Enclosure with the Supervisory Board Resolution no. 17/II/2015 of 2 March 2015

I. SUPERVISORY BOARD'S ASSESSMENT OF OPERATIONS OF ING BANK ŚLĄSKI S.A. IN 2014

After two years of poor as for the developing country economic growth, 2014 saw a revival of the Polish economy. The Central Statistical Office estimates that the dynamics of the gross domestic product went up to 3.3% from 1.7% recorded in 2013. The response of the labour market was positive – over the year the unemployment rate went down to 12.3% from 13.5% reported as at the 2013 yearend. It should be however noted that only during H1 2014 the labour market recovered the hiring levels preceding the 2012-2013 slowdown period. Real salaries augmented by 3.9% from 1.6% a year ago on the yearly average basis. Deflation was a new phenomenon for the Polish economy. It started yoy in July 2014 and continued uninterruptedly until the yearend. In consequence, the annual average change in prices was 0% versus the moderate growth of 0.9% recorded in 2013.

The condition of the banking sector was directly impacted by statutory changes and modifications of the Central Bank's monetary policy. On 01 July 2014 the laws limiting the card transaction fee from 1.2-1.3% to 0.5-0.6% took effect. The beginning of October saw reduced base interest rates of the National Bank of Poland; yet for the lombard rate the cut was much deeper – down by 1 p.p. versus 0.5 p.p. for the other rates. As a result, the reference rate of the National Bank of Poland was 2% and the lombard rate stood at 3%.

In 2014, ING Bank Śląski S.A. posted the net profit of PLN 1,067.9 million versus PLN 920.1 million in 2013 (up by 16.1%). The increase was possible due to:

- higher income. In 2014, the Bank's income totalled PLN 3,393.5 million versus PLN 3,131.9 million a year earlier (up by 8.4%). It was primarily triggered by higher net interest income (up by 14.9%) following a significant increase in business volumes. Net income on fees and commissions went up as well (by 4.0%),
- optimal cost management. In 2014, Bank operating expenses amounted to PLN 1,814.2 million, while a year earlier they closed with the amount of PLN 1,755.2 million (up by 3.4%). This moderate growth was dictated first and foremost by higher business development-oriented expenditure,
- a stable balance of the loan loss provisions. In 2014, the Bank reported risk costs of PLN 243.4 million, i.e. up by PLN 6.8 million from the year before. At the same time, the provision coverage ratio for impaired receivables gained reaching 76.6% (70.8% as at the 2013 yearend).

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 2014 the Audit Committee recommended that the Supervisory Board approve the following documents: Internal Audit Department's Report on the execution of the 2013 Annual Internal Audit Plan, Internal Audit Department's Semi-Annual Report on the assessment of the internal control system at ING Bank Śląski S.A. as at 31 December 2013, updated 2014 Internal Audit Plan, Audit Strategy Memorandum with long-term internal audit plan for the years 2015-2019 and the 2015 internal audit plan. The Audit Committee recommended that the Supervisory Board approve the outcomes of the Internal Audit Department Competence Profile Review.

The Audit Committee also recommended that the Supervisory Board acknowledge the results of the external review of the internal audit function's conformance to the IIA Standards (Institute of Internal Auditors). The evaluator, Deloitte, has concluded that the relevant structures, policies, and procedures of the audit activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. The operations of the Bank's Internal Audit Department generally conforms to the IIA Standards.

At each of their meetings, the Audit Committee acquainted themselves with the periodic management information on the operational risk and compliance risk – Non-Financial Risk Dashboard (NFRD). The Committee received quarterly risk reports on utilisation of non-financial risk tolerance limits. Both documents are a fixed item on the agenda of the Supervisory Board meeting. Furthermore, the Audit Committee recommended that the Supervisory Board approve the Non-financial Risk Appetite Statement of the Bank for 2014.

The Audit Committee support the Supervisory Board in terms of monitoring and overseeing the financial risk management system (credit risk and market risk). As part of the said actions, the Audit Committee during each of their meetings acquaint themselves with the 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 2014, the Committee recommended that the Supervisory Board approve the following updated documents: ICAAP and Capital Management Policy at ING Bank Śląski S.A., Risk Materiality Assessment Policy at ING Bank Śląski S.A., Difficult-to-Measure Risks Management Policy at ING Bank Śląski S.A., Stress-Testing Policy in ING Bank Śląski S.A. andFunding and Liquidity Risk Management Policy at ING Bank Śląski S.A.The Audit Committee also familiarised themselves with the Report on ICAAP Process Review at ING Bank Śląski S.A. for 2014 and issued a relevant recommendation for the Supervisory Board. Furthermore, the Audit Committee accepted the Risk Appetite Statement (RAS) including the key credit- and market risk limits for 2014 and recommended that the Supervisory Board approve it. The Audit Committee recommended that the Supervisory Board approve the Corporate Credit Risk Strategy, including but not limited to the new limits for the maximum LtV and minimum downpayment, in line with the requirement under Recommendation S issued by the Polish Financial Supervision Authority.

To fulfil the requirement arising from PFSA 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, ING Bank Śląski S.A. risk management system covers all risk types material. Moreover, to identify, measure and manage risks the Bank applies instruments and techniques adequate for a given risk type. In 2014, 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 2014, the Bank took account of the economic situation in its lending policy and applied more restrictive procedures towards sectors characterised by increased risk. The Bank's lending portfolio was diversified with a significant share of high-quality loans granted to business entities. Within the Bank, impaired credit receivables represented 3.4% 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 (for interest rate or currency risk, among others) that meet the top market standards. Throughout 2014, individual market 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 2014, the LtD ratio settled at 72%. 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 2014, the solvency ratio of ING Bank Śląski S.A. totalled 15.5%. At the same time, the Company's own funds were fully high-quality capital; i.e. Tier 1 capital.

The expected sustainable economic revival and further drop followed by stabilisation of interest rates at a relatively low level should lead to increased loan demand and their higher volumes in the banking sector in 2015. This is why, the Supervisory Board are of the opinion that the Bank should continue to focus on the actions to raise its competitiveness and to stimulate further growth; these may include:

- leveraging on a good economic situation and increasing lending, but maintaining a high quality portfolio at the same time. By doing so the Bank will be able to earn net interest income sufficient to offset the impact of low interest rates on its results,
- maintenance of 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 card transaction fee reduction,
- optimal use of available resources. The C/I ratio improvement will be an essential matter for the Bank. Increasing cost effectiveness by a 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. Hence, the opinion that in 2015 the Bank will continue to pursue its strategy and will leverage on the opportunities offered by the economic revival at the optimum, the actions which will translate into its sustained dynamic growth for the benefit of its clients, shareholders, and employees is well justified.