

**REPORT OF DIRECTORS ON THE ACTIVITIES OF
CENTRUM BANKU ŚLĄSKIEGO SP. Z O.O.
FOR THE PERIOD
FROM JANUARY TO DECEMBER 2013**

DESCRIPTION OF ACTIVITY, MEMBERS, SHARE CAPITAL AND AUTHORITIES OF THE COMPANY

Centrum Banku Śląskiego Spółka z ograniczoną odpowiedzialnością with its registered office in Katowice, ul. Chorzowska 50, recorded in the National Court Register kept by the District Court in Katowice under the number 0000047713.

On 30 June 2010, on the basis of the Notarial Deed, Reg. A No. 5997/2010, the existing Member of the Company, ING Bank Śląski SA in Katowice, made a statement on taking over 138 552 new shares in the Company of the par value of PLN 1 000 each and increasing the Company's share capital by PLN 138 552 000, i.e. to PLN 230 343 000.00.

On 1 July 2010, on the basis of the Notarial Deed, Reg. A No. 6040/2010, all new shares were covered with an in-kind contribution in the form of an organised part of the Bank's enterprise carried out under the name of the Commercial Property Management Section, including, without limitation, properties located in Katowice at 50 Chorzowska Street and in Warsaw at 64A Powsińska Street.

As a result of the above changes, the Company's share capital as of 31 December 2013 is PLN 230 343 000 and is divided into 230 343 shares of PLN 1 000 each.

As of 31 December 2013, the Company's shareholder is ING Bank Śląski SA with its registered office in Katowice, which holds 230 343 (100%) shares

THE ACTIVITY OF THE COMPANY

CBŚ Sp. z o.o. was re-established in 2008 to provide, without limitation, support in the management of the Bank's commercial facilities. This decision was mainly based on the specific character of the management of such facilities, a substantial growth of competition, in particular in the area of Katowice, as well as difficulties in the real property market. The Company took over the historic portfolio of difficult real properties to reduce significant impairment risk and focused its strategy on the optimisation and sale of the properties in profitable market conditions.

In 2013, the Company mainly managed the buildings at 34 Sokolska Street and 50 Chorzowska Street in Katowice and 64a Powsińska Street in Warsaw and administered the building at 45 Malczewskiego Street in Warsaw.

In the area of own properties, the Company carries out in particular activities connected with the rental of office and commercial premises in its properties at 50 Chorzowska Street in Katowice and 64a Powsińska Street in Warsaw, rationalises maintenance expenses, and implements an active property value management policy.

THE ORGANISATIONAL STRUCTURE OF THE COMPANY

On 10 May 2013, the Directors of the Company adopted the resolution No. 1/2013 on establishing an off-site business unit under the name of Centrum Banku Śląskiego Sp. z o.o. – Warsaw Subsidiary as of 1 June 2013. As a result of the above, the organisational structure of the Company comprises two organised parts of an enterprise.

In the resolution No. 1/2013 of 10 October 2013, the Directors defined a precise list of assets and liabilities owned by particular organised parts of the enterprise and principles for internal settlements.

The separated organised part of the enterprise in the form of the Warsaw Subsidiary operates in the Warsaw market and carries out activities related to the sale and marketing of its services, while the technical maintenance of the office building at 64a Powsińska Street is provided by a third party on the basis of outsourcing agreements.

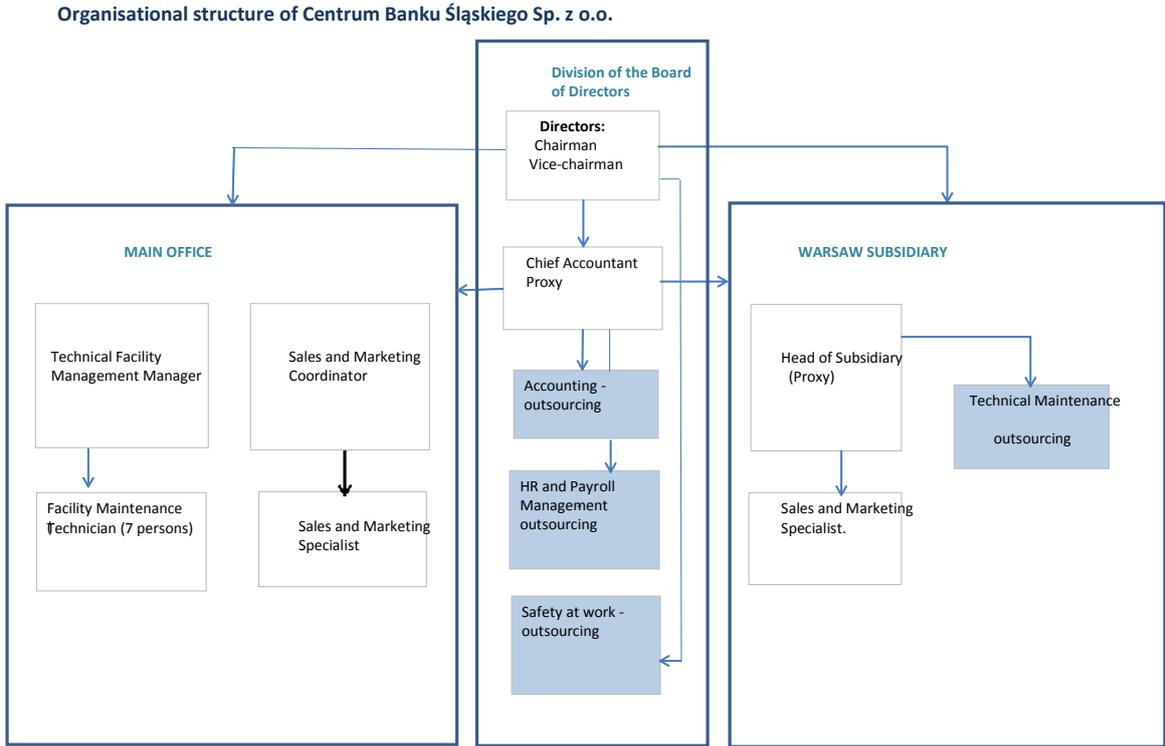
The Warsaw Subsidiary is managed by the head who supervises the performance of key duties of that unit.

The separated organised part of the enterprise in the form of the Main Office operates in the Silesian market. This part of the Company deals with the sale and marketing of services of the Main Office. While duties related to the technical maintenance of the office building at 50 Chorzowska Street were carried out by the team of technical staff till 31 December 2013. Starting from 1 January 2014, such services will be provided under outsourcing agreements.

The operation of the Main Office is supervised and managed by the Division of the Board of Directors.

Given the above, the organisational structure of the Company changed.

The following chart presents the organisational structure of the Company as of 31 December 2013:



To carry out its statutory activity, as of 31 December 2013, the Company employed 14 persons (13.1 FTE) under employment contracts.

THE AUTHORITIES OF THE COMPANY:

Supervisory Board:

As of 31 December 2013, the Supervisory Board of the Company was composed of:

Mirosław Boda, Chairman of the Supervisory Board

Justyna Kesler, Member of the Supervisory Board

Sławomir Stawczyk, Member of the Supervisory Board

Tomasz Biłous, Member of the Supervisory Board

Ilona Dzierżanowska, Member of the Supervisory Board

Board of Directors:

Jacek Frejlich, Chairman of the Board of Directors

Piotr Syrnicki, Vice-chairman of the Board of Directors

DESCRIPTION OF THE MARKET AND COMMERCIAL ACTIVITIES

➤ *Market of office properties in Katowice:*

In the first half of 2013, the volume of transactions in the Katowice market was 27 500 square meters, including 51% of pre-lease agreements. The biggest transactions were connected with the development of premises for own purposes.

Polski Koks took over 6 150 square meters in the office building at Paderewskiego Street, and Getin Bank and LC Corp signed a lease agreement for 6 000 square meters at the first phase of the LC Corp Tower project.

As of the end of the second quarter, office resources of Katowice were over 300 000 square meters, mainly as a result of the completion of Nowe Katowickie Centrum Biznesu (13 000 square meters and the offices of Polski Koks (6 150 square meters). The following buildings are still under construction: a passive office building (6 000 square meters) constructed as a part of Euro-Centrum Scientific and Technological Park and two first phases of Silesia Business Park of over 20 000 square meters in total (Skanska).

In 2013, the rate of empty space in Katowice was 8.3%. Starting base rents in the second quarter were 13–14 EUR/square meter/month, while effective rates were 11–12 EUR/square meter/month. Maintenance charges (usually defined in PLN) amounted approximately 14-16 PLN/square

meter/month. In the near future, starting and effective rents will gradually increase because of limited supply. The situation may change when the rate of empty space exceeds 10%.

Commercial actions

In 2013, the Company started preparing the building at 50 Chorzowska Street to be occupied by ING Group entities.

In 2013, a high occupancy rate (93%) of the building was maintained. An average rent for office facilities in the commercial building at 50 Chorzowska Street was 17.62 €/m² (including maintenance charges), and for commercial facilities 20.82 €/m² (including maintenance charges).

Last year, the Directors also focused on the intensification of activities aiming at the sale of the property at 64a Powsińska Street in Warsaw. Taking into account the analysis of the Warsaw real property market as of the end of the year, the decision was made to reduce the property selling price to PLN 7.5 million.

The separated organised part of the enterprise called the Warsaw Subsidiary carried out actions aiming at the sale and rental, as well as current maintenance, of the building.

The property is still advertised in the 40za40 real estate portals (export to 100 largest real property announcement portals, including, without limitation, "Gratka", "Tablica.pl" and "Oferty net.pl", "domy.pl", "nieruchomości.pl", "komercyjne.pl", "Money.pl", "Zumi", "YellowPages.pl", "Gospodarka.pl", "Newsweek.pl", "Forbes.pl", "dladomu.pkt.pl", "Trolit", "Fakt.pl", "ofeminin.pl", "budujemyDom.pl", press announcements (Rzeczpospolita). The Company also cooperates with local real estate agencies and addresses direct offers to its business partners that have bought other facilities from the portfolio of properties for sale. The Company also met potential partners to present information and necessary materials about the building.

At the building at 64a Powsińska Street, an average rent for commercial and service facilities was 21.10 €/m² and for office facilities 13.78 €/m².

A building occupancy rate as of the end of the year was 100%.

KEY EVENTS AND CONTRACTS

The Directors carried out activities connected with the lease of premises at 50 Chorzowska Street to ING Group entities by adjusting the structure of lease agreements to the strategic investor's expectations.

They also took up actions to find tenants for all commercial facilities.

THE COMPANY'S DEVELOPMENT STRATEGY AND PLANS

In 2014, the Company plans to:

- carry out actions aiming at the optimisation of the value of and selling the building at 64a Powsińska Street in Warsaw in profitable market conditions; the expected minimum price: PLN 7.5 million;
- carry on actions aiming at settling ING Group entities in the building at 50 Chorzowska Street.

In 2014, the Company plans to:

- carry on actions aiming at settling entities of the Group of ING Bank Śląski in the building at 50 Chorzowska Street (the main asset of the portfolio of the Company's own properties)
- carry out actions aiming at the optimisation of the value of and selling the building at 64a Powsińska Street in Warsaw in profitable market conditions at the expected minimum price (book value).

In addition, the Directors hereby inform that the Company's Owner and the Company carry out work aiming at splitting off the Company in the first half of 2014 under Art. 529.1.1 of the Commercial Companies Code.

As a result of the above, the Company will be dissolved without liquidation on the day it is deleted from the register (the split-off date). The Company will be deleted from the register *ex officio* immediately after the registration of the increase of the share capital of the taking-over Company.

As of this report date, no relevant resolutions were adopted by any of companies subject to the planned split-off.

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2013

The following figures are presented as of 31 December 2013.

Balance sheet

The balance-sheet total as of 31 December 2013 was PLN 229 005 896.04, i.e. 1.6% bigger than in the previous year.

The structure of the Company's assets, equity and liabilities changed in comparison to the previous year as a result of the growth of cash (short-term investments) by almost PLN 7 million and the drop of the value of the property by PLN 3.3 million.

As regards equity and liabilities, the Company's equity increased by PLN 4.4 million.

Assets

Fixed assets as of the balance-sheet date amounted PLN 128 573 309.01 and formed 56.14% of total assets, while current assets amounted PLN 100 432 587.03 and formed 43.86% of total assets.

Fixed assets comprised mainly (99.87%) long-term investments in the form of investment properties at 50 Chorzowska Street in Katowice and 64A Powsińska Street in Warsaw.

Current assets comprise mainly cash of PLN 98 459 319.56, i.e. 98% of current assets, and cash deposits from tenants of PLN 1 118 729.23, i.e. 1.1% of current assets.

Equity and liabilities

Equity of PLN 223 673 202.39 forms the biggest item of the Company's equity and liabilities (97.7% of the balance-sheet total).

Equity comprises:

- share capital of the Company (PLN 230 343 000.00)
- supplementary capital of the Company (PLN 87 526.12)
- losses of previous years (PLN -11 119 801.76)
- net profit of the current year (PLN 4 360 847.97)
- revaluation reserve (PLN 1 630.06).

Liabilities comprise deferred income tax provisions, provisions for pension and similar benefits, short-term trade payables, and tax payables (2.3% of balance-sheet total).

Long-term provisions and payables of PLN 2 742 974.34 comprise mainly a deferred income tax provision (PLN 2 348 547.00), a provision for 2013 payables of PLN 384 096.35, a provision for pension benefits of PLN 10 330.99.

Short-term payables comprise trade payables of PLN 1 351 795.14 and deposits of PLN 1 118 729.23. Payables related to taxes, wages and salaries and social insurance amounted PLN 115 286.07 and will be settled by the Company on a timely basis (January 2014).

Profit (loss)

In the period from January to December 2013, the Company's profit from sale was PLN 6 726 256.79, profit before tax was PLN 5 452 390.97 and profit after tax was PLN 4 360 847.97.

Profit from sale reflects the effect of the Company's operating activities, i.e. income earned from the rental of office and commercial facilities, the provision of property management and administration services, other services connected with building maintenance, as well as costs incurred to generate such income, excluding fit-out expenses that were moved to other operating expenses for presentation purposes.

The profit before tax decreased mainly as a result of the appraisal of investment properties as of December 2013, which reduced the value of the property at 64a Powsińska Street in Warsaw by PLN 3.9 million.

The profit was influenced by:

INCOME

| | |
|--|-------------------------|
| - sales of rental services | PLN 16 119 685.30 |
| - income from the provision of other services connected with rental (resale of technical materials, adaptation works, utilities, telephone services) | PLN 2 051 055.16 |
| - sales of management services in relation to ING Bank Śląski SA properties | PLN 1 694 255.76 |
| - the provision of other services not connected with building management | PLN 749 651.13 |
| - operating income | PLN 84 032.03 |
| - financial income | PLN 2 832 393.24 |
| including: | |
| <i>deposit interest</i> | <i>PLN 2 830 832.13</i> |

EXPENSES

| | |
|--|-------------------------|
| - operating expenses (as specified in the profit and loss account) | PLN 13 888 390.56 |
| - other operating expenses | PLN 4 181 168.62 |
| including: | |
| <i>revaluation of the property at 64A Powsińska Street (including modernisation expenses of PLN 77 944.06 and the negative expert appraisal of PLN 4 038 888.12)</i> | <i>PLN 3 960 944.06</i> |
| <i>revaluation of the property at 50 Chorzowska Street (including modernisation expenses of PLN 518 225.48 and the negative expert appraisal of PLN 525 450.96)</i> | <i>PLN 7 225.48</i> |
| <i>impairment of receivables claimed at courts and disputable receivables</i> | <i>PLN 171 091.94</i> |
| - financial expenses | PLN 9 122.47 |

Short-term investments and cash

As of the end of the year, the Company owned cash mainly in the form of short-term bank deposits of PLN 99 578 048.79 in total, including:

- cash in the form of short-term deposits and current accounts of PLN 98 459 319.56
- cash deposits paid by tenants under lease agreements of PLN 1 118 729.23.

Given figures disclosed in the Company's financial statements for 2013, the Directors do not find any threats to the further activities of the Company and the Company's organised parts, i.e. the Main Office and the Warsaw Subsidiary.

ADDITIONAL INFORMATION

The Company does not carry out research or other development programmes.

In 2013, the Company did not buy its own shares.

In 2013, the Company did not use financial instruments to hedge against risks (related to prices, credits, cash flow disturbances, liquidity loss) since it did not identify such threats to its operation. The Company did not apply hedge accounting since it did not make any business transactions where such solutions would be necessary.

The Company's business activity does not generate any material threat to the natural environment.

The Company is a member of the capital group of ING Bank Śląski SA and as a 100% subsidiary is consolidated at the lowest level of the capital group by ING Bank Śląski SA with its registered office in Katowice, ul. Sokolska 34.

While the ultimate consolidation of the group is managed by ING Groep Naamloze Vennootschap with its registered office at Amstelveenseweg 500 Amsterdam 1081 KL (the Netherlands).

The attachments hereto present key financial information concerning the operation of individual organised parts of the Company.

In accordance with Members' resolutions of previous years, the Directors suggest that the net profit of the current year of PLN 4 360 847.97 should be used to cover the losses of previous years.

Jacek Frejlich
Chairman of the Board of Directors

Piotr Syrnicki
Vice-chairman of the Board of Directors

Katowice, 10 January 2014

Attachment 1

Net loss generated by the Warsaw Subsidiary (ZCP-1) as of 31 December 2013:

PLN -3 055 556.43.

including, without limitation:

- | | |
|---|------------------|
| - sales | PLN 250 192.16 |
| - impairment of property (including modernisation expenses of PLN 77 944.06 and the negative expert appraisal of PLN 4 038 888.12) | PLN 3 960 944.06 |
| - revaluation of receivables | PLN 93 297.72 |

