Enclosure with the Supervisory Board Resolution no. 16/IV/2014 of 07 March 2014

I. SUPERVISORY BOARD'S ASSESSMENT OF OPERATIONS OF ING BANK ŚLĄSKI S.A. IN 2013

The Polish economy continued to slow down in 2013. It is estimated that the dynamics of the gross domestic product fell to 1.6% as compared with 1.9% recorded in 2012. However, the said dynamics for individual quarters leave some room for optimism for upcoming years. Whilst in 2012 the GDP dynamics plummeted quarter after quarter, in 2013 the trend reversed – the lowest GDP dynamics was reported in Q1 (0.5% y/y), and later during the year, Q2 in particular, an evident revival could be noticed – according to the preliminary estimates by the Central Statistical Office, Q4 reported a GDP growth of 2.7% y/y. It should be emphasised that the downward trend for the actual domestic demand was stopped in 2013. Last year was also remarkable due to exceptionally low and unprecedented, in Poland, inflation. The annual average inflation settled at 0.9% versus 3.7% in 2012. From the banking activity perspective, the dynamic scenario of interest rates trends was also very essential – throughout the year, the Monetary Policy Council decided to reduce the reference rate six times – by 175 basis points in total. In 2013, the Polish banking sector was still challenged by the low credit demand, from enterprises in particular. What is more, the Banks had to face up to the statutory interchange fee reduction.

In these volatile market conditions, ING Bank Śląski S.A. posted a net profit of PLN 920.1 million in 2013 versus PLN 757.8 million in 2012 (up by 21.4%). The increase was possible due to:

- higher income. In 2013, the Bank's income totalled PLN 3,086.6 million versus PLN 3,000.8 million a year earlier (up by 2.9%). Even though the net interest income remained unchanged as compared with the previous year (despite difficult conditions in the interest rate area) and the net commission and fee income fell down slightly, the Bank managed to take full advantage of the favourable situation on the market as regards T-bonds valuation and executed part of the positively assessed bonds portfolio by selling selected securities at the beginning of the year,

- effective cost management. In 2013, operating expenses of ING Bank Śląski S.A. amounted to PLN 1,709.9 million being almost at the same level as in 2012 (down by PLN 0.2 million, or 0.0%). There were some shifts in the structure of costs by the nature throughout 2013 – personnel costs grew by 3.0%, marketing costs (i.e. costs supporting sales and business development) grew by 8.8%, also the depreciation amount was higher by 10.1% (due to commissioning of the previous investments, mainly in the IT infrastructure). Significant savings were achieved within the operating and overheads (down by 7.5% y/y). Cost effectiveness in the Bank also improved and the C/I ratio in 2013 was 55.4% versus 57.0% in 2012 (down by 1.6 p.p.),

- a smaller balance of the loan loss provisions. In 2013, the Bank reported risk costs of PLN 236.6 million, i.e. down by PLN 113.5 million (or 32.4%) than a year before. It should be also noted that the liquidity issues in the construction enterprises sector affected the banking sector in 2012, which is reflected in the level of the credit risk provisions. The level of provisions for credit exposures is proportionate – as at the end of 2013 the impaired receivables coverage ratio settled at 70.8%.

As part of the operations of the Audit Committee, the Supervisory Board supervise on an ongoing basis the management of various types of risk at ING Bank Śląski S.A. on a stand-alone basis, as well as in the entire Bank Group.

As part of monitoring of the efficiency of internal control systems and internal audit, throughout 2013 the Audit Committee recommended that the Supervisory Board approve the following documents: Semi-Annual Report of the Internal Audit Department, 2013 Internal Audit Plan, the updated ING Bank Śląski S.A. Policy – Internal Control System, Audit Strategy Memorandum together with the Long-Term Internal Audit Plan for the years 2014-2018 and 2014 Internal Audit Plan. The Audit Committee recommended that the Supervisory Board approve the outcomes of the Internal Audit Competence Profile Review. Furthermore, the Committee recommended that the Supervisory Board acknowledge the outcomes of the external review as to the compliance of the Internal Audit Department's activities with Recommendation H issued by PFSA as well as acknowledge the Internal Quality Review Report drafted by IAD for 2012.

The results of the said supervision allow us to conclude that ING Bank Śląski S.A. has an efficient internal control system and effective internal audit function, which are an important element of the process of adherence to the corporate governance rules.

At each of its meetings, the Audit Committee acquaint themselves with the periodic management information on the operational risk and compliance risk – Non-Financial Risk Dashboard (NFRD). This information is also a fixed item on the agenda of the Supervisory Board meeting.

Furthermore, the Audit Committee recommended that the Supervisory Board approve new documents: Compliance Risk Management Policy of ING Bank Śląski S.A. and Operational Risk Management Policy at ING Bank Śląski S.A.

The Audit Committee support the Supervisory Board in terms of monitoring and overseeing the financial risk management system (credit risk, liquidity risk and market risk). As part of the said actions, the Audit Committee during each of its meetings acquaint themselves with the periodic Risk Dashboard presenting the retail and corporate credit risk management as well as market risk management areas. The Committee also supervise the internal capital assessment processes, capital management and capital planning. In 2013, the Committee recommended that the Supervisory Board approve the following updated documents: Risk Materiality Assessment Policy at ING Bank Śląski S.A., Stress-Testing Policy in ING Bank Śląski S.A., ICAAP and Capital Management Policy at ING Bank Śląski S.A., Planning Policy at ING Bank Śląski S.A., Funding and Liquidity Risk Management Policy at ING Bank Śląski S.A. Moreover, to fulfil the requirement arising from the Polish Financial Supervision Authority Resolution No. 258/2011, the Audit Committee recommended that the Supervisory Board approve the newly drafted Difficult-to-Measure Risks Management Policy at ING Bank Śląski S.A.

Moreover, to fulfil the requirement arising from the Polish Financial Supervision Authority Resolution No. 385/2008, the Audit Committee recommended that the Supervisory Board approve the updated Policy on Disclosing Information of Qualitative and Quantitative Nature Concerning Capital Adequacy and the Scope of Information Subject to Announcement at ING Bank Śląski S.A.

In the opinion of the Supervisory Board, the risk management system at ING Bank Śląski S.A. covers all material risk types. Moreover, to identify, measure and manage risks the Bank applies instruments and techniques adequate for a given risk type. In 2013, ING Bank Śląski S.A. fulfilled all requirements of sound business operations and capital adequacy, and in particular:

- pursued prudent lending policy. The lending processes and procedures applied by the Bank were compliant with the regulatory requirements and best practices on the market. In 2013, the Bank took account of the economic situation in its lending policy and applied more restrictive procedures towards sectors generating an increased risk level. The Bank's lending portfolio was diversified with a significant share of high-quality loans extended to business entities. Within the Bank, impaired receivables represented 3.9% of the total exposure, which is significantly less than the average for the entire banking sector,

- has systems and procedures in the market risk management area (related to interest rate or currency, among others) that meet the top market standards. Throughout 2013, individual risk categories were managed actively so that their levels were within the limits effective at the Bank. The balance sheet structure is balanced from the currency perspective; its distinctive feature is the low share of FX receivables in the total mortgage receivables, among other things,

- maintained good liquidity. As at the end of 2013, the LtD ratio settled at 67.6%. Such a good situation is attributable to a stable household deposits base, which is one of the biggest among Polish banks (and still growing),

- had a high level of equity. In December 2013, the solvency ratio of ING Bank Śląski S.A. totalled 17.10%. At the same time, the Company's own funds were almost fully high-quality capital; i.e. Tier 1 capital.

The expected economic revival and stabilisation of interest rates at a relatively low level and ensuing increased loan demand, will most likely bring about higher volumes in the banking sector in 2014. Thus, the Supervisory Board notice the need to concentrate Bank's efforts on actions essential for its development and competitiveness in activities such as:

- leveraging on a good economic situation and increasing lending, but maintaining a high quality portfolio at the same time. It will let the Bank to post a net interest income to set off the impact of low interest rates on the Bank's results,
- maintaining a high level of stable deposits. It will ensure liquidity indispensable to develop lending,
- further development of a product offer and electronic distribution channels. In stiff competition, it is possible to increase revenues by expanding a customer base; this includes acquisition of new customers and increasing loyalty of existing customers. Such a policy generates higher customer balances and higher volumes of transactions, which to some extent may together set off revenue decline due to a low level of interest rates and next interchange fee reduction,
- optimal use of available resources. The C/I ratio improvement will be an essential matter for the Bank. Increasing cost effectiveness by higher scale of operations based on available resources and maintaining high quality of the processes,
- adequate capital management in order to ensure a safe increase in lending as well as fulfilment of all present and future regulatory requirements.

According to the Supervisory Board, the strategy pursued so far by the Bank on increasing the scale of its operations and executed over the last few years proved to be successful which is reflected in the achieved financial and commercial results. Therefore the opinion that in 2014 the Bank will also leverage on the opportunities in the first phase of the economic revival and will be an active participant in this growth for the benefit of its clients, shareholders, and employees is well justified.