

**ING Bank Śląski S.A.
Capital Group**

Supplementary report
on the audit of the consolidated
financial statements
Financial Year ended
31 December 2013

The supplementary report contains 13 pages
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on the audit of the consolidated financial statements
for the financial year ended
31 December 2013

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

ING Bank Śląski S.A. Capital Group

1.1.2 Registered office of the Parent Entity of the Group

Katowice, Sokolska 34

1.1.3 Registration of the Parent Entity in the National Court Register

Registration court:	District Court in Katowice, VIII Commercial Department of the National Court Register
Date:	10 April 2001
Registration number:	KRS 0000005459
Share capital as at the end of reporting period:	PLN 130,100,000

1.1.4. Management of the Parent Entity

The Management Board is responsible for management of the Parent Entity.

As at 31 December 2013, the Management Board of the Parent Entity was comprised of the following members:

- Małgorzata Kołakowska – President,
- Mirosław Boda – Vice President,
- Michał Bolesławski – Vice President,
- Joanna Erdman – Vice President,
- Justyna Kesler – Vice President,
- Oscar Edward Swan – Vice President,
- Ignacio Juliá Vilar – Vice President.

On 7 March 2013 Joanna Erdman has been appointed to the position of Vice President of the Management Board effective from 1 April 2013.

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2013, the following companies were consolidated by the Group:

Parent Entity:

- ING Bank Śląski S.A.

Subsidiaries consolidated on the full consolidation basis:

- ING Securities S.A.,
- Centrum Banku Śląskiego S.A.,

- ING ABL Polska S.A.,
- ING Commercial Finance S.A.,
- ING Lease Polska Sp. z o.o.,
- ING Usługi dla Biznesu S.A.,
- Solver Sp. z o.o.

Associated company consolidated on the equity consolidation basis:

- ING Powszechne Towarzystwo Emerytalne S.A.

1.3 Key Certified Auditor and Audit Firm Information

1.3.1 Key Certified Auditor information

Name and surname: Ewa Józwik
Registration number: 11154

1.3.2 Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City of Warsaw in Warsaw, XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements, maintained by the National Council of Certified Auditors, under number 3546.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2012 were audited by Ernst & Young Audit sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 19 April 2013.

The consolidated financial statements were submitted to the Registry Court on 25 April 2013.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of ING Bank Śląski S.A. with its registered office in Katowice, Sokolska 34 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2013, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements have been audited in accordance with the contract dated 16 May 2013, concluded on the basis of the resolution of the Supervisory Board dated 18 January 2013 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements at the Group entities during the period from 2 October 2013 to 6 March 2014.

Management of the Parent Entity is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the report on the Group's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the financial statements.

The Management Board of the Parent Entity submitted a statement, dated the same date as this report, as to the true and fair presentation of the accompanying consolidated financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements from the companies included in the Group as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2009 No. 77, item 649 with amendments).

1.6 Information on audits of the financial statements of the consolidated companies

1.6.1 Parent Entity

The separate financial statements of the Parent Entity for the year ended 31 December 2013 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unqualified opinion.

1.6.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of auditor's opinion
ING Securities S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2013	Unqualified opinion
ING Lease Polska Sp. z o.o.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2013	In progress
ING Commercial Finance S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2013	In progress
ING ABL Polska S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2013	In progress
ING Powszechne Towarzystwo Emerytalne S.A.	KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.	31 December 2013	In progress
Centrum Banku Śląskiego S.A.	„BUFIKS” Biuro Usług Finansowo-Księgowych Sp. z o.o. Grupa Finans-Service	31 December 2013	Unqualified opinion
ING Usługi dla Biznesu S.A.	„BUFIKS” Biuro Usług Finansowo-Księgowych Sp. z o.o. Grupa Finans-Service	31 December 2013	Unqualified opinion
Solver Sp. z o.o.	Not subject to statutory audit requirement		

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2013	% of total	31.12.2012	% of total
	PLN '000	assets	PLN '000	assets
Cash in hand and balances with the Central Bank	6,970.1	8.0	4,071.6	5.2
Loans and receivables to other banks	1,399.8	1.6	1,377.1	1.8
Financial assets measured at fair value through profit of loss	1,951.4	2.3	1,554.6	2.0
Valuation of derivatives	1,471.4	1.7	1,822.1	2.3
Investments	19,493.6	22.5	17,881.1	22.8
Derivative hedge instruments	1,051.9	1.2	1,112.6	1.4
Loans and receivables to customers	52,237.9	60.2	48,985.3	62.6
Receivables from customers due to repo transactions	638.8	0.7	-	-
Investments in controlled entities recognised under the equity method	136.5	0.2	114.4	0.2
Non-financial assets	1,099.2	1.3	1,115.5	1.4
Tax assets	119.9	0.1	38.6	0.1
Other assets	180.1	0.2	193.9	0.2
TOTAL ASSETS	86,750.6	100.0	78,266.8	100.0

EQUITY AND LIABILITIES	31.12.2013	% of total	31.12.2012	% of total
	PLN '000	equity and liabilities	PLN '000	equity and liabilities
Liabilities				
Liabilities due to other banks	4,827.3	5.6	4,554.6	5.8
Financial liabilities measured at fair value through profit and loss	1,234.2	1.4	3,003.4	3.9
Valuation of derivatives	1,493.0	1.7	1,778.1	2.3
Derivative hedge instruments	1,114.4	1.3	1,364.0	1.7
Liabilities due to customers	67,330.4	77.6	57,857.5	73.9
Liabilities due to customers under repo transactions	433.5	0.5	-	-
Liabilities under issue of debt securities	566.4	0.7	567.1	0.7
Provisions	67.8	0.1	72.8	0.1
Tax liabilities	111.7	0.2	103.0	0.1
Other liabilities	943.3	1.1	830.2	1.1
Total liabilities	78,122.0	90.1	70,130.7	89.6
Equity				
Share capital	130.1	0.1	130.1	0.2
Supplementary capital - issuance of shares over nominal value	956.3	1.1	956.3	1.2
Revaluation reserve	524.3	0.6	999.7	1.3
Revaluation of share-based payment	46.1	0.1	41.3	0.0
Retained earnings	6,969.5	8.0	6,006.4	7.7
Total equity attributable to shareholders of ING Banku Śląski S.A.	8,626.3	9.9	8,133.8	10.4
Non-controlling interests	2.3	-	2.3	-
Total equity	8,628.6	9.9	8,136.1	10.4
TOTAL EQUITY AND LIABILITIES	86,750.6	100.0	78,266.8	100.0



2.1.2 Consolidated statement of profit or loss

	1.01.2013 - 31.12.2013 PLN '000	1.01.2012 - 31.12.2012 PLN '000
Interest income	3,614.7	3,831.5
Interest expense	1,572.1	1,782.6
Net interest income	2,042.6	2,048.9
Commission income	1,114.2	1,142.5
Commission expense	137.6	138.2
Net commission income	976.6	1,004.3
Net income of financial instruments measured at fair value through profit and loss and FX result	97.9	85.5
Net income on investments	108.8	24.6
Net income on hedge accounting	(1.5)	(13.3)
Net income on other basic activities	20.7	15.4
Result on core activities	3,245.1	3,165.4
General and administrative expenses	1,823.1	1,822.2
Impairment losses and provisions for off-balance sheet liabilities	267.2	362.8
Share in net profit (loss) of associated entities recognised under the equity method	38.1	35.7
Profit before income tax	1,192.9	1,016.1
Income tax expense	231.4	183.8
Profit for the period	961.5	832.3
Profit attributable to shareholders' of the Bank	961.5	832.3
Earnings/diluted earnings per share (in PLN)	7.39	6.40



2.1.3 Consolidated statement of comprehensive income

	1.01.2013 - 31.12.2013 PLN '000	1.01.2012 - 31.12.2012 PLN '000
Profit for the period	961.5	832.3
Gains/losses on remeasurement of available-for-sale financial assets charged to equity	229.3	590.5
Reclassification to the financial result as a result of sale of available-for-sale financial assets	87.7	(20.4)
Amortisation of gains or losses previously recognised in equity concerning securities re-classified from the available-for-sale portfolio to the portfolio of loans and receivables	-	(0.2)
Effective part of cash flow hedging instruments revaluation	161.5	308.8
Remeasurement of property, plant and equipment	(2.5)	3.4
Disposal of property, plant and equipment	(0.3)	1.0
Actuarial gains/losses	(1.9)	-
Other comprehensive income for the period, net of income tax	(473.8)	883.1
Total comprehensive income for the period	487.7	1,715.4
Total comprehensive income attributable to shareholders' of the Bank	487.7	1,715.4

2.1.4 Selected financial ratios

	2013	2012	2011
Total assets (PLN '000)	86,750.6	78,266.8	69,723.4
Profit (loss) before income tax (PLN '000)	1,192.9	1,016.1	1,117.6
Profit (loss) for the period (PLN '000)	961.5	832.3	880.1
Shareholders' equity (PLN '000)*	7,664.8	7,301.5	5,533.6
Return on equity**	12.54%	11.40%	15.90%
Capital adequacy ratio	17.28%	14.55%	11.92%
Receivables to total assets	61.83%	64.35%	62.17%
Income generating assets to total assets***	86.55%	89.18%	85.27%
Interest bearing liabilities to total liabilities****	85.25%	83.76%	85.63%

* excluding current-year net profit

** profit for the period attributable to shareholders of the Bank / equity attributable to shareholders of the Bank

*** (financial assets measured at fair value through profit or loss + loans and receivables to banks + loans and receivables to customers + financial assets held for sale) / total assets

**** (liabilities due to banks + liabilities due to customers + liabilities under issue of debt securities + financial liabilities measured at fair value through profit and loss) / total equity and liabilities

3 Detailed report

3.1 Accounting principles

The Parent Entity maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Entity.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Entity.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Entity.

3.2 Basis of preparation of the consolidated financial statements

The consolidated financial statements of the ING Bank Śląski S.A. Capital Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation.

3.3 Method of consolidation

The method of consolidation is described in note 'Significant accounting principles' of the notes to the consolidated financial statements.

3.4 Goodwill arising on consolidation

The method of calculating goodwill arising on consolidation is described in note 'Significant accounting principles' of the notes to the consolidated financial statements.

3.5 Consolidation of equity and calculation of non- controlling interest

The share capital of the Group is equal to the share capital of the Parent Entity.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Entity's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Entity.

Only equity of subsidiaries arising after the Parent Entity obtained control of the subsidiary is included in the equity of the Group.

Non-controlling interests in subsidiaries included in the consolidated financial statements were determined based on the non- controlling interests' share in the subsidiaries' equity as at the end of the reporting period.

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of ING Bank Śląski S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

3.7 Compliance with banking regulations

Based on our audit we have not identified instances of significant incompliance by the Parent Entity with the banking prudential regulatory norms pertaining among other to exposure concentration, obligatory reserve and capital adequacy.

3.8 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

3.9 Report of the Management Board of the Parent Entity on the Group's activities

The report of the Management Board of the Parent Entity on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009 No 33, item 259 with amendments) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Ewa Józwik
Key Certified Auditor
Registration No. 11154

Signed on the Polish original

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Stacy Ligas
Limited Liability Partner with power of
attorney

6 March 2014
Warsaw