	-	-	-	-

<sup>1</sup> CI/ - (Eng. Cost to Income ratio) cost share ratio calculated as the relation of operating costs to the result on basic activity; in 2022 there was a change in calculation methodology thus the correction of index for previous years

<sup>2</sup> ROE - (ang. Return On Equity) return on equity calculated as the ratio of net profit attributable to shareholders of ING Bank Śląski S.A. from 4 consecutive quarters to the average level of equity for 5 consecutive quarters

<sup>3</sup> increase in remuneration due to a significant change in Supervisory Board functions' combination, e.g. assuming the role of the Chairman of the Supervisory Board of ING Bank Śląski S.A.

**Note:** There is a presentation discrepancy in relation to the individualized data presented in the Annual Report, namely this statement takes into account the variable remuneration awarded for a given financial year without any other benefits, while the Annual Report includes:

- in the part concerning remuneration due for a given year - the amount of a provision for variable remuneration for the Bank's Management Board for a given year,
- in the part concerning remuneration paid in a given year - variable remuneration paid in a given financial year for previous years.

The Annual Report also includes data on the value of other benefits.

## Enclosure 3

Number of granted or determined financial instruments					
Name and last name	Number of phantom shares - 01.01.2022 (deferred rights) <sup>1</sup>	Number of phantom shares vested based on the assessment verification and ex post risk adjustment for previous years, i.e. 2017-2019 and 2021 (non-deferred part)	Number of financial instruments <sup>2</sup> granted for the year 2022		Number of financial instruments subject to vesting after 31 December 2022 <sup>3</sup>
			Number of upfront financial instruments	Number of deferred financial instruments	
<b>Brunon Bartkiewicz</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	10 967	2 748	2 816	2 815	13 850
<b>Joanna Erdman</b> <i>Member of the Supervisory Board of ING Bank Hipoteczny S.A., ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	5 076	2 213	1 814	1 208	5 885
<b>Marcin Giżycki</b> <i>Deputy Chair of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	5 292	2 263	1 933	1 287	6 249
<b>Bożena Graczyk</b> <i>Chair of the Supervisory Board of ING Bank Hipoteczny S.A., Member of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o., Member of the Audit and Risk Committee of the Supervisory Board of ING Bank Hipoteczny S.A.</i>	5 319	2 256	2 071	1 379	6 513
<b>Ewa Łuniewska</b> <i>Chair of the Supervisory Board of ING Commercial Finance S.A. and ING Lease (Polska) Sp. z o.o.</i>	1 520	912	1 634	1 088	3 330
<b>Michał Mrozek</b>	2 433	1 193	1 835	1 222	4 297
<b>Sławomir Soszyński</b>	2 775	1 126	1 509	1 005	4 163
<b>Alicja Żyta</b>	460	276	1 498	997	2 679
<b>Razem</b>	<b>29 662</b>	<b>11 649</b>	<b>15 110</b>	<b>11 001</b>	<b>46 966</b>

<sup>1</sup>The number of phantom shares includes deferred and non-deferred phantom shares determined as part of variable remuneration for 2021.

<sup>2</sup>Financial instruments constitute phantom shares for the period 01/01/2022 - 30/06/2022 and ultimately own shares of ING Bank Śląski S.A. for the period 01/07/2022-31/12/2022. Details on the change in the financial instrument awarded as variable compensation are included in the Report.

<sup>3</sup>Number of upfront and deferred financial instruments determined as part of variable remuneration for 2022.