

ING  BANK ŚLĄSKI

ANNUAL REPORT 2001

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CONTENTS

Brief financial results for 1998 - 2001 (the Group)	6
Reports of the Supervisory Board	7
Letter from the Chairman of the Supervisory Board to Shareholders	9
Letter from the President of the Management Board to Shareholders	10
I. POLISH ECONOMY AND BANKING SECTOR IN 2001	13
General trends in the economy	13
Situation in the banking sector	13
Capital market	14
II. THE MOST IMPORTANT EVENTS IN ING BANK ŚLĄSKI IN 2001	14
Implementation of the Bank strategy	14
Merger of Bank Śląski with the ING Bank N.V., Warsaw Branch	14
Change of the name into ING Bank Śląski	15
Change of the shareholder structure	15
Ratings of ING Bank Śląski	15
Awards	16
ING Bank Śląski S.A. in society	16
Closer inter-relationships within ING Group in Poland	17
Acquisition of Wielkopolski Bank Rolniczy (Agricultural Bank) in Kalisz	17
The price of ING Bank Śląski shares	17
III. RETAIL BANKING	17
Customer segmentation	18
Products	18
Lending	19
Deposits	19
Bank cards	19
Personal and Private Banking	20
IV. CORPORATE BANKING	20
Segmentation of corporate customers	20
Products	20
Lending	21
Deposits	21
International clearing	22
Bank guarantees	22
V. MONEY AND CAPITAL MARKETS	23
VI. FINANCING OF THE HOUSING CONSTRUCTION	23
Housing savings and loan unit	23
Mortgage Loans	23
VII. THE CORE AREAS OF RISK MANAGEMENT	24
Credit risk management	24
Financial risk management	24
VIII. THE DEVELOPMENT OF ORGANISATION AND INFRASTRUCTURE	26
Traditional distribution channels	26
Electronic distribution channels	26
Organisation and procedures	26
IT	27
Human Resources Management	27
Marketing communication	28
IX. FINANCIAL SITUATION OF THE CAPITAL GROUP OF ING BANK ŚLĄSKI IN 2001	28
Consolidated Balance-Sheet structure	28
Assets	28
Liabilities	29
Profit and loss account	29
Profitability	30
X. OTHER COMPANIES OF THE CAPITAL GROUP	31
Composition of the Capital Group	31
ING Securities S.A.	31
Śląski Bank Hipoteczny S.A.	32
ING BSK Leasing S.A.	33
ING Nationale-Nederlanden Polska Powszechnie Towarzystwo Emerytalne S.A.	33
Centrum Banku Śląskiego Sp. z o.o.	33



XI. DIRECTIONS OF THE BANK DEVELOPMENT IN THE YEAR 2002	34
INTRODUCTION TO FINANCIAL STATEMENTS	36
Legal basis for the operations of ING Bank Śląski Spółka Akcyjna	36
General information of the issuer	36
Scope and framework for Financial Statements	37
Prior period Auditor's Opinion	38
Accounting principles	38
Average PLN exchange rates during the period of Consolidated Financial Statement with comparative data for the previous year and Basic Financial Statements items converted in the EURO	42
Disclosure of significant differences between adopted Accounting Standards and International Accounting Standards	42
BALANCE SHEET	44
PROFIT AND LOSS ACCOUNT	45
MOVEMENTS IN OWN EQUITY	46
CASH FLOW STATEMENT	47
NOTES TO THE BALANCE SHEET	49
NOTES ON THE PROFIT AND LOSS ACCOUNT	72
NOTES TO THE CASH FLOW STATEMENT	77
ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS AT 31. DECEMBER 2001	80
AUDITOR'S OPINION ON FINANCIAL STATEMENTS OF ING BANK ŚLĄSKI S.A.	98
ING Bank Śląski S.A. Auditor's Report on the Audit of Financial Statements for the period ended 31. December 2001	99
INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31. December 2001	106
Basic information of the issuer the Capital Group of ING Bank Śląski Spółka Akcyjna (the Group)	106
Scope of the Consolidated Financial Statements	107
The structure of the Capital Group of ING Bank Śląski S.A.	108
Prior period Auditor's Opinion	111
Accounting principles	111
Average PLN exchange rates during the period of Consolidated Financial Statement with comparative data for the previous year and Basic Financial Statements items converted in the EURO	117
Reconciliation between adopted Accounting Standards and International Accounting Standards	117
CONSOLIDATED BALANCE SHEET	119
CONSOLIDATED PROFIT & LOSS ACCOUNT	120
MOVEMENTS IN OWN EQUITY	121
CONSOLIDATED CASH FLOW STATEMENT	122
NOTES TO THE CONSOLIDATED BALANCE SHEET	124
NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT	151
NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT	156
ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31. DECEMBER 2001	159
AUDITOR'S OPINION ON CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP OF ING BANK ŚLĄSKI S.A.	182
CAPITAL GROUP OF ING BANK ŚLĄSKI S.A. AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31. DECEMBER 2001	183



Supervisory Board

31.12.2001

Chairman
Deputy Chairman
Secretary
Member:

composition:

Andrzej Wróblewski
Johannes Nijssen
Jerzy Rokita
Ralf Hartmut Fiedler
Bogusław Maklakiewicz

01.01.2001

Chairman
Deputy Chairman
Secretary
Member:

composition:

Andrzej Wróblewski
Johannes Nijssen
Jerzy Rokita
Brunon Bartkiewicz
Ralf Hartmut Fiedler
Piotr Kukurba
Tomasz Szapiro
Maciej Urmanowski
Piet van Zanten
Kazimierz Zarzycki

28.06.2001

stepped down:

Brunon Bartkiewicz
Piotr Kukurba
Tomasz Szapiro
Maciej Urmanowski
Piet van Zanten

14.09.2001

appointed:

Bogusław Maklakiewicz

18.10.2001

stepped down:

Kazimierz Zarzycki



Bank Management Board

31.12.2001

President
First Vice-President
Vice-President
Vice-President
Vice-President
Vice-President

composition:

Marian Czakański
Frederik van Etten
Krzysztof Brejda
Grzegorz Cywiński
Anthonius Roozen
Cornelis Tuijnman

01.01.2001

President
First Vice-President
Vice-President:

composition:

Marian Czakański
Frederik van Etten
Jacek Bartkiewicz
Krzysztof Brejda
Grzegorz Cywiński
Edward Foppema

01.07.2001

stepped down:

Edward Foppema
appointed:
Cornelis Tuijnman

01.09.2001

appointed:

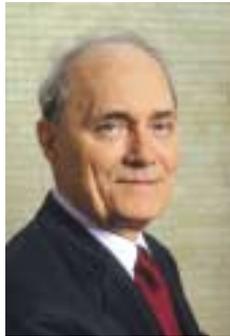
Anthonius Roozen

31.10.2001

stepped down:

Jacek Bartkiewicz





**Brief financial results for 1998 - 2001 (The Group)**

	31.12.2001	31.12.2000	31.12.1999	31.12.1998	(2001/2000) in %
Net balance-sheet in PLN million	26 250.6	19 317.9	14 834.0	12 581.5	135.9
Liabilities to non-financial and budgetary sectors in PLN million	17 836.1	13 642.0	10 275.7	8 914.5	130.7
Fixed yield securities in PLN million	2 136.4	2 161.3	2 241.3	3 110.1	98.8
Receivables from non-financial and budgetary sectors in PLN million	13 634.0	10 885.6	8 962.3	6 703.4	125.2
Off-balance-sheet liabilities in PLN million	109 658.8	10 162.9	5 401.7	4 102.9	1 078.6
Net assets in PLN million	2 504.7	1 498.1	1 373.2	1 224.8	167.2
Interest result in PLN million	486.1	711.1	680.4	692.1	68.4
Total costs in PLN million	3 454.2	2 978.0	1 918.8	1 947.8	116.0
Total costs (excluding costs of provisions) in PLN million	3 030.6	2 557.8	1 778.2	1 842.1	118.5
Gross profit in PLN million	117.1	147.1	346.6	303.4	79.6
Corporate tax in PLN million	24.1	-9.4	140.4	108.0	X
Net profit in PLN million	102.7	150.9	205.6	194.7	68.1
Solvency ratio (%)	12.5	10.7	13.5	11.9	
Gross profit/ total costs (excluding costs of provisions) (%)	3.9	5.7	19.5	16.5	
Net profit /net balance-sheet (%)	0.4	0.8	1.4	1.5	
Net profit/ total costs (%)	3.0	5.1	10.7	10.0	
Profit per share in PLN	9.7	16.3	22.2	21.0	59.5

REPORTS OF THE SUPERVISORY BOARD

Report of the Supervisory Board from the results of the audit for the year 2001: the consolidated financial statements of ING Bank Śląski Capital Group and the report of the Bank Management Board on the operation of the Capital Group of ING Bank Śląski S.A.

The Supervisory Board of ING Bank Śląski S.A., pursuant to the Art. 382 § 3 of the Act of September 15th 2000 - Commercial Companies Code (Journal of Laws No 94, section 1037), and in relation to art. 63c. of the Accounting Act of 29.09.1994, having familiarised itself with the financial statements of ING Bank Śląski Capital Group, and with the report of the Bank Management Board from the operation of the Capital Group of ING Bank Śląski S.A. in the year 2001, as well as with the Financial Audit Report of the Capital Group of ING Bank Śląski S.A. made by KPMG Polska Audyt Sp. z o.o., hereby declares that it does not raise any objections to the audited materials and presents this report to the General Meeting of Shareholders of ING Bank Śląski S.A.



Andrzej Wróblewski
Chairman Supervisory Board
Of ING Bank Śląski S.A.

Warsaw, March 21, 2002

Report of the Supervisory Board from the results of the audit for the year 2001: the financial statements of ING Bank Śląski S.A. the report of the Management Board of the Bank on the operation of ING Bank Śląski S.A and the motion of the Bank Management Board regarding profit or loss distribution.

The Supervisory Board of ING Bank Śląski S.A., pursuant to the Art. 382 § 3 of the Act of September 15th 2000 - Commercial Companies Code (Journal of Laws No 94, section 1037), having familiarised itself with the financial statements of ING Bank Śląski S.A., the report of the Management Board of the Bank from the operation in the year 2001, as well as the Financial Audit Report made by KPMG Polska Audyt Sp. z o.o., hereby declares that it does not raise any objections to the audited materials and presents this report to the General Meeting of Shareholders of ING Bank Śląski S.A.



Andrzej Wróblewski
Chairman Supervisory Board
Of ING Bank Śląski S.A.

Warsaw, March 21, 2002







Ladies and Gentlemen,

As the Chairman of the Supervisory Board, I have the honour to address again our Shareholders, the Customers and Employees of ING Bank Śląski S.A. summing up the results achieved in the last year.

I must admit that the year 2001 brought many challenges for the capital group of ING Bank Śląski S.A.

I am convinced that the consolidation of the ING Bank N.V., Warsaw Branch with the structures of ING Bank Śląski S.A., initiated at the end of 2001, created new opportunities for the Bank. I think that it is the Bank's obligation to actively participate in consolidation processes in the situation of fierce competition in the market of banking services. The properly effected merger process will bring substantial benefits as the merging institutions are complementary in terms of their business profiles. Adding the global ING brand to the name of the Bank and names of its subsidiaries provides additional market advantages for the capital group of the Bank.

The year 2001 witnessed the start-up of business operation of Śląski Bank Hipoteczny S.A. the establishment - upon the merger - of one of the biggest brokerage houses in the Polish market, ING Securities SA., co-operation and further with the other members of the ING Group in Poland, including insurance companies.

The Supervisory Board was very much concerned about the quality of services offered by the Bank and its security. In the year 2001 the Bank launched new products which were, in our opinion, very well perceived by our Customers and the market.

The Supervisory Board supported the Bank's efforts aimed at improvement of the quality of assets as the factor decisive for security and basis for further development, especially in the aspect of the difficult economic situation in Poland and the standing of corporate entities. The Bank decided to create provisions for the portfolio of bad loans which mostly originated from the nineties and in the present conditions may no longer be deemed as good undertakings. Those decisions should enable a final solution to the problem of old bad debts in the next couple of years and create an environment for steady improvement of the Bank's performance.

Summing up this year, I would like to thank the Bank Employees for their day-to-day efforts contributing to the achievement of planned objectives and the Bank Management Board for persistent realisation of the adopted strategy. I think that the implementation of the next steps of the vision outlined for ING Bank Śląski is beneficial for both Shareholders and the Bank Customers.



Andrzej Wróblewski

*The Chairman of the Supervisory Board
of ING Bank Śląski S.A.*



Ladies and Gentlemen,

The year 2001 brought many important developments both for Shareholders, us, the Bank employees and for our Customers.

The most important milestone of the year was the consolidation process within the Group, and in particular the incorporation of the ING Bank N.V., Warsaw Branch with the structure of ING Bank Śląski. In the period of ten years of its operation the ING Warsaw Branch gained an important position in the Polish market. The consolidation with the ING Warsaw Branch made it possible for the Bank to improve its competitive position in the corporate banking and financial instruments markets. Our Customers benefited from the merger as well. They got access to sophisticated services being the core of the offer of the former ING Bank N.V., Warsaw Branch.

The capital group of ING Bank Śląski S.A. substantially improved its position in the market of securities. Two Poland-based brokerage houses belonging to the ING Group merged in 2001. The integrated brokerage house runs business under the new name of ING Securities S.A. It is one of the biggest brokerage houses in Poland.

At the time of the consolidation process, the names of the companies belonging to the ING Group in Poland were also changing. The Bank's name changed into ING Bank Śląski S.A. In the period of twelve years of independent operation Bank Śląski gained strong brand recognition among the Polish customers. Adding the global ING brand additionally strengthened its potential. Using the ING brand imposes an obligation to comply with the business philosophy of this corporation which is based on such values as honesty, customer-orientation, entrepreneurial spirit and professionalism.

I would like to underline that those important events did not hinder the basic efforts aimed at improvement of organisational structures and procedures. The most important actions in this regard include further changes related to the credit risk management, continuation of efforts in mass payment automation and, mainly, the on-going development of the financial services offer, in particular for the retail customers.

The Lion Account that the Bank has offered to the Customers represents substantial added value. According to Customers and experts, it is the best personal account in the Polish market. The quality of current financial services for corporate customers improved upon launching of the Profit Account and the Corporate Package.



The Bank made important steps to establish closer relationship with Customers and provide easier access to banking services in 2001. Internet banking BSKOnLine, operator-based telephone banking, joint internet service of the ING Group were offered and the Bank also developed the network of modern STAREO outlets. Financial shops were launched on a pilot basis. The Bank is equipped with well-developed electronic distribution channels, which perfectly co-operate with the branch network. Thanks to that the Customers have access to their basic accounts via all distribution channels.

The capital group of ING Bank Śląski S.A. earned net profits at the level of PLN 102.7 million in 2001, including the Bank's profit of PLN 97.3 million. This result reflected to a great extent the financial standing of some of our Customers. The unfavourable situation in the corporate area, especially in the heavy industry sector, resulted in the increased share of classified loans in the Bank credit portfolio. The provisioning policy aiming at high security standards adversely affected the level of profit earned in 2001. It can be acknowledged that the Bank restructured its old credit portfolio on its own, by significant provisioning effected throughout 2001.

In the year 2002, the Bank will continue its strategy of development by further improvement of the offer to satisfy the Customers' needs, expanding the functionality of electronic distribution channels, improving the quality of service and establishing closer relationship with other members of the ING Group.

On behalf of the Bank Management Board, I would like to thank all employees of the group of ING Bank Śląski S.A. for their efforts and commitment and the Bank Supervisory Board for supporting these efforts. I would like to thank our Shareholders and Customers for the confidence they held in ING Bank Śląski.

Mariusz Galiński,
Marian Czakański

President of Bank Management Board

Polish economy 1996 - 2001

	1996	1997	1998	1999	2000	2001
Gross Domestic Product growth (%)	6.0	6.9	4.8	4.1	4.0	1.1
Budgetary deficit (% GDP)	-2.5	-1.4	-2.4	-2.2	-2.0	-5.3
Total money supply (PLN billion)	134.9	176.6	220.7	263.8	294.4	334.5
Industrial output (%)	8.3	10.8	4.8	4.4	7.1	-0.2
Inflation (CPI) measured by XII/XII ratio (%)	18.5	13.2	8.6	9.8	8.5	3.6
Unemployment rate (%)	13.2	10.5	10.4	13.0	15.1	17.4
PLN/USD rate (year-end)	2.8755	3.5180	3.5040	4.1483	4.1432	3.9863
PLN/EUR rate (year-end)	-	-	-	4.1689	3.8544	3.5219
WIBOR 3M (year-end)	22.43	26.28	15.81	19.20	19.45	11.91

I. POLISH ECONOMY AND BANKING SECTOR IN 2001

General trends in the economy

2001 was a year of a further decline of economic development in Poland. The Gross Domestic Product grew by approximately 1.1% in 2001, while in the previous year its growth was 4.1%. The essential weakening of the GDP growth began in the second quarter of the year when the economic development pace dropped below 1%.

The main reason for further slowdown of economic development was a substantial drop of investment outlays, accompanied by slight increase of private consumption and relatively good growth of export. The reduced investment, mainly outlays for fixed assets, derived first of all from the restrictive monetary policy, limited internal demand, unfavourable financial condition of companies in most sectors of economy and pessimistic prognoses of entrepreneurs for potential development of their companies.

The slower pace of economic development, restructuring of basic sectors of Polish economy and improved efficiency of work resulted in substantial growth of unemployment. The unemployment rate in Poland grew in December 2001 to 17.4 - the level unrecorded in the post-war history of Poland. It was higher by 2.3 percentage points when compared to December 2000. The highest growth of unemployment in the entire year was recorded in wielkopolskie /Poznań/ (23%), śląskie /Katowice/ (21%), mazowieckie /Warsaw/ (19%) and pomorskie /Gdańsk/ (19%) provinces.

The limited internal demand, strong Polish zloty and low prices of fuel and food caused that the inflation ratio in 2001 was 3.6%, compared with 8.5% in the previous year.

With the drop of inflation, the Monetary Policy Council several times lowered the official interest rates in 2001. The rates altogether dropped by 7.5 percentage points, while the interest rates in real terms still remained on a relatively high level.

Due to the fact that the State Budget revenues from taxes were lower than expected and this shortage was not compensated by expenditure cuts, the budget was amended twice within the year. As a result of these decisions the economic deficit of public finance grew in Poland to over 5% of the GDP.

In 2001, market interest rates trailed the official rates determined by the Monetary Policy Council. The average three-month WIBOR dropped from 19.45% at the end of 2000 to 11.90% in December 2001.

Simultaneously - due to expected further reductions of interest rates - an appreciation pressure on the exchange rate of zloty was observed. Zloty strengthened its position both in relation to US dollar and euro. The rates were:

	31.12.2001	31.12.2000
PLN/USD	3.9863	4.1432
PLN/EUR	3.5219	3.8544

Situation in the banking sector

The worsening economic situation in Poland had an impact on the pace of development and results of the banking sector. Total assets of commercial banks amounted to PLN 447.4 billion at the end of December 2001 and were higher by 11.4% in nominal terms as compared with the end of the previous year. For comparison, in 2000 the assets of commercial banks grew by 18%.

The major reason for slower rate of the banking sector growth was reduced demand for loans and more stringent credit policy applied by the banks due to increased credit risk. Credit receivables from private customers and corporate entities grew by 7.2% in 2001, while in 2000 the growth rate was 17.3%.

A reduced propensity to save was observed, manifested by Polish households due to a drop of real income of the population, increased unemployment and - at the year-end - also due to the introduction of income tax on deposit interest. Total deposits of the population grew by 12.0% in 2001, while in the previous year by 20.9%.

Due to stronger competition and continuous reduction of interest rates the interest margins shrank even further. The drop of interest revenues was partially compensated by active approach of the Bank to the revenues on fees and commissions as well as by expanding scale of exchange operations and intensified activity on the derivative instruments market.

Banks put emphasis on cost control. The decrease of operational costs resulted from implementation of cost-saving programs and restructuring processes, deriving - among others - from mergers finalised in the banking sector in previous years.

As a result, the banks generated net profit of PLN 4.5 billion in 2001, a growth by 7% when compared to 2000. For example, in 2000 the banks' net profit was 33% higher than that in the previous year.

The year 2001 was another year of progressing consolidation of Polish banking sector. The competitive layout on Polish market of banking services changed considerably due to numerous consolidation processes effected in large banks. ING Bank Śląski also participated actively in this process by incorporating the ING Bank N.V., Warsaw Branch in its structures and taking over Kalisz-based Wielkopolski Bank Rolniczy (Wielkopolski Agricultural Bank).

Strong banking institutions emerged and concentration of banking services in Poland grew substantially as a result of consolidation processes run for a few years.

In 2001, the universal banks had to face much stronger competition of Internet banks than in the previous years. New players appeared on the market. Virtual banks offer deposit interest attractive for customers and take over a part of the deposit market.



Capital market

The year 2001 was difficult for the Warsaw Stock Exchange. The deteriorating macroeconomic situation in Poland and political uncertainty before the election, combined with a world-wide slowdown of the economic growth caused the downward trend - which began in spring 2000 - to continue in the market. In total terms the Warsaw Stock Exchange Index (WIG) dropped by 22% in 2001, while WIG20 (for twenty largest companies) by 33.5%.

The unfavourable economic situation was accompanied by a further reduction of free float. It was caused first of all by decisions of strategic investors who increased their shares in public companies and withdrew some companies from public trading. Simultaneously, in view of large costs and complicated procedures, the number of new issues was 40% lower in 2001 than in 2000, while the value of public offers amounted to less than PLN 3 billion (2/3 of the amount of the previous year).

Due to these phenomena the trading in shares on the Warsaw Stock Exchange dropped to PLN 61 billion in 2001, being lower by 41% as compared with the previous year.

The stagnation on the Warsaw Stock Exchange made some foreign brokerage offices close their businesses in Poland (ABM Amro AM, DI BWE, Robert Fleming, Wood&Co.).

II. THE MOST IMPORTANT EVENTS IN ING BANK ŚLĄSKI IN 2001

Implementation of the Bank strategy

In 2001, ING Bank Śląski continued implementation of the adopted development strategy with the objective to build the best bank in Poland providing modern and integrated financial services.

The strategy focuses on customers and their needs in order to establish permanent and beneficial relationships between them and the Bank. The customers' growing expectations, especially as regards service quality, mobilised the Bank to continuously work on customer segmentation, offer improvement and development of traditional and modern distribution channels. The Bank introduced packages (Lion Account, Profit Account, Corporate Package) to its offer to satisfy financial needs of both individual and corporate customers.

These packages are one of the most modern banking product bundles in Polish market. The Bank also launched the Internet banking system BSKOnLine and modern Call Centre and opened - as a pilot - the financial shops.

Answering the situation in the banking market, ING Bank Śląski actively participated in consolidation processes. The Bank improved its competitive edge via merging with ING Bank N.V., Warsaw Branch and acquisition of Wielkopolski Bank Rolniczy, especially with regard to the market share and capital strength increase and diversification of the operation.

The organic growth combined with consolidation processes resulted in major improvement of the Bank's market position. ING Bank Śląski increased its share in banking sector deposits from 4.9% at the end of 2000 to 6,0% in December 2001 while its share in loans grew from 5.6% to 7,0%.

The deteriorating economic situation and changes in the banking sector, resulting from stronger competition and shrinking margins, caused ING Bank Śląski put emphasis on cost control, among others by introducing the cost limit system and by concentrating the resources on a limited number of priority projects.

Merger of Bank Śląski with the ING Bank N.V., Warsaw Branch

On 28th June 2001 the General Shareholders Meeting passed a decision on increasing the equity of Bank Śląski by PLN 37 500 000 by issuing new B series bearer shares of nominal value PLN 10 and issue price of PLN 265 at a share. Pursuant to the decision of the GSM, these shares were taken up by ING Bank N.V. against the in-kind contribution in the form of ING Bank N.V. Warsaw Branch. This decision was actually initiating the integration - planned since July 2000 - of Bank Śląski with the ING Bank N.V., Warsaw Branch.

On 1st October 2001 an agreement between ING Bank N.V. in Amsterdam and Bank Śląski was concluded in Katowice, on the in-kind contribution of the ING Bank N.V., Warsaw Branch to the structures of Bank Śląski.

The ING Bank N.V., Warsaw Branch specialised in serving large corporate entities and offered, among others, the sophisticated investment services and products of financial market. At the moment of consolidation, i.e. at the end of September 2001 the Branch held the following position on the corporate market¹:

- loans - 1.3% share in the market,
- deposits - 2.6% share in the market,
- issue of short-term debt papers - 14.4% of debts due to the issues and the third position in the market.

Deposits and loans in Bank Śląski and the ING Bank N.V., Warsaw Branch (as at 30th September 2001)

	ING Bank Śląski	ING Bank N.V., Warsaw Branch	Total
Total deposits			
in PLN million, incl.:	15 202.7	2 384.9	17 587.6
• private customers	9 982.3	322.2	10 304.5
• corporate entities	5 220.4	2 062.7	7 283.1
Total loans in PLN million, incl.:	14 090.8	2 247.6	16 338.4
• private customers	2 816.8	0.9	2 817.8
• corporate entities	11 274.0	2 246.6	13 520.6

The complementary character of merging institutions, that is the universal nature of Bank Śląski and specialisation of the ING Bank N.V., Warsaw Branch in corporate and FM markets, generates substantial benefits for the Bank:

- growth of capital strength, allowing for implementation of larger projects,

¹ Market shares were calculated for the following categories of corporate entities: State enterprises and companies, private enterprises and companies, co-operatives as well as individual businesses.



- better market position of the consolidated Bank, especially on the corporate banking market, being a premise for more efficient competition on the market as a whole,
- growth of the customer base and new possibilities of cross-selling, by offering the FM and structured products to the customers of former Bank Śląski,
- exchange of experience and know-how for different aspects of financial services,
- better diversification of business and better risk control,
- reduced costs of the Head Office, IT systems and back-office,
- better efficiency of marketing efforts and resources.

Good preparation and effective consolidation process will allow the Bank to achieve the expected effects of synergy and scale, though in view of difficult economic situation these benefits may appear later than assumed.

The merger of Bank Śląski with the ING Bank N.V., Warsaw Branch also gave rise to the consolidation of brokerage houses of both institutions, which took place on 21st December 2001. The integrated brokerage office runs business under the new name of ING Securities Spółka Akcyjna.

Change of the name into ING Bank Śląski

On 6th September 2001 Bank Śląski commenced the rebranding process (as other entities of the ING Group in Poland did), and started operation under the new name of ING Bank Śląski.

The rebranding of ING companies in Poland (inclusive of Bank Śląski) constitutes a part of the long-term strategy of the ING Group, whose target is to render integrated financial services and establish the Group's image as an innovative, customer-oriented, and dynamic international organisation.

Adding the global brand of ING to the name of Bank Śląski is particularly useful in a new situation in the market of banking services, which is characterised by increased significance of a brand as a factor decisive for choosing a bank.

The campaign promoting the strength of ING brand in Polish market was run jointly by all entities of the ING Group. The process of brand unification within the ING Group was communicated mostly via the advertising campaign, based on different media, inclusive of television. ING Bank Śląski participated in the joint campaign and additionally ran its own rebranding actions. Due to the name change the Bank also established a new system of visual identification and initiated the process of new visualisation of the outlets.

Change of the shareholder structure

ING Bank Śląski has a strong and stable shareholder - ING Bank N.V., who regards Poland as the third home market (after The Netherlands and Belgium).

ING Bank N.V. initiated steps in 2001 aimed at increasing its interests in ING Bank Śląski, to ensure efficient implementation of the strategy in Poland. The strategy assumes a significant

growth of the market share by offering numerous financial services via varied distribution channels.

On 9th March 2001, ING Bank N.V. announced the tender offer for sale of BSK S.A. shares. After its completion, i.e. on 23rd April 2001, ING Bank N.V. increased its stake in Bank Śląski to 74.73%.

On 17th September 2001, the equity of ING Bank Śląski was increased by PLN 37 500 000 to the total amount of PLN 130 100 000. As a result of increasing the equity by the issue of new shares to be taken up by ING Bank N.V., its stake in the new Bank's equity grew to 87.77%.

On 31st December 2001 the equity of ING Bank Śląski amounted to PLN 130 100 000 and was divided into 9 260 000 ordinary shares of A series and 3 750 000 ordinary shares of B series of nominal value of PLN 10 each.

According to the status at the end of 2001, the only shareholder having 5,0% or more votes at the General Shareholders Meeting was ING Bank N.V. holding 11 418 641 of shares and 87,77% of votes at the GSM.

Ratings of ING Bank Śląski

On 4th January 2001 the rating agency Capital Intelligence informed Bank Śląski of:

- raising the rating for the Bank's long-term liabilities from BB+ to BBB,
- raising the rating for the Bank's short-term liabilities from B to A2,
- maintaining the rating for the Bank's financial strength at the level of BBB-,
- maintaining the support rating: 2.

The perspectives of ratings have been determined as stable.

On 26th April 2001 the Moody's agency - due to revised scale of rating for the bank's financial strength (13 points instead of 9) - in order to keep the same financial strength of banks performed a technical modification of financial strength rating for the Polish banks, inclusive of Bank Śląski. The letter describing the rating for Bank Śląski was changed into C- instead of D+.

On 31st August 2001 the Management Board of Bank Śląski was informed of the international rating agency's Moody's Investors Service Ltd. Report in which the ratings assigned earlier to Bank Śląski were not changed, i.e.:

- the rating of long-term deposits: Baa1,
- the rating of short-term deposits: P-2,
- the rating of financial strength: C-.

On 19th October 2001 the Fitch Ratings Ltd. agency notified ING Bank Śląski about:

- keeping the rating for long-term liabilities: BBB+,
- keeping the rating for short-term liabilities: F2,
- keeping the support rating: 3,
- lowering the individual rating from C/D to D.

The Fitch Ratings Ltd. lowered individual ratings for several other Polish banks as well. The lowered individual ratings also derived from the deteriorating situation of Polish economy, combined with high interest rates in real terms and slower pace of growth of the European Union economy, which was translated into the financial standing of companies and their creditors. The negative factors include aggressive competition in the banking sector, of negative impact on net interest margins.

The agency justified the lowered rating for ING Bank Śląski with fears about the growing level of classified loans, combined with shrinking net interest margins and relatively low capitalisation. At the same time, they acknowledged the improved risk management in the Bank as well as a growth of the distribution network and expansion beyond current regions and sectors of operation. According to the Agency, the prospects for the Bank's activity will probably improve in future, as a result of the merger.

On 19th December 2001 the rating agency Moody's Investors Service Ltd. informed the Management Board of ING Bank Śląski S.A about:

- keeping the rating for long-term deposits: Baa1,
- keeping the rating for short-term deposits: P-2
- lowering the rating for the Bank's financial strength from C- into D+.

The lowered rating for the Bank's financial strength mainly reflects the unfavourable development of the economic environment and its negative impact on the Bank's basic activity. Simultaneously the Agency stated that the Bank strengthens its distribution network and expands the product offer. Works are run over the reduction of costs and classified loans.

Awards

High appreciation of customers and competitors of ING Bank Śląski activities is reflected in the following awards granted to the Bank in 2001:

- Gold medal for the best personal account granted to the Lion Account in the 7th Polish Capital and Financial Forum „Your Money“;
- „Product of the Year“ title for a construction and mortgage loan in EUR for private individuals bestowed in the 7th edition of Murator Publishing House Competition;
- „Entrepreneur-Friendly Bank“ in the category of „Small and Mid-sized Businesses“, awarded by the Polish and American Small Business Consultancy Foundation and Warsaw Banking Institute;
- „2001 IT Leader“ in the category „Banking and Finance“ in the yearly competition organised by Computerworld biweekly;
- 3rd rank in the competition for the best financial report of a public company for 2000 and a distinction in a category „Report of the Management Board“ granted by the Accounting Development Foundation;

- 2000 Quality Recognition JP Morgan Chase award for the top quality co-operation with foreign correspondents;
- 1st rank in a team category in a countrywide competition „Training Manager of 2001“;
- TOP RATED status granted by Global Custodian, a prestigious American publishing house for the custody operation in Poland.

The Management Board is proud of these awards.

ING Bank Śląski S.A. in Society

Pursuant to the global philosophy of the ING Group, the Bank is actively pro-social, supporting the cultural, scientific and charity organisations.

Contribution to the national culture

To foster the cultural activity in 2001, like in previous years, the Bank put strong emphasis on supporting prestigious events and institutions located all over the country, including among others:

- National Symphonic Orchestra of Polish Radio in Katowice
- International Centre of Culture in Cracow,
- Museum of Silesia in Katowice,
- Baltic Opera in Gdynia,
- National Museum in Warsaw.
- National Philharmonic in Warsaw.

ING Bank Śląski S.A. also co-operated with organisers of the Days of Holland in Wrocław.

Due to the joint initiative of ING entities, in 2001 a renowned Dutch orchestra The Royal Concertgebouw for the first time performed in Poland.

The branches of ING Bank Śląski S.A. ran active sponsoring as well and marked their presence in local societies all over the country.

Charity

In 2001, ING Bank Śląski S.A. continued the widely understood charity work, via the Foundation of Bank Śląski established for this purpose. The Bank sponsors the health care and social security facilities, supports scientific institutions and educational centres.

Health care and social security

As every year, ING Bank Śląski S.A. provided substantial aid for the health care and social security facilities. Particular significance was attached to help for the disabled and orphaned children. The Bank supported the health care centres as well. The Bank also co-operated with other social foundations and organisations, whose statutory activity is aimed at rendering help and protecting the health of the disabled.

The Bank also joined the action of help for the victims of flood, participated in auctions held by media and organised summer vacation for children.



Science

ING Bank Śląski S.A. puts strong emphasis on aid addressed to scientific institutions and projects. It supports scientific associations and circles, universities, foundations promoting science as well as distinguished scientists and graduates. One of the major projects, in which ING Bank Śląski S.A. is once more involved, is the "Internet in schools" Project coordinated by the President of the Republic of Poland.

Closer co-operation within ING Group in Poland

The sales of integrated financial products of ING Group have been one of the major pillars of the strategy of ING Bank Śląski operation.

The ING Group made a significant progress in strengthening its internal relations in 2001 by:

- expanding the scope of sales of ING Bank Śląski's products by the agents of ING Nationale-Nederlanden by the Lion Account and mortgage loans,
- launching the issue of cards enabling the members of Nationale-Nederlanden Open Pension Fund to make balance inquiries through ING Bank Śląski ATMs,
- developing a joint website of ING Group Poland helping to build up Group's image of an integrated financial service supplier and facilitating the communication between customers and Group units,
- starting co-operation with PTE ING Nationale-Nederlanden Call Centre,
- rendering premises available for the operation of ING Nationale-Nederlanden in ING Bank Śląski outlets,
- integrating a back-up environment for transactional systems of the entities within the ING Group Poland.

The implementation of the project enabling to handle the accounts of ING Mutual Fund Company through BSKOnline Internet banking system is in its final stage.

Acquisition of Wielkopolski Bank Rolniczy (Agricultural Bank) in Kalisz

ING Bank Śląski participated in the process of remedying Polish banking sector in 2001, by taking part in restructuring of Wielkopolski Bank Rolniczy in Kalisz. At the same time, the take-over of WBR was in line with the strategy of ING Bank Śląski based on building a countrywide bank.

On 6th August 2001 the Banking Supervision Committee adopted the Resolution No. 67/KNB/01 on the take-over of WBR S.A. by ING Bank Śląski. The Supervisory Board of WBR S.A. appealed against the said decision to the Supreme Administrative Court. The Supreme Administrative Court dismissed the aforementioned complaint on 9th November 2001. Executing the resolution of the Banking Supervision Committee, ING Bank Śląski took Wielkopolski Bank Rolniczy over as of 9th November 2001.

The basic take-over balance-sheet figures of Wielkopolski Bank Rolniczy - verified by the certified auditor as at the day of the acquisition were as follows:

- equity - PLN 19 694 thousand,
- loss of prior years - PLN 17 664 thousand,
- loss of the current year - PLN 9 328 thousand,
- total own funds - PLN 7 298 thousand negative,
- liabilities towards customers and the budgetary sector - PLN 33 422 thousand,
- amounts due from customers and the budgetary sector - PLN 14 317 thousand.

Along with the acquired assets and liabilities of WBR, ING Bank Śląski took over the shares and participation interests in its subsidiaries and affiliates, like, for example, Hatrol Sp. z o.o. or Asekuracja Sp. z o.o.

Since December 2001 ING Bank Śląski has been restructuring WBR by limiting the number of its outlets from 8 to 4 and incorporating the acquired bank fully into the organisational structures of ING Bank Śląski.

The price of ING Bank Śląski shares

Since main stock exchange indexes - WIG and WIG 20 - were going down in 2001, the Bank shares constituted a relatively good investment. The yield rate of banks was approx. 9% (to compare with the WIG-Banki index which grew by 8.9%).

The price of ING Bank Śląski shares grew by 36% in 2001. It was the highest yield rate among all bank shares in 2001. The next banks in this ranking were: Bank Pekao S.A. - growth by 28%, Kredyt Bank S.A. - by 13%.

Price of ING Bank Śląski shares in 2001



III. RETAIL BANKING

ING Bank Śląski provides retail banking services to individual customers and firms from the small business segment². The financial needs of a small firm are similar to the preferences of individual customers. However, due to the reporting requirements the Bank presents its activities in the retail market only based on the value of deposits and loans of individual customers. The small business segment is included in the data related to corporate customers.

² The small business segment covers individual customers running their own private business, representatives of free professions and partners of civil partnerships running business on the basis of simplified accounting forms such as the tax card, lump-sum tax on registered revenue and the tax book of revenue and expenses (not covered by the Accounting Act, i.e. earning yearly proceeds from sales up to EUR 800,000).

In the past years, due to organic growth, ING Bank Śląski systematically strengthened its position in the market of retail banking. The role of the Bank in the market of individual customers evolved in 2001:

	31.12.2001	31.12.2000
• loans for individual customers	5.4%	4.9%
• PLN deposits of individual customers	5.2%	5.1%
• FX deposits of individual customers	4.7%	3.3%

Customer segmentation

Due to the constant focus on the customer needs and building long-term and valuable relationships with customers the Bank monitors the needs and preferences of customers and improves the customer segmentation on an on-going basis. The segmentation of individual customers of ING Bank Śląski is mainly based on such criteria as the inflow of customer's income to the account and the customer's age. At present, the mass segment, personal banking and private banking as well as small business segments are distinguished at the Bank.

Products

ING Bank Śląski substantially improved its competitive position in the market of retail banking in 2001 by, among other things, launching the Lion Account and the Profit Account.

The personal account is the basic product for individual customer. Opening of a current account by a customer creates a possibility for the Bank to establish a closer (cross-selling) relationship with the customer. At the beginning of April 2001 the Bank proposed a new formula for the current account under the name of the Lion Account. The core of the offer is the personal account and the account holder may use the following additional services:

- overdraft, revolving loan,
- payment cards,
- savings account,
- accident insurance (Student Account, Comfort Account, Prestige Account, VIP Account),
- cash settlements,
- non-cash settlements (transfer orders, standing orders).

In the first phase, the Lion Account was offered in 5 variants (the Standard Account 1, the Standard Account 2, the Student Account, the Comfort Account, the Prestige Account) to suit the preferences of specific groups of customers. A new product for children and youth - the Teenage Account - was added to the offer in December 2001.

According to experts and customers, the Lion Account is the best personal account in Polish market due to the following advantages:

- A convenient and easy access to the account - via differentiated distribution channels, including these offering access to the account 7 days a week (HaloŚląski, BSKOnLine).
- An easy cash withdrawal - via the Bank's own well-developed network of ATMs and a comprehensive card offer.
- Customer-friendly pricing - customers decide upon the level of fees for account maintenance selecting the variant that suits them best.
- Opportunities for saving - by linking the Lion Account with the Open Savings Account (OKO), on which the customer may deposit any amount of savings. The dynamic interest rates on the savings account that grow proportionally to the account balance and the monthly capitalisation of interest make the packages of the Lion Account even more attractive.

The number of personal accounts at ING Bank Śląski was 986.3 thousand at the end of December 2001, including 252.1 thousand of the Lion Accounts. In the situation of growing competition the Bank maintains its share in the market of personal accounts at the level of over 8%.

The special offer prepared for small business reflects the Bank's focus on this segment. The Profit Account was based on the analysis of specific needs of small businesses for comprehensive bank services. The Bank made efforts to create a product which is transparent for customers and easy to handle for the bank salesforce. With the Profit Account the Bank offers the following products that help to manage the small company's funds more effectively:

- current/auxiliary account - Profit Account,
- deposit account - Profit,
- Standard Credit Line,
- Maestro Business card,
- electronic distribution channels (HaloŚląski, HomeCash, BSKOnLine).

Since launching of the product in mid-April till the end of 2001 the Bank opened 64.3 thousand of Profit Accounts.

ING Bank Śląski presents the individual customers with one of the most modern offers for banking services in the market. The offer comprises standard and negotiable deposit products which are very attractive in term of tenors, currencies (PLN, EUR, and USD) and interest rates. The credit offer for individual customers includes, among others, cash loans, secured loans guaranteed and revolving loans, current account overdrafts, housing and mortgage loans, instalment loans, car loans.

The Bank issues various types of cards for individual customers, like debit cards (VISA Electron, Maestro), charge cards (VISA Classic, EC/MC Gold), credit cards (VISA Electron, Visa Electron Nationale-Nederlanden) and prepaid cards (Maestro).



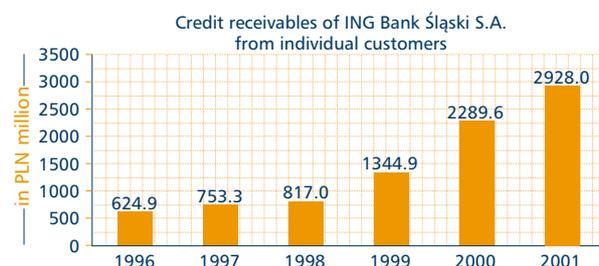
The deposit offer for small business includes, apart from the PLN and FX current accounts, the deposit accounts and fixed and variable interest rate standard and negotiable term deposits (in PLN, USD and EUR). Small firms may get one of the following credit products: current account credit lines, working capital/ exploitation loans, investment loans and car loans. The Bank offers PLN and FX loans as well as loans indexed with EUR or USD.

ING Bank Śląski issues the following cards for owners of small firms: debit Maestro Business cards, VISA Business and Eurocard/MasterCard Business Gold charge card.

The branches of ING Bank Śląski are also selling participation units of the ING Investment Funds and insurance policies, including the Open Pension Fund of ING Nationale-Nederlanden Poland.

Lending

The receivables of ING Bank Śląski on loans granted to individual customers³ amounted to PLN 2 928.0 million as at the end of December of 2001, and increased in comparison to December 2000 by PLN 638.4 million, or 27.9%. The amounts due from individual customers represented 18.8% of the entire Bank credit portfolio (19.2% as at 31.12.2000).



The policy of ING Bank Śląski aimed at increasing the share of housing loans in the retail credit portfolio and reducing the share of high-risk loans such as instalment loans. The policy resulted, among others, in the following changes of the structure of Bank credit receivables from individual customers:

- increase of the share of current account credit lines from 22.7% in December 2000 to 25.8% at the end of 2001,
- growing role of housing loans from 11.7% to 15.3%,
- increase of the share of credit card loans from 6.0% to 11.6%,
- decrease of the share of instalment loans from 15.8% to 11.7%.

The quality of the retail credit portfolio deteriorated over the year 2001 due to the unsatisfactory financial standing of some customers. The value of classified loans of individual customers grew from PLN 263.4 million in December 2000 to PLN 493.2 million in December 2001, i.e. by 87.2%. Thus, the share of classified loans in the whole retail credit portfolio increased from 11.5% at the end of 2000 to 16.9% in December 2001.

³ The figures include loans granted to individual customers without suspended payments and interest after and before the due date. Credit receivables from small business are included in the credit portfolio of corporate customers.

The table below illustrates the structure of the retail credit portfolio.

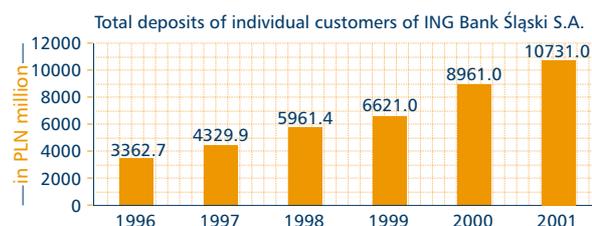
	31.12.2001			31.12.2000		
	Exposure PLN million	Structure %	Specific provisions PLN million	Exposure PLN million	Structure %	Specific provisions PLN million
Total, including:	2 928.0	100.00	343.9	2 289.6	100.00	154.4
- regular:	2 434.8	83.15	7.1	2 026.2	88.50	
standard	2 431.9		7.1	2 021.0		
special mention	2.9			5.2		
- classified:	493.2	16.85	336.8	263.4	11.50	154.4
sub-standard	122.9	4.20	25.6	112.1	4.90	18.3
doubtful	101.2	3.46	46.7	30.2	1.32	15.1
lost	269.1	9.19	264.5	121.1	5.29	121.0

The Bank established additional provisions due to the worsening repayments of loans granted to individual customers. The value of provisions for retail loans grew from PLN 154.4 million at the end of December 2000 to PLN 343.9 million as at 31.12.2001, i.e. by 122.7%. The amount of specific provisions to the general value of the retail credit portfolio increased from 6.7% at the end of December 2000 to 11.8% at the end of December 2001.

Deposits

As of the end of December 2001, the deposits of individual customers⁴ amounted to PLN 10 731 million, an increase by PLN 1 770 million, i.e. by 19.8% in comparison to the end of 2000. The growth rate of the Bank was then higher than that for the whole banking sector.

The share of retail deposits in the total deposits dropped from 57.6% at the end of 2000 to 51.8% in December 2001. The change is one of the results of incorporating ING Bank N.V., Warsaw Branch that had PLN 2 063 million of corporate deposits and PLN 322 million of retail deposits in its books as at the end of September 2001.



The share of current deposits in total deposits of individual customers decreased from 18.4% at the end of 2000 to 16.9% in December 2001.

Bank cards

The Bank issued 2 028.0 thousand cards for individual customers by the end of 2001, a growth by 79% as compared with December of the last year. The growth resulted mainly from the dynamic increase in the number of issued Maestro cards.

During 2001, ING Bank Śląski substantially strengthened its third position in the card market and increased its share

⁴ The figures include deposits of individual customers without suspended payments and interest. Deposits of small business customers are included in the corporate portfolio.

in this market from 11.0% at the end of 2000 to 15.5% in December 2001.

The Bank launched a new card in 2001 - the debit Maestro card issued for the holders of the Teenage Account.

In December 2001, the Bank finalised implementation of the prepaid card - the first one in Polish market and the second in Europe - as well as the package of credit cards (Eurocard/MasterCard Standard, VISA Gold). The Bank started offering the prepaid card in January 2002. The new credit cards will be issued from January 2002 on a pilot basis.

Personal and private banking

Under the personal banking services, designed for up-scale customers, ING Bank Śląski offers comprehensive services to satisfy the financial needs and assists in managing the customer funds. The funds are invested in a way adjusted to individual customer's needs, preferences and the acceptable risk level. An important element of the offer for the personal banking segment is the VIP Package launched with the Lion Account packages. The personal banking customers are served by experienced, dedicated Account Managers.

The number of personal banking customers grew at the Bank by 70% during 2001.

Upon consolidation with the ING Bank N.V., Warsaw Branch, the Bank got access to the new know-how and expanded its private banking operation.

A customer covered by the private banking system of ING Bank Śląski has the access to comprehensive and professional services tailored to suit his individual needs and preferences. Products offered by other members of the ING Group, like for example ING Securities or ING Investment Management Polska Sp. z o.o. are included in the offer as well.

IV. CORPORATE BANKING

The corporate banking belongs to these operational areas of the Bank, in which the impact of the merger with the ING Bank N.V., Warsaw Branch was clearly reflected. It refers to the customer database size and structure as well as to the offer, principles of customer service, and the market position of the consolidated Bank.

The share of ING Bank Śląski in the consolidated balance-sheet of the banking sector was:

	31.12.2001	31.12.2000
• loans for corporate customers	7.5%	5.9%
• PLN deposits for corporate customers	8.5%	5.6%
• FX deposits for corporate customers	7.3%	3.4%

One has to stress, however, that a visible improvement of the Bank's position on the corporate banking market during 2001 was also achieved due to the development of business activity in the network of branches of the former Bank Śląski.

Segmentation of corporate customers

The merger resulted in an increase of Bank customer database, inclusive of the segment of large companies running extended business both at home and abroad. The analysis of the consolidated customer database led to verification of the segmentation of corporate customers. At present three segments are identified in the Bank: strategic customers, large companies, and mid-sized companies.

At the same time, ING Bank Śląski adopted the following principle of customer service: the Strategic Customer Department serves strategic customers, the Corporate Banking Centres serve large companies, and the Bank Branches serve mid-sized companies.

Products

As a result of inclusion of the ING Bank N.V., Warsaw Branch in the ING Bank Śląski structure the offer significantly developed. The Bank corporate customers obtained access to well-developed, sophisticated investment products and low risk services. The transfer of know-how from the Branch to the Bank will additionally contribute to a significant improvement of service quality in 2002.

Regardless of the works on standardisation of products, ING Bank Śląski was introducing new products to the offer and adapting the latter to the needs of specific corporate customer groups. A major event of 2001 in that area was the launch of a complex package offer called Corporate Package in the beginning of May 2001. The offer is addressed to the segment of mid-sized companies, and thus to the entrepreneurs running full books and achieving the annual net revenues not exceeding PLN 30 million. The package comprises:

- a group of clearing products (Corporate Account, Maestro Business card, electronic banking system),
- credit products (corporate overdraft, credit line in the corporate account, corporate investment loan),
- offer for executive members of company managements.

The Bank extended the scope of co-operation with domestic and international organisations related to the support programmes for small and mid-sized companies in 2001:

- the Bank continued co-operation with the European Bank for Reconstruction and Development, connected with two programmes, i.e.:
 - Mutual Dairy Fund Phare & EBRD. Under this programme, the Bank granted small and mid-sized dairy companies investment loans to increase the quality of their products so that they can comply with the EC quality requirements.
 - UE/EBRD SME Finance Facility. The programme was designated for small and medium-sized companies. Both the offer itself and the geographical scope of the Programme were developed in 2001.
- the Bank won the tender to serve the Phare Programme Initiative 2. The programme is addressed to small and



mid-sized companies, establishing new workplaces for dismissed coal-miners and steelworkers.

- The Bank served the Programme of Loan Guarantees of Bank Gospodarstwa Krajowego [BGK]. The guarantee amount was increased in order to cover the effects of the flood of 2001 and some facilities were introduced to make it easier for the companies struck by the flood to obtain the BGK guarantee.

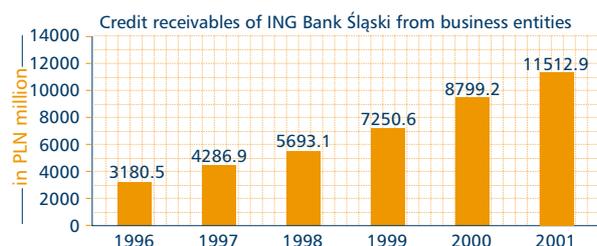
Under the programme of development of low risk products, the Bank significantly improved its products addressed to exporters. Furthermore, with regard to the local administration, the Bank followed a special pricing policy upon entering tenders to maintain an account or grant a loan.

Lending

The volume of loans for corporate customers in ING Bank Śląski at the end of 2001 was determined on one hand by the adopted lending policy, focusing on the low risk undertakings, and, on the other hand, by the portfolio growth caused by the merger with the ING Bank N.V., Warsaw Branch.

At the end of December 2001, the value of loans granted to corporate entities, State budget sector and financial sector⁵ totalled PLN 12 680.7 million and increased in comparison to the year 2000 by PLN 3 068.8 million, or 31.9%.

The Bank corporate loans amounted to PLN 11 512.9 million and increased as compared to the end of 2000 by PLN 2 713.7 million, i.e. by 30.8%. Their value constituted 73.8% of the total Bank credit exposure. The value of loans extended to State budget sector amounted to PLN 275.3 million and constituted 1.8% of the total credit portfolio, and the financial sector PLN 892,5 mln and constituted 5.7% of the total portfolio.



The PLN loans, constituting 63.4% of all loans granted to corporate customers, were dominant in the structure of credit exposure. Nevertheless, their share fell by 3.4 percentage points as compared to the end of December 2000.

ING Bank Śląski had eleven significant exposures, i.e. whose value amounted to 10% or more of the total Bank's net assets as at 31st December 2001: PLN 344.6 million, PLN 327.4 million, PLN 320.5 million, PLN 313.5 million, PLN 300.0 million, PLN 289.4 million, PLN 285.0 million, PLN 269.2 million, PLN 264.1 million, PLN 243.1 million, and PLN 243.0 million. Two borrowers were related to ING Bank Śląski in terms of capital.

⁵ The figures include loans granted to corporate entities, budgetary sector and financial sector, inclusive of discount loans and the subordinated loan. The value does not cover granted inter-banking deposits, suspended payments and accrued and matured interest.

The value of classified corporate loans (exclusive of the unpaid, accrued and matured interests) amounted to PLN 3 138.7 million as at 31st December 2001 and increased by PLN 1 576.4 million when compared to the end of December 2000. As a result, the share of classified loans in the corporate credit portfolio increased from 16.4% at the end of 2000 to 24.9% in December 2001.

The volume of classified corporate credit portfolio was influenced not only by the deteriorating condition of corporate customers, but also by the quality of the portfolio taken over together with the ING Bank N.V., Oddział w Warszawie. This portfolio was characterised by a relatively high share of the sub-standard and doubtful loans. At the same time, due to mother-company guarantees that some borrowers had had, ING Bank Śląski established relatively low specific provisions for this part of the exposure.

The issue of unsatisfactory quality of the portfolio is mainly related to loans extended in the beginning of nineties. None of the larger exposures extended during the last two years found itself on the work-out list developed as at the end of 2001.

ING Bank Śląski continued its conservative provisioning policy in 2001. The Bank established full provisions for the classified credit portfolio of the borrowers representing the fat industry and established adequate provisions related to the business relations with a credit broker terminated in May 2001. As a total, the growth of provisions for the credit portfolio of corporate customers was PLN 500.1 million in 2001. As a result, the ratio of established specific provisions to the total corporate credit exposure increased to 8.1% at the end of 2001, whereas in December 2000 it was at the level of 5.5%.

The complex credit audit performed in the 4th quarter of 2001 confirmed that the Bank's actions with reference to additional provisioning of the credit portfolio had been right.

In the table below the structure of corporate credit portfolio is presented.

	31.12.2001			31.12.2000		
	Exposure in PLN million	% structure	Specific provisions in PLN million	Exposure in PLN million	% structure	Specific provisions in PLN million
Total inclusive of:	12 620.7	100.00	1 030.4	9 551.9	100.00	530.3
- regular:	9 482.0	75.13	12.6	7 989.6	83.64	8.2
standard	8 847.0			7 015.1		
special mention	634.9		12.6	974.5		8.2
- classified	3 138.7	24.87	1 017.8	1 562.3	16.36	522.1
sub-standard	903.7	7.16	100.9	293.9	3.08	27.6
doubtful	1 335.5	10.58	180.3	820.9	8.59	221.4
lost	899.5	7.13	736.6	447.5	4.68	273.1

Deposits

The value of deposits for corporate entities, State budget sector, and the financial sector⁶ amounted to PLN 10,000.9 million as at 31st December 2001 and constituted 48.2% of the total deposits. In comparison to the end of December 2000, the share of corporate deposits in total deposits of ING Bank Śląski increased by 5.8 percentage points.

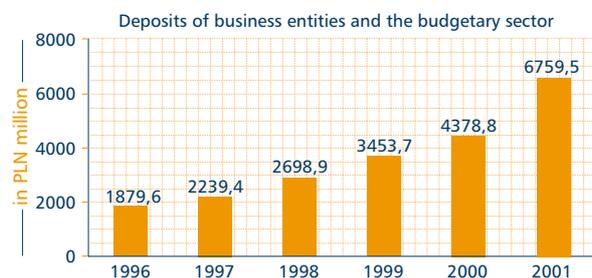
⁶ The figures include the deposits of corporate entities, budgetary sector and financial sector, exclusive of the suspended payments and interests.

The increase of the share of corporate deposits share in total deposits is one of the effects of the Bank's merger with the ING Bank N.V., Warsaw Branch as the Branch had a good position in the market of corporate deposits, and in particular of FX deposits.

The deposits of corporate entities, amounting to PLN 5 633.0 million, that increased as compared to December 2000 by PLN 2 147.6 million, i.e. by 61.6% constituted their key part. The following changes occurred in the structure of corporate deposits in 2001:

- the share of current deposits in total deposits decreased from 39.5% as at the end of 2000 to 36.9% in December 2001 in favour of term and frozen deposits,
- the share of FX deposits significantly increased, from 8.3% to 17.5%.

The deposits of the budgetary sector amounted to PLN 1 126.5 million as at the end of 2001 an increase by PLN 238.1 million, or 26.8% as compared to a similar period of the preceding year.



ING Bank Śląski held 153.9 thousand corporate current accounts in PLN at the end of December 2001. The value of the funds accumulated on these accounts amounted to PLN 1 681.8 million (PLN 1 269.0 million as at 31.12.2000). The volume of corporate FX current accounts amounted to 4 596 as at 31.12.2001 and their value was PLN 397.3 million (PLN 107.1 million as at the end of December 2000).

The volume of PLN term deposits of corporate entities amounted to 17.8 thousand and the value of the funds accumulated on the term and frozen deposits amounted to PLN 2 964.7 million as at 31st December 2001 (PLN 1 860.1 million at the end of 2000).

International clearing

The year 2001 saw the continuously growing value of international transactions cleared in ING Bank Śląski. The Bank cleared international transactions to the amount of USD 4 411 million, their value exceeding the value of the preceding year by 29.7%.

The Bank has been reporting for some years a constantly growing interest in electronic transactions realised by the MultiCash system. More than 20% of all international transfers realised in the Bank in 2001 were made via MultiCash system.

In 2001, ING Bank Śląski made international transfers more accessible, rendering this kind of service to customers of all retail branches. The Bank introduced new documentary L/C solutions attractive for customers as well.

ING Bank Śląski expanded the offer of export financing, so far encompassing FX loans, international factoring, forfeiting, and the discount of international bills of exchange, with additional solutions covering, among others, the discounts on export liabilities expressed in the form of foreign withdrawal orders, cheques, encashments, and letters of credit. In addition, branches were authorised to sell forfeiting services.

In January 2001, ING Bank Śląski launched the EURO NAVIGATOR, facilitating the account management via previewing balances and executing orders placed internationally.

The customers' growing interest in international bank guarantees was seen in 2001. Guarantees of payment for goods or services and contract guarantees (cash advance refunds, good contract execution, warranties) are most commonly used.

ING Bank Śląski exchanged SWIFT keys with 1104 banks in 2001. Their number is successively growing in line with customers' needs and ensures a fast service of customer and interbank transactions. For comparison, 880 SWIFT keys were exchanged in 2000.

The Bank undertook actions aiming at optimisation of the network of correspondent banks in 2001. These actions resulted first of all from the merger of Bank Śląski with the ING Bank N.V., Warsaw Branch. In the course of fostering the relationships with the correspondent banks some accounts, especially where overlapping with a particular currency occurred, were closed. At present, the Bank holds eighteen nostro accounts opened in foreign banks, inclusive of twelve outside the euro zone. These accounts allow for fast and efficient execution of international clearing throughout the world. Since 1999 the interbank settlements with countries of the euro zone have been done in that particular currency only.

ING Bank Śląski holds loro accounts in PLN for foreign banks. The bank held forty-three such accounts at the end of 2001.

Bank guarantees

The value of guarantees and sureties (domestic and international) extended by ING Bank Śląski amounted to PLN 1 301.1 million as at 31st December 2001 and increased by PLN 650 million, or 99.8 % when as compared to December 2000.

In 2001, the Bank's offer comprised tender guarantees, contract guarantees (advances refunds, good contract execution, warranties), guarantees of payment for goods or services, customs guarantees, and ecological loans repayment guarantees (of BOŚ /Environment Preservation Bank/ and NFOŚiGW /National Fund for Nature Preservation and Water Management), other guarantees extended to beneficiaries at home and abroad as well as civil law guarantees and guarantees for bills of exchange.

Also, in 2001, following the tradition from previous years, the Bank was providing consulting services connected with appraisal of transactions and international contracts.

V. MONEY AND CAPITAL MARKETS

The incorporation of the ING Bank N.V., Warsaw Branch into the structure of Bank Śląski resulted in significant improvement of the competitive position of the Bank in financial markets.

Besides the improvement of the market position, there was also the inflow of new technologies and the Bank's offer was broadened by, among other things, the following types of transactions:

- transactions connected with hedging against the FX rate risk: by FX options. The Bank's offer includes the following instruments referring to the currency swaps: USD/PLN, EUR/PLN, GBP/PLN of maturities within the range from 1 day to 12 months.
- hedging against the interest rate risk:
 - by Forward Rate Agreement (FRA) that makes it possible to hedge against the increase (drop) of market interest rates;
 - by Interest Rate Swap (IRS), that is especially recommended to the customers who make use of floating interest rate loans as it enables them to repay the interest according to fixed rate;
 - by Currency Interest Rate Swap (CIRS) - transactions of that type make it possible to manage the interest rate risk and FX risk at the same time and they are a cheaper method of liquidity management than termination of credit agreements and concluding the new ones in connection with the change of external conditions.

As a result of the consolidation, ING Bank Śląski achieved a high position in the short-term debt securities market. As of the end of 2001, the Bank had 13.1% share in the total volume of short-term debt securities issue, which gave it the third position in this ranking. The Bank organised or co-organised the issues for - among others - Softbank, Central Properties and ESI Distribution (under the NESTLE programme).

Apart from the issues of short-term debt securities, the Bank successfully introduced into the market the issues with a several-year or longer maturity for, among others, Bud-Bank, IKEA, and European Investment Bank. As compared to other issues, the investors appreciate high liquidity of these securities - the secondary market achieves daily the average turnover of PLN 100 million.

Apart from that, the investment products package was enriched in 2001 by deposit certificates of AIG Bank. Furthermore, economic research service developed significantly. Exhaustive information presented in the service supports the customers in taking effective financial decisions and is helpful for the sellers of financial products.

ING Bank Śląski is an active dealer of the money market and participant of the Treasury Bills primary market. The Bank significantly improved its competitive position in this business in the course of 2001. National Bank of Poland classified ING Bank Śląski on the third place in the Dealers' Activities Index (IAD).

The Bank is also an active participant of the FX and interest rate derivative transactions markets. Its share in the daily transactions of the FX market was about 10% in 2001.

The year 2001 was successful for the Bank in respect of custody services. Merger of the complementary activities of Bank Śląski and ING Bank N.V., Warsaw Branch made it possible to broaden the custody offer, strengthening at the same time the Bank's position as a depository for the domestic investment and pension funds. Simultaneously, the Bank implemented many new custody products, introduced a new system for handling custody products and broadened its customer base by important domestic and international institutional customers. This resulted in the increase of the Bank's share in Polish custody market and improved revenues of the Bank.

In money and capital markets, the priority of the Bank in 2002 will be to complete the process of integration and make use of the advantages that appeared after consolidation with the ING Bank N.V., Warsaw Branch that provides sophisticated money markets services. Moreover, the works aimed at improving the product offer with the advanced tools of financial engineering will be continued.

VI. FINANCING OF THE HOUSING CONSTRUCTION

Housing Savings and Loan Unit

Housing Savings and Loan Unit of ING Bank Śląski that was established in August 1997 had 7 552 customers as at the end of 2001, and the funds accumulated by the Unit totalled PLN 141.1 million (in 2000 it was 5 157 customers and PLN 120.2 million respectively).

The Housing Savings and Loan Unit extended 481 loans as at the end of 2001, their volume totalling PLN 14.9 million.

Further development of business of the Housing Savings and Loan Unit depends on the fiscal solutions adopted by the Government.

Mortgage loans

Mortgage loans are the priority business for ING Bank Śląski due to both the potential market development and their positive influence on the relationship with the customers. They belong to the products that establish a long-term relationship between the customer and the Bank.

ING Bank Śląski has been present in the mortgage loan market for three years. The offer of the Bank covers mortgage and construction-mortgage loans extended in PLN or indexed with EUR or USD.



ING Bank Śląski extended mortgage loans of PLN 205 million in 2001. The EUR-indexed loans dominated in the structure of mortgage loans extended by the Bank - constituting 88.7% of the portfolio in December 2001. Their share in the portfolio increased as compared to the end of 2000 by 7.2 percentage points. The loans extended in PLN had the 6.1% share in the portfolio (a drop by 8.7 percentage points).

Śląski Bank Hipoteczny S.A. (Mortgage Bank) that is a 100% own entity of ING Bank Śląski started its operation in September 2001. Close co-operation between ING Bank Śląski and Śląski Bank Hipoteczny is assumed, among others in building of the mortgage loans portfolio for the issue of mortgage bonds.

VII. THE CORE AREAS OF RISK MANAGEMENT

Credit risk management

The macroeconomic situation in Poland and deterioration of the financial situation of both economic entities and individual customers made it necessary to verify the Bank's credit policy and change the credit risk management system.

The changes introduced in the credit policy of ING Bank Śląski consisted first of all in focusing on low risk projects. The Bank pays special attention to the growth of credit portfolio:

- in the corporate market - by stimulating the sales of loans to small and mid-sized companies, local administration units and companies of telecommunication and power supply sectors,
- in the retail market - by supporting the sales of mortgage loans and - to a lower extent - of car loans.

At the same time, the Bank verified the principles of co-operation with external entities with regard to the distribution of credit products.

The Bank was improving the credit risk management system in 2001 based on the acquired know-how and as a result of implementation of modern standards in force in the ING Group:

- Fifteen Regional Vindication and Risk Management Centres were established, whose task was, among others, to manage the credit risk at the regional level, in the process of exposure acquisition, but also in the course of its lifetime and up to the vindication actions (where necessary),
- the functioning and the scopes of credit committees' authority were changed,
- teams managing the classified credit portfolio were reinforced,
- the risk costs were updated and additional provisions were established in compliance with the requirements of the banking supervision, international standards, and the ING best practices,
- a new hedging policy and a centralised collateral pricing and monitoring system were introduced,

- trading limits were introduced based on the ING procedures,
- the risk adjusted profitability system was implemented as a pilot to improve the new credit portfolio (RAROC),
- the risk portfolio analysis in the retail area became more thorough; it should contribute to the advanced identification of threats and quantification of the risk level.

The Bank was continuously monitoring the credit portfolio in 2001 and it was subsequently establishing specific provisions taking into consideration, among others, current conditions determined by the P/L account. During the first three quarters of the year the Bank established provisions charging the P/L account with the amount of PLN 144.5 million. In the fourth quarter, the annual comprehensive credit audit was performed that proved to confirm the correctness of the Bank's additional provisioning. At the same time, in the fourth quarter of 2001, due to the deterioration of borrowers' situation, the Bank established provisions charging the P/L account with the amount of PLN 282.9 million.

The growth of provisions for the credit portfolio at ING Bank Śląski totalled PLN 689.5 million in 2001, out of which:

- PLN 517.9 million are the provisions included in the P/L account,
- PLN 129.8 million are the provisions established by the way of decreasing the reserve capital in the balance-sheet.
- PLN 78.4 million result from merger with ING Warsaw Branch and acquisition of WBR.
- PLN (-) 36.6 million are the result of write-offs.

The credit portfolio structure of ING Bank Śląski (as at 31st December 2001)

	Exposure		Specific provisions		Coverage level (%)	
	PLN million	%	PLN million	%		
Total, inclusive of:	15 548.7	100.0	1 374.3	9.4		
Regular	11 916.7	76.6	19.7	0.2		
Classified	3 632.0	23.4	1 354.6	37.3		
Sub-standard	1 026.7	6.6	126.5	12.3		
Doubtful	1 436.7	9.2	226.9	15.8		
Lost	1 168.6	7.5	1 001.2	85.7		

General risk provision PLN million 93.4

Provisions amounting to PLN 1 374.3 million ensured the coverage of the Bank's credit portfolio at the level of 9.4%.

Financial risk management

ING Bank Śląski was applying active financial risk management policy in 2001. Special attention was paid to managing the Bank's balance-sheet structure, creating adequate pricing policy with regard to the products and efficient financial risk management.

Liquidity risk

The year 2001 was for ING Bank Śląski a year of continuing work aimed at improvement of the methods and techniques of short- and mid-term liquidity risk measurement. At the

same time, as a result of the Bank's merger with the ING Bank N.V., Warsaw Branch the risk liquidity measurement and monitoring system were adjusted to the new conditions of the Bank operation.

The Bank's risk liquidity system encompasses: (1) standard liquidity rates connected with mismatch of maturity dates of assets and liabilities up to 3 months; (2) rates using the Bank's balance-sheet division into liquid and illiquid assets on the one hand and volatile and stable liabilities on the other one; (3) the rate of net liquid assets up to 3 months, and (4) the current deposit base statistical analysis. The Bank monitors the liquidity risk on the daily and monthly basis; all liquidity ratios have their limits determined.

ING Bank Śląski kept its liquidity at the adequate level in 2001. It was achieved, among others, by the way of maintaining an adequate portfolio of liquid assets allowing in case of additional funding needs for a fast generation of free funds without affecting the profitability.

The assessment of the Bank's liquidity level is a regular item at the meetings of Assets and Liabilities Committee (ALCO).

Interest rate risk

Frequent changes of market interest rates took place in 2001. ING Bank Śląski was actively managing the interest rate risk by reducing of mismatch of dates of revaluation of assets and liabilities at the adequate time brackets. The decisions on interest rate risk management are taken by the Assets and Liabilities Committee meetings in which the Bank Management Board members are participating. The decisions are to optimise the balance-sheet structure maintaining its relation to risk at a proper level.

The Bank is currently monitoring and analysing the interest rate risk by using the reports of mismatching assets and liabilities according to the revaluation dates and the Value At Risk method.

FX risk

Compliant with the resolution 2/2000 of the Banking Supervision Committee of 8th November 2000, on admissible FX risk norms in the banks' operational activity, ING Bank Śląski undertook actions aimed at verification of the system of monitoring and managing the FX position. Furthermore, the Bank verified its FX policy.

The change of the Bank's FX policy consisted first of all in lowering the acceptable FX level. The process was reflected in the new structure of internal limits. The policy did not impede the Bank's activity in the relationships with customers connected with FX transactions.

The Bank manages its FX risk also by applying the Value At Risk methodology, consisting in valuation of the value at risk, i.e. determination of the maximum FX amount the Bank may lose in the light of the current assets/liabilities structure in case of disadvantageous exchange rates. The Bank is constantly verifying the correctness of the VAR model (back testing), comparing the calculated daily VAR with the

revaluation results of open FX positions (revaluational verification) and the real daily results with the FX operations (historical verification).

Policy of interest rates

The main factors determining the Bank's pricing policy in 2001 were the interest rates of interbank market, official NBP interest rates, interest rate of open market operations, the level of mandatory reserves, interest rate of treasury bills and treasury bonds, risk costs, and the necessity of sustaining the competitive position in the banking sector. The Bank determined the prices of banking products denominated in foreign currencies based on the relevant quotations of financial market for a given currency.

During 2001, the Bank changed a few times the rates for deposit and credit products. The average interest rate of PLN retail deposits was 8.48% at the end of 2001 (14.35% at the end of December 2000), whereas the average interest rate of PLN corporate deposits was at the level of 7.99% (12.04% at the end of December 2000). The average interest rate of PLN retail loans was 21.40% at the end of December 2001 (23.09% at the end of December 2000), whereas the average interest rate of corporate loans was 14.91% (20.94% at the end of December 2000).

Trading portfolio market risk management

Starting from October 2001, in result of the merger with the ING Bank N.V., Warsaw Branch, the trading portfolios generating interest rate and FX risks constituted a significant part of the Bank's trading activity.

The Assets and Liabilities Committee (ALCO) is in charge of FX risk and interest rate management of trading portfolios.

The Treasury Department in the Bank is dedicated to execute ALCO decisions on a day-to-day basis. The Credit and Financial Risk Management Department is in charge of constant monitoring of the decisions' execution and of comprehensive control of FX risk and interest rates of trading portfolios.

The level of the market risk related to a specific Bank's trading activity is determined based on the so-called risk appetite, i.e. the accepted by the Management Board maximum share of a potential loss resulting from the taken trading position in the budgeted profit on a specific activity. For measuring of the risk of the market trading positions the Bank uses the value at risk methodology (VAR). The values at risk (VAR) estimated for specific trading portfolios are compared with the limits closely related to the risk 'appetite'. Any exceeding of the limits and their reasons are immediately reported to the units supervising the market risk management of trading positions. At the same time, the ways of lowering the Bank's exposure to the market risk are immediately agreed with the Treasury Department.

Apart from the risk measurement in the so-called normal situation the Bank is also measuring the risks it is exposed to shall a crisis occur. In that case, the Bank uses in the process of measurement the extreme levels of possible FX rates and

interest rates' changes as well as the possible extreme correlations of FX rates and interest rates that could occur under such circumstances.

VIII. THE DEVELOPMENT OF ORGANISATION AND INFRASTRUCTURE

Traditional distribution channels

The development of the branch network constitutes one of the pillars of the operational strategy adopted by the Bank. ING Bank Śląski - via a selective development of its network in regions of significant potential - is going to become a nation-wide bank in the nearest years.

The network of ING Bank Śląski consisted of 345 outlets as at 31 December 2001. In 2001, the Bank opened twenty-nine new outlets. Particular emphasis was laid by the Bank on development of standard retail outlets (STAREO). Twenty-two outlets of this type were opened in 2001.

ING Bank Śląski launched (as a pilot) a new distribution channel - financial shops. The concept of financial shops is on the one hand based on the partners' distribution channels (hypermarkets and supermarkets), and, on the other one, on tangible form of banking products, offered with the use of a new packing technique. In practice this means that a customer signing an agreement on opening a bank account in the financial shop receives a complete set of information together with a file binder for banking documents. The customer may at the same time choose a branch where his/her account will be maintained. By the end of 2001 the Bank opened four pilot financial shops.

The Lion Account and mortgage loans sold by agents of ING Nationale-Nederlanden Polska were added to the offer of ING Bank Śląski in 2001.

Electronic distribution channels

Customers of ING Bank Śląski may take advantage of more and more possibilities offered by technological development. The Bank develops electronic distribution channels, thus ensuring for customers a 24-hour service available from any location.

The Bank launched the BSKOnline Internet banking system in March 2001. It is available both for individual customers and corporate entities. The BSKOnline system is perceived both by customers and experts as one of the best in the Internet banking market. Among its advantages one may list: possible access to the system for each holder of an account in ING Bank Śląski, possibility of blocking banking cards via Internet, professional support for customers provided by HelpLine, free standing orders and relatively cheap money transfers.

22 000 individual customers and 9 300 corporate customers were using BSKOnline by the end of December 2001.

In 2001 the Bank continued to work on development of the Internet banking system. The progress achieved up to date will allow for:

- expanding the functionality of BSKOnline with service of accounts of investment funds of ING Investment Fund Company. That way ING Bank Śląski will become the first bank in Poland in which non-banking products are sold via an electronic channel,
 - automatic co-operation of the BSKOnline system with the financial-accounting systems of corporate customers,
 - making international transfers
- as early as in the first quarter of 2002.

At the beginning of March 2001 - within HaloŚląski - the Bank put into operation the Call Centre, which is available 24 hours a day, 7 days a week. Using the operator service, customers have access to most of the services included in the Bank's offer, i.e. they may open the Lion Account, savings account OKO and term deposits as well as place a transfer order, standing order, an application for overdraft or credit card, and HaloŚląski service.

In 2001, the functionality of the automatic telephone banking was expanding as well. A new system was introduced for handling of predefined money transfers, the fee collection system was automated, the WAP and SMS informational services were launched. The project, enabling the SMS information for customers on specific financial events (e.g. ATM withdrawal), is in the final stage of implementation.

By the end of 2001, 259.4 thousand customers used the services of HaloŚląski, while in the previous year - 102.6 thousand.

In 2001, the electronic banking systems enjoyed great popularity among the customers:

- the number of MultiCash users at the end of 2001 was 6 885 (4 655 at the end of 2000),
- altogether 31 691 of both individual and corporate customers made use of HomeCash (22 214 at the end of 2000).

ING Bank Śląski had a network of 506 ATMs at the end of 2001, a growth by 56 units when compared with the end of 2000. The Bank's ATMs enable cash withdrawals and balance inquiries.

Organisation and procedures

Due to the incorporation the of ING Bank N.V., Warsaw Branch in to the structure of Bank Śląski, new organisational structure of the Bank was introduced on 1st October 2001.

To cover an extended scope of tasks, a new division was established in the organisational structure of the Head Office, namely the Financial Markets Division. Presently, the organisational units of the Bank Head Office operate within seven divisions:

- Retail Division,
- Corporate and Investment Banking Division,
- Financial Markets Division,
- Administration and Sales Network Division,
- Finance and Risk Management Division,
- Operations and IT Division,
- Staff Division.

The Corporate Banking Centres (CBK), functioning previously within the Bank's Corporate Division, were incorporated in the structures of Regional Branches and their organisational structure was simplified. Fifteen Corporate Banking Centres operated in the Bank at the end of 2001.

In order to adjust the Bank's structure to present market requirements and customers' needs a new organisational unit - Call Centre - was established within the Retail Division on 1st September 2001. The Call Centre will allow customers to purchase banking products via the Telephone Operator Service.

The efforts aimed at improving the system of Bank management encompassed - apart from implementation of a new system for credit risk management - introduction of the system for strict cost control:

- the responsibility for execution of cost budgets was transferred to the places where costs appear; limits were introduced for particular types of administration costs like, among others, telephone talks or transport;
- procedures for selection of key product and services providers (tenders) were implemented;
- agreements with the existing providers, especially with the mass ones, were renegotiated;
- resources were focused on the limited number of priority projects;
- methods of cost allocation to particular organisational units were improved;
- stricter limits for all types of costs were implemented.

The Bank was also undertaking efforts on transfer pricing system and ABC methodology. Implementation of these projects will allow for a correct assessment of efficiency for particular operational areas of the Bank.

IT

ING Bank Śląski established a strong infrastructure of systems and applications that allow for processing transactions in real time. This means that the operations made by customers in branches, via cards, ATMs or electronic channels, are cleared in real time against the up-to-date balance of funds on a bank account. This element constitutes an important competitive edge of ING Bank Śląski since only few banks in Poland have a centralised IT system, operating on-line. Thanks to this solution a customer of ING Bank Śląski is a customer of the whole Bank rather than of a branch only.

In 2001, the Bank's IT efforts concentrated on:

- implementation of the ICBS upgrade,
- consolidation and standardisation of IT systems in connection with inclusion of the ING Warsaw Branch to the structures of the Bank,
- expanding the functionality of the Mass Payment System (MPS),
- completing the construction of a modern Computer Centre and transferring IT systems there,
- implementing a standard bank account number IBAN (in the passive part),

- developing Intranet for needs of the internal communication system.

In 2001 a preliminary analysis was completed and the ICBS upgrade began. Implementation of this project - apart from improving the systems stability and capacity will result in better customer relationship management in the long run. The Bank plans to complete the project in 2002.

Due to the merger of the ING Warsaw Branch and Bank Śląski in 2001 the interface ICBS-ATLAS was implemented to enable integrated clearing and the ICBS, ARKSYS and PS Teller applications were adjusted for the needs of new products. In 2002, the Bank is going to continue the works on incorporating the ING Warsaw Branch in the IT structures of ING Bank Śląski. The integration activities will constitute the main challenge for IT for the coming year and the success in this aspect will to a large extent determine the general benefits generated for the Bank by the consolidation.

The well-developed electronic distribution channels and the first results of implementation of the Mass Payment Project (MPS) resulted in a significant automation of transactions in ING Bank Śląski. In 2001 the Bank continued the implementation of the Mass Payment Project, as a result of which the transactions realised in regions covered with MPS constituted 40% of total number of non-cash transactions performed in the Bank.

In 2002 the Bank is going to complete the implementation of MPS, i.e. the system will cover the entire network of the Bank branches. The completed implementation of MPS will result in reduced costs of processing of single documents and it will improve the efficiency of centralisation process and the quality of documents delivered to customers.

Human resources management

ING Bank Śląski employed 7 782 people as at 31st December 2001. In comparison with the end of 2000, the employment in the Bank grew by 517 people (i.e. by 6.6%). The growth of employment resulted first of all from the consolidation processes and organic development of the branch network.

Simultaneously, favourable changes in the headcount structure took place, consisting in the increase of the share of front office employees resulting mainly from:

- a drop of Head Office headcount in Katowice 172 FTEs;
- a drop of Head Office headcount in Warsaw by 18 FTEs;
- significant increase of headcount in the sales network - by 238 FTEs; and
- increase of the headcount in Regional Operational Centres by 12 FTEs.

Most of the Bank employees are young people aged up to 35 years - 61% of all the employees. 1.5% of the Bank employees are aged over 55. As regards the number of years with the company, the largest group of employees is made up of people working for the Bank for five and more years - 55% of all the employees.

The percentage of women employed with ING Bank Śląski was 73% at the end of 2001.

ING Bank Śląski introduced a new pro-sales motivational system as of 1st January 2001, characterised among others by:

- relating the bonus in branches to economic results,
- awarding the branches achieving the best sales results,
- granting individual awards for the best sales results in the form of incentive trips.

16.9 thousand employees participated in training sessions in 2001. Most training held in the Bank is of internal character, connected with implementation of such projects as Best Service, STAREO, EURO and with service of individual products.

Marketing communication

The marketing communication supported first of all the sale of the Bank's products and services. In 2001, ING Bank Śląski held two major campaigns connected with introduction of new products to the Bank's offer.

The first campaign was related to introducing the Lion Account packages. It was targeted at informing the largest number of people about the new offer, its attractiveness as well as at emphasising the Bank's membership in the ING Group.

The campaign brought about the assumed targets. According to the survey performed by an external research company, 84% respondents claimed to be familiar with the name of the new product. Among the Bank's customers this ratio reached 97.5%. The campaign also improved the awareness of the Bank brand.

The second countrywide campaign was related to introducing two new products for corporate entities, i.e. the Profit Account designed for small business and Corporate Package addressed to mid-sized companies. Through this campaign the Bank was not only going to encourage the companies to make use of the new offer, but also wished to strengthen its image as a modern business partner, offering attractive products.

IX. FINANCIAL SITUATION OF THE CAPITAL GROUP OF ING BANK ŚLĄSKI IN 2001

The consolidated balance-sheet of the capital group and the consolidated P/L account of ING Bank Śląski covers ING Bank Śląski consolidated on a full basis with ING Securities, Śląski Bank Hipoteczny and ING BSK Leasing as well as PTE ING Nationale-Nederlanden consolidated with the use of ownership rights method. Centrum Banku Śląskiego was excluded from consolidation due to a dissimilar character of operation.

Consolidated balance-sheet structure

On 31st December 2001, the net balance-sheet of ING Bank Śląski capital group amounted to PLN 26 250,6 million and was higher by PLN 6 932.7 million, i.e. by 35.9%⁷ than at the end of 2000.

The balance-sheet of ING Bank Śląski was PLN 26 143.7 million as at 31 December 2001, a growth by 37.2% in comparison to December 2000. The growth in balance-sheet of the Bank in 2001 was a consequence of market expansion and merger with ING Bank N.V., Warsaw Branch.

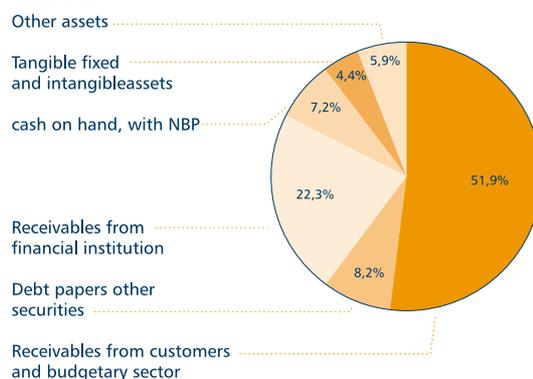
The main source of that increase was the growth in liabilities towards customers (by PLN 4 156 million) and the equity of the Bank (by PLN 993.9 million). When compared to December 2000, the share of own funds in financing the Bank's assets grew by 1 percentage point.

Assets

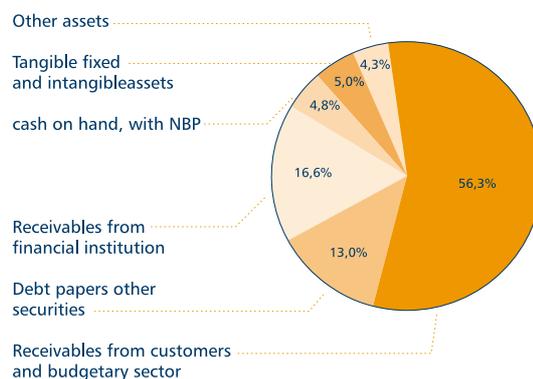
Amounts due from customers and the budgetary sector were the major item of ING Bank Śląski capital group's assets. As at 31st December 2001 the net receivables from customers and budgetary sector amounted to PLN 13 634 million and grew by PLN 2 748.4 million, i.e. by 25.2% when compared to the end of the previous year. They constituted 51.9% of assets, to compare with 56.3% in 2000.

The share of loans in the structure of assets decreased in favour of receivables from financial institutions. They amounted to PLN 5 846.3 million at the end of 2001, i.e. they were by 82.4% higher than at the end of 2000. The share of receivables from financial institutions in total assets grew from 16.6% in December 2000 up to 22.3% as at 31st December 2001.

ASSETS 2001



ASSETS 2000



Debt papers and other securities were another significant item of the capital group's assets. Their total value was PLN 2 152.5 million as at the end of 2001, with 8.2% share

⁷ The following balance-sheets were included in the process of consolidation: ING Securities S.A. - PLN 163.7 million, ING BSK Leasing S.A. - PLN 421.7 million and Śląski Bank Hipoteczny - PLN 53.6 million). Elimination and consolidation adjustment was made amounting to PLN 517.9 million. Due to the consolidation of ING Nationale-Nederlanden Polska PTE S.A. with the new method of ownership rights, an adjustment was made of PLN 12.6 million.

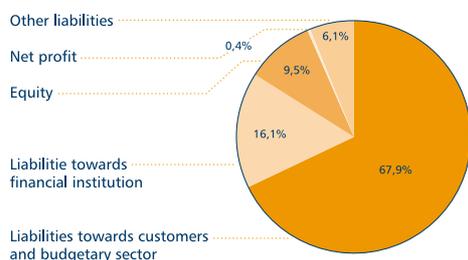
in balance-sheet total, which shows a 4.8 percentage point decrease in comparison to 31st December 2000.

Net value of tangible fixed assets and intangible assets of ING Bank Śląski capital group grew from PLN 958.2 million as at the end of 2000 up to PLN 1 165.9 million in December 2001, i.e. by 21.7%. The enlargement of capital group's assets was related to, as in the previous year, the development of IT and technological infrastructure as well as to the growth in the number of outlets and significant increase in the value of intangible assets due to the merger with the ING Bank N.V., Warsaw Branch.

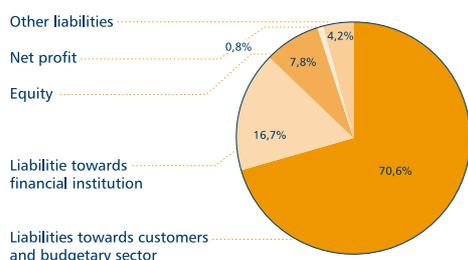
Liabilities

Amounts due to customers and the budgetary sector constituted the major item of liabilities. They grew from PLN 13 642.0 million as at 31st December 2000 up to PLN 17 836.1 as at the end of 31st December 2001, i.e. by 30.7%. Their share in balance-sheet total was 67.9% as at the end of December 2001, i.e. they decreased by 2.7 percentage point compared to the previous year.

LIABILITIES 2001



LIABILITIES 2000



The share of own funds in total liabilities grew substantially in 2001 - from 7.8% as at the end of 2000 up to 9.5% in December 2001. It is a consequence of a new issue of the Bank's shares taken up as a whole by ING Bank N.V. in exchange for an in-kind contribution of ING Warsaw Branch.

The value of provisions was PLN 153.7 million as at 31st December 2001, a drop by PLN 12,0 million when compared to the end of 2000. Due to a downward trend in national

economy and unsatisfactory financial standing of borrowers the capital group of the Bank established a provision for customers claims and expected losses on operational leasing totalling PLN 22.5 million. In comparison to the previous year the off-balance-sheet provisions grew by PLN 22.8 million, whereas the general risk provision went down by PLN 42.4 million.

Profit and loss account

Interest result

The net interest income was PLN 486.1 million in 2001, a drop by PLN 225 million. The worse interest income was a consequence of unsatisfactory financial standing of customers, worse service of credits and growing competition on the deposit market resulting in increased costs of acquiring funds. In the effect the interest income to average assets ratio decreased in the Bank from 5.94% in 2000 to 5.04% in 2001.

Upon including internal deposit swaps the interest result was PLN 958.8 million in 2001, whereas it amounted to PLN 895.3 million in 2000.

Basic values of the consolidated P/L account (in PLN million)

	2001	2000
Interest result	486.1	711.1
Commission result	441.7	396.1
Revenues from shares, participation interests, and other securities as well as other property rights	0.0	1.1
Result on financial operation	59.4	- 6.1
Result on exchange position	498.8	269.0
Result on banking operation	1 485.9	1 371.2
Result on other operational activities	35.9	54.0
Total revenues	1 521.8	1 425.2
Operational costs and depreciation	- 981.4	- 858.4
Operational profit	540.4	566.8
Provision balance	423.6	420.2
Result on extraordinary operations	0.3	0.6
Gross profit (loss)	117.1	147.1
Income tax	24.1	- 9.4
Share in profit (loss) of entities subject to consolidation determined by ownership rights method	9.7	- 1.7
Net profit (loss)	102.7	150.9

Non-interest income

Non-interest income totalled PLN 1 035.7 million and grew by 45% when compared to 2000.

The major drive of the growth in this part of income was a better result on exchange position, which was the largest item of the non-interest income. In 2001, the result on exchange position amounted to PLN 498.8 million and was by 85.4% higher than in 2000.

The commission result was another significant item of non-interest income. It totalled PLN 441.7 million, i.e. 11.5% more than in 2000.

ING Bank Śląski observed a relatively high growth in the commission result (by 15%), which was the consequence of an increase in the volume of operations made with payment cards, commission income from current accounts and higher revenues from cash fees.

Operational costs

The overall costs of the capital group of the Bank (operational costs with the depreciation of tangible fixed assets and intangible assets) amounted to PLN 981.4 million in 2001 and grew by 14.3% compared to the last year.

The operational costs of the Bank increased by 16% in 2001, mainly due to the growth in the number of employees resulting from mergers and acquisitions, development of the branch network, costs of merger with ING Bank N.V., Warsaw Branch, expenses for rebranding campaign, launching new distribution channels and intensive implementation of new products and services.

The main operational cost item of the Bank's capital group consisted of the salaries and other benefits. They amounted to PLN 423.4 million in 2001, an increase by 19% when compared to 2000. The main reason of the growth of this item was the merger with ING Warsaw Branch.

Balance of provisions and revaluation

Since the situation of customers was deteriorating, the capital group of ING Bank Śląski - continuing the trend of 2000 - was applying a conservative policy of provisioning. Simultaneously, consolidation with ING Warsaw Branch speeded up the decision on implementing full ING Group risk management standards.

The net provision costs totalled PLN 423.6 million in 2001, compared to PLN 420.2 million in 2000.

Corporate tax

In 2001, mandatory deductions due to the corporate tax amounted to PLN 24.1 million, which constituted 20.6% of group's gross result.

Net profit of the capital group

The net profit of ING Bank Śląski capital group was PLN 102.7 million in 2001, a drop by 31.9% when compared with 2000.

Financial results of ING Bank Śląski determine the level of profits of the whole capital group. In 2001, the net profit of ING Bank Śląski totalled PLN 97.3 million, a drop by 29.6% compared to 2000.

Dynamic growth of business activities of the Bank and a strict cost control had a positive impact on the Bank's profit, which - on the other hand - was undermined by shrinking margins and additional provisions for classified loans.

The structure of consolidated net profit (in PLN million)

	2001	2000
Net profit of ING Bank Śląski	97.3	138.3
Net profit of the entities subject to full consolidation	5.2	-3.5
Net profit of the entities subject to consolidation determined by ownership rights method	9.7	-1.7
Exclusions and consolidation adjustments	-9.5	17.8
Net profit of the capital group of ING Bank Śląski	102.7	150.9

Profitability

The effectiveness ratio of the capital group of ING Bank Śląski deteriorated in 2001 due to:

- establishing high provisions against the P/L account, which had a negative impact on the profit of the capital group,
- incurring additional costs due to incorporating ING Warsaw Branch into the Bank's structures and due to rebranding, which resulted in increased operational costs,
- growth in equity of the Bank, which negatively affected ROE.

Despite the decreased profitability of ING Bank Śląski capital group, the market appreciated the operation of ING Bank Śląski. It was confirmed by the growing price of the Bank's shares on the Warsaw Stock Exchange.

Basic effectiveness ratios (%)

	2001	2000
Profitability ratio	3.4	4.9
C/I ratio	66.0	62.6
ROA	0.4	0.8
ROE	4.1	10.1
Interest margin ratio	5.04	5.94
Solvency ratio	12.5	10.7

Profitability ratio - relation between the gross profit and total costs.

C/I ratio - relation between the overhead costs (operational costs and depreciation of tangible fixed assets and intangible assets) and result on banking operation.

ROA - relation between the net profit and total assets.

ROE - a ratio of the net profit to the equity and own funds.

Interest margin ratio - relation between net interest income and average yield assets of the Bank⁸ (including receivables from financial and non-financial entities, fixed and floating yield securities and participation interests).

Solvency ratio - ratio of the equity and net own funds to assets and off-balance-sheet liabilities taking into account the risk weights.

⁸ Internal deposit swaps were added to the net interest income. Average assets are calculated based on data as at: 31.12.2000, 30.06.2001, and 31.12.2001.

X. OTHER COMPANIES OF THE CAPITAL GROUP

Composition of the capital group

The capital group of ING Bank Śląski consisted of six entities as at 31 December 2001: ING Bank Śląski Spółka Akcyjna (as a parent entity), ING Securities Spółka Akcyjna (100% subordinated entity), Śląski Bank Hipoteczny Spółka Akcyjna (100% subordinated entity), BSK Leasing S.A. (100% subordinated entity), Centrum Banku Śląskiego Sp. z o.o. (affiliate - 60% of equity and 50% of the total number of votes at the General Shareholders Meeting), ING Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne Spółka Akcyjna (affiliate - 20% of equity).

ING Bank Śląski disposed of its shares in the following companies in 2001:

- On 23rd March 2001, in ING BSK Asset Management S.A. for the benefit of ING Bank N.V. The sale price was PLN 9 107 840 and it was equal to the book price reflected in the books of Bank Śląski;
- On 4th April 2001, in Centrum Elektronicznych Usług Platniczych eService S.A. for the benefit of PKO BP S.A. The sale price of PLN 7 500 000 reflects the book value shown in the books of the Bank.

On 3rd January 2002, ING Bank Śląski sold all its shares in FINPLUS Sp. z o.o.

ING Securities S.A.

On 21st December 2001, two brokerage houses operating in Poland that belonged to ING Group, i.e. Dom Maklerski Banku Śląskiego S.A. and ING Barings Securities (Poland) S.A., merged into one corporation. Integrated brokerage house carries out the activity under the new name of ING Securities Spółka Akcyjna w Warszawie.

Both Dom Maklerski Banku Śląskiego and ING Securities (Poland) were important players in Polish capital market. The companies achieved the following shares in trading of the Warsaw Stock Exchange in 2001:

	Dom Maklerski Banku Śląskiego	ING Securities (Poland)
Shares	2.0	6.6
Bonds	9.1	1.6
Futures	4.8	0.3

Directly before the merger the present Dom Maklerski Banku Śląskiego S.A. changed its name into ING Securities S.A. Simultaneously, the company was moved from Katowice to Warsaw. The merger of the brokerage activity was carried out in the form of buying against cash the organised brokerage business from ING Baring Securities (Poland) S.A. by ING Securities S.A. The price of the undertaking was determined as PLN 29.9 million.

The integrated brokerage house belongs to the group of the largest brokerage companies in Poland, operating in shares, bonds, and derivative instruments markets.

In 2001, the total market share of the merged houses was as follows:

- Share market - 8.6% share and the third place in the ranking of largest brokers;
- Bond market - 10.7% (2nd place in the market);
- Futures market - 5.1% and the 9th place.

Activities in the secondary market

On 31st December 2001, ING Securities S.A. kept 49.5 thousand security accounts, which was 4.9% of the total number of customers of all brokerage houses in Poland.

In order to ensure the proper service, the activities of the Brokerage House in the secondary market is divided into two segments i.e. retail market and corporate market.

In the retail market - making use of the ten-year experience of Dom Maklerski Banku Śląskiego - ING Securities provides the highest quality complex services making use of the modern technologies, including Internet. The offer of the brokerage house includes all products of the capital market that are available for individual investors in Poland, i.e. brokerage in transactions in the stock exchange market, off-floor exchange market and foreign markets, investment loans, lending the securities, and also analytical services, investment recommendations, asset management, sale of T-bonds and participation units of the mutual funds.

The brokerage house pays special attention to serving the customers from the private banking segment, whom it offers individual brokerage services and product and service bundles tailored for them (VIP and Prestiż), investment recommendations, and competitive commission rates. In order to achieve the highest standard of serving the private banking customers, ING Securities established the Brokers' Task Force in the Customer Service Centre in Katowice who provide recommendations. In handling asset management for up-scale customers, the Brokerage House co-operates with ING Investment Management S.A.

In the corporate market, the Brokerage House concentrates on providing brokerage services based on the world network of ING Group. Analytical products prepared by an international team of specialist and macro-economic reports that support the investment process are important elements of the offer.

The Brokerage House provides brokerage services mostly for mutual and pension funds and industrial companies from southern Poland. Service of the customers of that market segment is carried out by the team of the most experienced brokers.

ING Securities S.A. visibly increased its brokerage activity for corporate customers in 2001, among others by signing agreements for brokerage services with subsequent pension funds and National Investment Funds.

ING Securities S.A. serves the customers in thirty-one Customer Service Outlets (POK), twenty-six of which operate in the Bank branches based on the co-operation agreement signed with ING Bank Śląski.

In 2001, ING Securities was intensively improving its offer and introduced - among others - the following:

- „Active Investor“ package - most active customers may make use of the interest rates on the funds in the security account and commission on reverse transactions lowered down to 50%;
- „Day Trader“ account with the debt limit under deferred payment in the amount of 1000% of own funds of the customer to be used during one stock exchange session;
- giving orders to buy/ sell securities through Internet;
- three product bundles (Standard, VIP, Prestiż) for separate customer segments;
- distribution of two new mutual funds;
- modified credit in securities account.

Activities in the primary market

In the area of financing, ING Securities offers most of its services to the mid-sized companies - ING Bank Śląski customers - in the following fields:

- privatisation - in 2001, the brokerage house participated in the privatising processes of the following corporations: Skawina Power Plant, Heating and Power Generation Plant in Tychy, Elgo Gostyń;
- obtaining capital by way of the issues in public and private markets - in 2001, the company carried out three issues of short-term debt securities for the total amount of PLN 2 million and it made five buy and sell-back transactions totalling PLN 14.1 million;
- mergers and acquisitions - in 2001, the company participated in nine transactions of that type for the total amount of PLN 33 million, of which PLN 20.3 million referred to transactions on companies allowed for public trade; it performed also the function of the offerer for the new issue of shares of ING Bank Śląski for the value of PLN 993.75 million, connected with the merger with the ING Warsaw Branch;
- restructuring of companies;
- financial advisory services.

Own investments

The funds of ING Securities are divided into two separate portfolios: stable and growing ones. Of course, the volume of own investments of the Brokerage House is determined by a number of limits that should ensure appropriate risk control.

Back office services

ING Securities keeps registers of bearer shares and inscribed shares for the shareholders who do not have their security accounts and whose shares are on the issue sponsor's account in the National Depository of Securities. Moreover, the Brokerage House converts inscribed shares into bearer shares and handles payment of dividends to the shareholders, whose shares are in the sponsor's register.

The Brokerage House played the role of a sponsor for nine companies as at the end of 2001, including ING Bank Śląski.

Under the services provided for private companies, ING Securities keeps the registers of shareholders and performs - among others - accepting the collective vouchers to deposit, issuing certificates of deposit, realisation of the purchase/sale agreements, blocking the shares, etc. As of the end of 2001, the Brokerage House served ten private companies.

Financial results

Gross profit of ING Securities amounted to PLN 4.8 million in 2001, whereas the net profit was PLN 3.2 million.

Śląski Bank Hipoteczny S.A.

Preparations for starting operational activities

On November 8, 2000 the Banking Supervision gave their consent for establishing a mortgage bank acting under the name of Śląski Bank Hipoteczny S.A. The new bank was filed with the companies' register on December 20, 2000.

The most important task for the team of Śląski Bank Hipoteczny in 2001. was to obtain the operational licence.

Śląski Bank Hipoteczny received this licence on September 25, 2001.

Scope of business

Lending of Śląski Bank Hipoteczny takes the form of extending loans secured with the mortgage and it is concentrated on two areas: financing individuals for satisfying their housing needs and financing business entities.

The Mortgage Bank's offer includes the PLN loans and loans indexed with the EUR and USD rates. Interest rate on loans is floating and related to (depending on the currency) WIBOR, EURIBOR, or LIBOR. The lending is a long-term lending, which means that:

- for construction-mortgage loans for individuals the financing period is from 5 to 27 years;
- for commercial loans - up to 15 years;
- for developer's loans - up to 3 years.

Śląski Bank Hipoteczny fulfils the requirements resulting from the Mortgage Bonds and Mortgage Banks Act referring to the total credit portfolio as well as the part of the portfolio that is filed with the Register of Mortgage Bond Collaterals.

One of the main features of functioning of a mortgage bank is using mortgage bonds as an important source of funding. At present, Śląski Bank Hipoteczny is preparing the basis for the issue of mortgage bonds. The Bank considers also the possibility of purchasing the package of mortgage loans from ING Bank Śląski. Śląski Bank Hipoteczny intends to carry out the private issue of mortgage bonds in the 1st half of 2002.



Commercial activity

Preparing itself for starting the operational activities Śląski Bank Hipoteczny S.A. carried also the following:

- Development of distribution channels for mortgage loans. The Bank distributes its products through its own sales force, the branch network of ING Bank Śląski and ING Nationale Nederlanden agents.
- Training of the branch employees of ING Bank Śląski and external sellers, mostly agents of ING Nationale-Nederlanden.
- Improving the existing credit products and creation of the new ones. In 2001, the Bank prepared Commercial Credit addressed to institutional customers.
- Promotion and marketing of mortgage products.

Financial results

In 2001, Śląski Bank Hipoteczny had the gross result of PLN 1.4 million, and the net result at PLN 1 million.

ING BSK Leasing S.A.

ING BSK Leasing S.A. was established by ING Bank Śląski in order to offer leasing services to the customers of the Bank and to make a better use of the branch network.

Due to unsatisfactory financial standing of the leaseholders, ING BSK Leasing concentrated its activities on obtaining a healthy portfolio. As the results thereof, in 2001 the company concluded and financed seventy-six leasing agreements for the total amount of PLN 69.8 million. Machines and equipment dominated in the leasing portfolio, constituting 41.3% of the value of agreements, while real estate leasing was 18.5% of that portfolio.

Two distribution channels are mainly used in the company's activities: branches and Corporate Banking Centres of ING Bank Śląski and the company's own sale and marketing activities.

The worsening business situation and large changes of the FX rates have a negative impact on the financial standing of leaseholders and their ability to pay the leasing instalments. The company analyses their portfolios on a current basis and updates the level of provisions in line with the International Accounting Standards, and maintains the closed FX position, in line with the requirements of the parent entity.

Carrying out the restructuring activities in 2001, ING BSK Leasing sold chattels and participation shares and recovered in that way a large part of work-out debts.

The Company achieved a positive net result in 2001, totalling PLN 1 million.

ING Nationale-Nederlanden Polska Powszechnie Towarzystwo Emerytalne S.A.

The year 2001 was for ING Nationale-Nederlanden Polska PTE the third year of administration of ING Nationale-Nederlanden Open Pension Fund. During that year, ING

Fund strengthened its position in the pension fund market, which is reflected by the following facts:

- The value of net assets of the Fund was PLN 4 140 million as at the end of 2001, which was a 21.3% share in the net assets value of open pension funds and which gave the Fund the second position in pension funds ranking based on the volume of assets under management;
- As of the end of 2001, 1 730 thousand members belonged to the Fund. During 2001, ING Nationale-Nederlanden Polska OFE won the largest number of members. As the result thereof, the Fund served 16.3% of the total number of all members of the funds as at the end of 2001, the proportion being 16.1% at the end of the previous year. In terms of the number of members the Fund was on the third position in the market;
- The IRR of Otwarty Fundusz Emerytalny ING N-NP for 24 months (i.e. from 31st December 1999 to 31st December 2001) amounted to 24.44% which placed the fund on the second position in the market. In that period of time, the average weighted IRR for all pension funds was 21.46%.

PTE ING Nationale-Nederlanden Polska started a lot of initiatives aimed at improving the quality of customer service in 2001. As the result of these actions, a drop of the number of complaints was observed. In 2001, the total of 11.6 thousand complaints were submitted to the Fund, i.e. twice less than a year before.

In 2001, ING Nationale-Nederlanden Polska Powszechnie Towarzystwo Emerytalne achieved the net result of PLN 48.6 million.

Centrum Banku Śląskiego Sp. z o.o.

Centrum Banku Śląskiego Sp. z o.o. was established for realisation of the „Bank Śląski Centre” investment project and for the subsequent management of the constructed buildings.

The Project consists of the building constructed for the needs of the Head Office of ING Bank Śląski and the so-called commercial building (at 50 Chorzowska St.) planned for leasing to external parties. The Head Office of the Bank was opened in October 2000, whereas the commercial building was commissioned in April 2001.

The building at 50 Chorzowska Street was finished at the time of deepening economic recession. The Company initiated numerous actions aimed at obtaining tenants, such as preparation of ready-to-use offices, taking over the costs of room decoration, or intensive marketing efforts addressed to potential tenants.

Centrum Banku Śląskiego concluded twenty-six lease contracts in 2001, for leasing the office space at 50 Chorzowska Street, for the total area of 2 011 square meters.



IX. DIRECTIONS OF THE BANK DEVELOPMENT IN THE YEAR 2002

The „Mid-term Plan of ING Bank Śląski S.A. for the years 2002-2004“ provides for continuation of the current strategy to be the best bank providing modern comprehensive integrated financial services.

In the year 2002 ING Bank Śląski S.A. will carry on the market expansion. The Bank plans to achieve a higher rate of growth than the average in the banking sector. It will facilitate the strengthening of the Bank's position in the Polish banking sector.

The market expansion of ING Bank Śląski S.A. will be supported by such advantages as a comprehensive product offer, a large customer base, well-developed electronic distribution channels as well as a centralised and efficient on-line system.

Recently, ING Bank Śląski S.A. has substantially enhanced its products and services. At present the Bank's offer is one of the most comprehensive ones in the Polish market. The Bank will closely follow the customers' preferences and adjust its products and service offer to the market challenges.

The offer will be an important asset in the Bank's activities aiming at the establishment of close and long-lasting relationship with customers representing various market segments. The intensification of sales of products of other ING Group member companies, in particular insurance products companies, will also add new values for the Bank's customers. The Bank will focus on preparing a special offer to satisfy sophisticated needs of up-scale customers.

The Bank has well-developed, easily accessible and integrated electronic distribution channels, providing the customers with access to basic accounts. In 2002 the Bank will put emphasis on proper promotion of advantages related to electronic distribution channels and their beneficial contribution to the customer's convenience. The promotion should result

in properly utilised potential of the Bank's electronic distribution channels as well as in reduced costs of banking transactions.

In 2002 we will simultaneously observe an improved operational efficiency and service quality as a result of completed implementation of important IT projects, i.e. finalising the upgrade of ICBS and the integration of IT systems due to an incorporation of the ING Warsaw Branch in the Bank's structures. Upgrade of the basic banking system will improve the stability and capacity of the Bank's IT systems as well as the quality of customer relation management. Integration of IT systems and replacement of two IT systems presently in operation with one - apart from an advantageous impact on the Bank's efficiency - will also contribute to cost reduction.

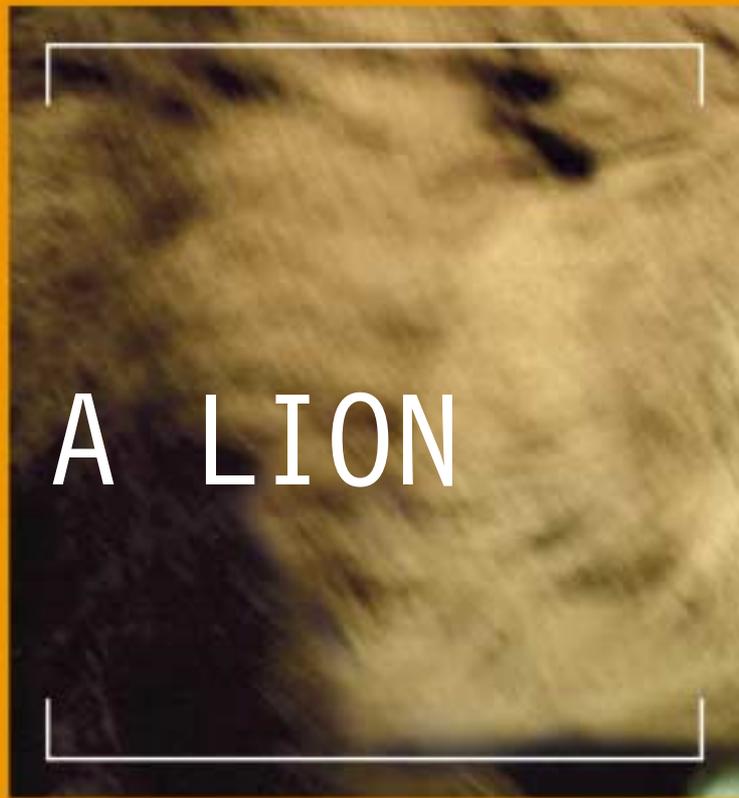
In 2002 the Bank is going to put special emphasis on the credit risk control. In 2001 the Bank performed a major restructure of the credit risk management system and streamlined the portfolio, simultaneously establishing the provisions for non-performing credit receivables, pursuant to the Polish supervision standards and strict requirements binding in the ING Group. Streamlining of the Bank's credit portfolio, further improvement of the credit risk management system basing on the RAROC methodology, accompanied by the concentration of lending on projects characterised by low risk, should result in 2002 in an improved quality of the Bank's credit portfolio.

The Bank is going to improve the cost management system and continue works over the transfer pricing and ABC methodology. This will allow for a proper assessment of individual areas of the Bank's operation.

Implementation of the Bank's plans regarding market expansion, improved quality of credit decisions and stringent cost control will ensure the realisation of tasks set for 2002 as regards the financial result, enhancing simultaneously the operational efficiency of ING Bank Śląski S.A.



WE GIVE YOU
STRENGTH OF A LION



ING  BANK ŚLĄSKI





Lion Account | Mortgage Loans | Open Savings Account | Payment Cards



Currency Account | HomeCash | MultiCash | Lion Account | Mortgage Loans



Open Savings Account | Payment Cards | Currency Account | Lion Account



INTRODUCTION TO FINANCIAL STATEMENTS as at 31. December 2001

INTRODUCTION TO FINANCIAL STATEMENTS

as at 31. December 2001

I. LEGAL BASIS FOR THE OPERATIONS OF ING BANK ŚLĄSKI SPÓŁKA AKCYJNA

Based on ordinance no. 6 of the President of the National Bank of Poland (NBP) dated 14. February 1989, organizational units were separated from the NBP together with their assets and liabilities and rights and obligations. Effective 1. February 1989, these units became part of the new Bank Śląski in Katowice.

Based on the notarial deed, dated 8. October 1991, the State-owned Bank Śląski in Katowice was transformed to Bank Śląski S.A. in Katowice. The new entity was registered in section B of the commercial register of the District Court in Katowice under number RHB 7130. The sole shareholder of the Bank was the State Treasury.

On 3. September 1993, the Stock Exchange Commission admitted BSK shares for public trading and a prospectus was published on 31. August 1993. The Minister of Finance, representing the State Treasury, invited for tender 4,167,000 shares and allotted 1,389,000 of these shares for public offering. Due to calling this tender off, another 1,400,000 shares were allotted for public offering.

On 3. January 1994, the Board of Directors of the Stock Exchange decided that Bank Śląski S.A. shares would be for the first time quoted on the Warsaw Stock Exchange on 25. January 1994.

Based on the decision of the Economic Department at the District Court in Katowice dated 9. April 2001, Bank Śląski S.A. in Katowice was registered in the National Court Register under the number KRS 5459.

Based on the decision of the VIII Economic Department of the National Court Register at the District Court, dated 6. September 2001, the new name of the Bank was registered in the National Court Register and this legally binding name is:

"ING Bank Śląski Spółka Akcyjna"

or in short

"ING Bank Śląski S.A."

On 17. September 2001 the Economic Department of National Court Register at the District Court in Katowice registered an increase in the share capital of ING Bank Śląski S.A. of PLN 37,500,000.

As a result, the share capital of ING Bank Śląski S.A. amounts to PLN 130,100,000 and is composed of 13,010,000 ordinary shares with a nominal value of PLN 10 each.

Key legal acts relevant to the operations of the Bank are as follows:

- The Banking Law Act dated 29. August 1997 (Official Journal No. 140 dated 21. November 1997 with later amendments).
- The Currency Regulations dated 18. December 1994 (Official Journal No. 160 item 1063).
- The Commercial Entities Code dated 15. September 2000 (Official Journal No. 94 item 1037).
- The Accounting Act dated 29. September 1994 (Official Journal No. 121 dated 19. November 1994, with later amendments).
- The Act on Public Trading in Securities dated 21. August 1997 (Official Journal No. 118 of 1997).
- The Council of Ministers Regulation dated 16. October 2001 regarding detailed requirements for issuing prospectuses that should be fulfilled together with the summary of prospectus (Official Journal No. 139 item 1568).
- The Council of Ministers Regulation dated 16. October 2001 regarding current and periodic information presented by the issuers of securities (Official Journal No. 139 item 1569).
- Regulation No. 1/98 of Banking Supervisory Commission dated 3 June 1998 regarding detailed accounting principles for banks and preparation of additional information.
- Regulation No. 8/99 of the Banking Supervisory Commission dated 22 December 1999, regarding principles to create provisions against the risk of Banking operations.

II. GENERAL INFORMATION OF THE ISSUER

ING BANK ŚLĄSKI SPÓŁKA AKCYJNA

40-086 KATOWICE, UL. SOKOLSKA 34

The primary activity according to Polish Activity Classification 65.12A

The ING Bank Śląski S.A. undertakes the following activities:

- opening and maintaining bank accounts
- accepting savings deposits and term deposits
- issuing its securities, including bonds and certificates, and trading them on the securities markets, purchasing and selling securities for its own account and for the account of third parties

- granting and obtaining loans, acting as an agent and intermediary in the process of granting loans
- effecting foreign exchange transactions
- financial services supporting foreign trade operations
- cash settlements services, bill of exchange operations, granting and accepting guarantees and other commitments
- acceptance of cheques and promissory notes
- concluding agreements and processing of payments on bank accounts and on the purchase of goods and services in Poland
- effecting payments according to inter-bank transactions agreements
- financial and operational participation in international financial transactions
- taking and placing funds in domestic and foreign banks
- safe-keeping of assets and securities
- custodian services
- providing services ordered by other banks
- other co-operation with domestic, foreign and international banks and financial institutions
- at the request of the Ministry of Privatisation, performing services connected with privatisation of state companies
- services for State Budget borrowings
- leasing, factoring, underwriting and other financial services for individuals and corporations
- performing brokerage activities, including maintaining security accounts, accepting orders for the purchase and redemption of trust fund units and investment funds as well as the purchase and buy-back of investment receipts;
- acting as a broker for insurance companies and pension funds
- performing warrants operations
- other types of activities outlined in the Bank's Statute.

III. SCOPE AND FRAMEWORK FOR FINANCIAL STATEMENTS

The financial statements of the Bank are prepared for the year ended 31. December 2001 and contain comparable financial data for the year ended 31. December 2000.

The financial statements have been prepared in accordance with The Accounting Act of 29. September 1994, Regulation 1/98 of the Banking Supervisory Commission dated 3. June 1998 on specific accounting principles for banks and the preparation of additional information, Regulation of the Council of Ministers dated 16 October 2001 regarding detailed requirements for issuing prospectus that should be fulfilled together with the summary of prospectus, and the Regulation of the Council of Ministers dated 16. October 2001 regarding current and periodic information presented by the issuers of securities (Official Journal No. 139 items 1568 and 1569), and in accordance with the applicable accounting principles used by the Bank and recommendations of the General Inspectorate of Banking Supervision and the Securities and Stock Exchange Commission.

Management of ING Bank Śląski S.A. entered into agreement on 1. October 2001 with ING Bank N.V. seated in Amsterdam (ING Bank N.V.) to contribute in-kind ING Bank N.V. Warsaw Branch into ING Bank Śląski S.A. in exchange for shares in the increased share capital of ING Bank Śląski S.A.

As a result, all assets, liabilities and off-balance sheet items of the prior ING Bank N.V. Warsaw Branch were included in the accounts of ING Bank Śląski S.A.

The above described operation was accounted for as a purchase transaction.

Information regarding the merger of ING Bank Śląski S.A. with ING Bank N.V. Warsaw Branch is presented in paragraph 18 of the additional information to the financial statements.

Below, the basic financial data of ING Bank N.V. Warsaw Branch is presented as at 31 December 2000.

	in thousand PLN
Balance sheet amount	6 267 091.59
Share capital	196 610.00
Other own capital (excluding current year's results)	328 770.55
Profit on banking activity	350 235.78
Gross profit	167 639.32
Net Profit	110 467.48

Point 31 of the additional notes to the financial statements includes "pro forma" financial statements of ING Bank Śląski as of 31 December 2000 as well as the financial statements of ING Bank N.V. Warsaw Branch at that date.

Point 32 of the additional notes to the financial statements includes "pro forma" financial statements of ING Bank N.V. Warsaw Branch as of 1 October 2001 - the date of contribution of the Branch.

On 9. November 2001 the General Administration Court dismissed the claim of the Supervisory Board of Wielkopolski Bank Rolniczy S.A. in Kalisz against the Regulation No. 67/KNB/01 of Banking Supervisory Commission dated 6. August 2001, regarding acquisition of WBR S.A. by ING Bank Śląski S.A.

As a result, all elements of assets, liabilities and off-balance sheet items of the former Wielkopolski Bank Rolniczy S.A. were included in the accounts of ING Bank Śląski S.A. These components are not significant in relation to the activities carried out by ING Bank Śląski S.A.

The above described operation was accounted for as a purchase transaction.

Information regarding the acquisition of Wielkopolski Bank Rolniczy S.A. in Kalisz is presented in paragraph 20 of the additional information to the financial statements.

Those financial statements have been prepared on a going concern basis, which contemplates the continuation and expansion of activities as well as the realisation of assets and liquidation of liabilities in the ordinary course of business.

The financial statements for the year ended 31. December 2000, according to regulation of the Council of Ministers dated 16 October 2001 regarding detailed requirements for issuing prospectus that should be fulfilled together with the summary of prospectus, and the Regulation of the Council of Ministers dated 16. October 2001 regarding current and periodic information presented by the issuers of securities §64 point 2 (Official Journal No. 139 items 1568 and 1569), were reclassified to conform with the financial statements for the year ended 31. December 2001.

IV. PRIOR PERIOD AUDITOR'S OPINION

The financial statements of the Bank for the year ended on 31. December 2000 were audited by KPMG Polska Audyt Sp. z o.o. and received an opinion without reservations.

V. ACCOUNTING PRINCIPLES

The Bank's accounting records are maintained in accordance with the general accounting principles defined by the Accounting Act dated 29. September 1994 and the Resolution 1/98 of the Banking Supervisory Commission dated 3. June 1998 concerning specific accounting principles for banks and the rules for preparing additional information.

The Bank's accounting records are based on the internal Chart of Accounts '96 of ING Bank Śląski S.A. with reference to the underlying principles of accounting: principle of completeness, prudence, matching and accrual accounting, grouping of operations and the double entry principle in the sub-accounts.

The valuation of assets and liabilities is made with reference to the underlying going concern principle, that is based on assumption that Bank will continue its activity in the foreseeable future. Assets and liabilities are stated at the lower of cost (adjusted by revaluation) and net realisable value. The revaluation of assets is made with reference to the underlying principle of prudence independent of the level of the financial result.

The valuation of assets and liabilities is made as follows:

Fixed assets

Tangible and intangible fixed assets are stated at cost less accumulated depreciation. Depreciation for tax purposes is calculated on a straight-line basis based on principles and rates defined by the Corporate Income Tax Act dated 15 February 1992 (Official Journal No. 106, item 482 of 1993, with later amendments). For accounting purposes, selected tangible and intangible fixed assets are depreciated at rates that are in accordance with article 32 of the Accounting Act of 29. September 1994 (Official Journal No. 121, item 591, with later amendments).

In general, the Bank applies depreciation rates based on identified fixed assets groupings. Individual depreciation rates within each group are applied to leasehold investments and to computer software and copyrights. The acquisition value of a fixed asset is increased by any costs of improvement: adaptation, modernization, or reconstruction that increases its economic useful life.

Assets under construction include the total amount of costs directly related to construction, installation or purchase of assets to be put in use as new assets or upgrade of existing assets. As at the balance sheet date assets under construction are valued acquisition costs.

These acquisition costs include all costs incurred since the beginning of investment up to the balance sheet date or the date when the asset was put in use and includes non-deductible VAT, interest, commission, and foreign exchange differences.

In the period between 1994 and 1999, the Bank took advantage of tax relief for assets under construction.

The value of assets under construction included in tax relief during the period between 1994 and 1999 amounted to PLN 255 898 thousand.

Depreciation of fixed assets under investment relief is settled over time as a non-deductible cost, with depreciation rates applied as per the depreciation schedules. Such settlements are treated as CIT timing differences caused by the different times when revenue is earned and costs are incurred, in reference to the Accounting Act and tax regulations.

Depreciation of fixed assets under relief amounted to PLN 15 553 thousand for the period from 1. January 2001 to 31. December 2001.

As at 1. December 2001, PLN 115 569 thousand is to be settled, and included in the deferred tax provision as a timing difference.

In the period from 1995 to 2000, every year the Bank deducted from the tax base 50% of the investment relief of the previous year (investment bonus), which in total amounted to PLN 127 951 thousand.

The premium on investment tax relief is treated as a permanent difference decreasing the taxable income of the Bank.

Goodwill acquired as a result of Wielkopolski Bank Rolniczy S.A. take over as well as goodwill of ING Bank N.V. Warsaw Branch brought in as a contribution in-kind is being amortised over period equal to the related expected economic benefits estimated at 7 and 10 years, respectively.

Direct costs of issuing new shares composed of brokerage costs, costs of prospectus and payments in favour of KDPW together with consulting costs related to preparation of Issuance Prospectus according to amended Commercial Code decreased reserve capital arising from issuance value and the nominal value of shares.

Other organisation costs related to the increase in share capital were presented as accruals and settled over a 5 year period.

Assets repossessed in lieu of bad debts are recognised in the balance sheet at amounts equal to the value of outstanding debt net of any specific provisions established for the difference between the outstanding debt and the net realisable value of the asset.

Assets for sale represent fixed and current assets that were repossessed in lieu of receivables during the process of restructuring corporate entities, settlements of reposition, acquisition of collateral and vindication (including private debtors) and are intended to be sold. These assets are recognized in the balance sheet at amounts equal to the value of outstanding debt, net of any specific provisions established for the difference between the outstanding debt and the asset's estimated market value. These assets are not subject to depreciation. The Bank is obliged to sell them within a three-year period from the purchase/repossession date. After this period they are treated as assets utilised by the Bank.

Loans and off-balance sheet commitments

Loans are stated in the annual financial statements at their nominal value with interest receivable net of specific provisions established to cover credit risk. The level of specific provisions is determined by the risk assessment in respect to the receivables and complies with Regulation No. 8/99 of the Banking Supervisory Commission dated 22 December 1999 (Official NBP Journal No. 26 item 43) regarding the principles of creating provisions for the risks related to Bank's activities.

The following minimum level of specific provisions for individual risk groups is established:

- normal (granted for individuals, excluding mortgage loans)	1.5%
- watch	1.5%
- sub-standard	20.0%
- doubtful	50.0%
- loss	100.0%

Collateral stated in Regulation No. 8/99 is taken into consideration when calculating provisions for credit risk receivables.

In accordance with the above-mentioned Regulation No. 8/99, the Bank decreased the level of provisions in the normal and watch categories by an allocation of up to 25% of the general risk provision.

As at 31. December 2001, to cover the provision for normal and watch loans, PLN 27 892 thousand was allocated from the general risk provision.

Off-balance sheet commitments are stated at their nominal value. For granted off-balance sheet commitments, which are classified as irregular, including irrevocable undrawn credit lines and the Bank's commitments arising on the rediscounting of bills of exchange and partial factoring, in accordance with Regulation No. 8/99 of the Banking Supervisory Commission dated 22. December 1999, regarding the conditions that should be applied to create provisions for the risk of the banks activities, the specific provisions are created and presented in the balance sheet as "Provisions".

For other receivables where collection has been assessed as doubtful, the Bank makes specific provisions against possible losses that may arise from lack of repayment.

Investments and debt securities

Shares classified as financial assets are stated at acquisition cost. When the current market value is lower than cost of these shares, the Bank creates a provision for the difference between the cost and current market value or net realisable value. Shares repossessed in lieu of bad debts are stated at their market value decreased by a provision for any diminution in value.

Debt securities classified in the investment portfolio are recorded in the balance sheet at cost adjusted by accrued interest, amortized discount, amortized premium and the provisions against any permanent diminution in value. Interest on NBP T-bonds acquired by the Bank in order to lower the amount of obligatory reserve is calculated as product of the face value of T-bonds and the anticipated annual consumer price index, estimated quarterly.

Debt securities classified in the trading portfolio are recorded at cost adjusted by accrued interest, amortized discount, amortized premium, but not higher than their actual net market value. The differences in valuation are recognised as a cost of financial operations.

Shares held in the investment portfolio are recorded in the balance sheet at cost less any provisions against any permanent diminution in value.

Shares held in the trading portfolio are recorded in the balance sheet at cost - but not higher than their actual net market value. The difference is recognised as a cost of financial operations.

Investment fund participation units are recorded at cost. The purchase cost of these units is recorded as 'other securities and property rights'.

Any increase in the market value of securities held in the trading portfolio over the book value described above, results in an increase of their value, however not higher than their cost.

Precious metals

Gold and coins, which are not recognized as current assets are recorded at cost - but at a value not higher than current quotations on the international markets, with any difference being recognized as a cost of financial operations. In the case of a permanent increase of prices on international stock exchanges, the value of gold held is increased - but to a value not higher than cost, and any difference is recognised as income from financial operations.

Foreign currencies

Assets, liabilities and off-balance sheet items denominated in foreign currencies are valued at the exchange rate announced by the President of the National Bank of Poland at the balance sheet date. Foreign exchange differences arising on the revaluation of foreign exchange positions are recognised in the profit and loss account within the net result on foreign exchange.

Financial instruments

The Bank performs the following foreign currency or interest rate derivative transactions: currency forwards, foreign currency swaps, currency options, interest rate swaps (IRS), currency interest rate swaps (CIRS) and forward rate agreement (FRA)

Financial instruments offered to the customers are traded for speculative purpose from the Bank's point of view. Customers enter the financial instruments agreements for both speculative and hedging purposes.

FX Transactions

Financial instruments such as currency forwards, being traded for speculative and currency risk management purposes are valued at their current value calculated by comparison of the forward exchange rate from the agreement with the forward exchange rate as at the revaluation date including the remaining period for the transaction to be realised. The net result of the valuation is recognised in the profit and loss account within the net result on foreign exchange. PLN 472.7 million recorded as the result on foreign exchange generated for the year ended 31 December 2001, referred to interest received on currency financial instruments, such as currency swaps.

Currencies purchased for FX transactions are revalued at the balance sheet date using NBP fixing rate and are presented in the off-balance sheet statement as commitments resulting from sale/purchase transactions.

Currency option contracts are valued at the market price taking into account the discounted financial flow (German-Kohlhagen model).

Off balance sheet items resulting from currency option contracts are revalued at the balance sheet date using the NBP fixing rate and are presented as liabilities due to transactions on options.

Interest rate derivative contracts

Interest rate derivative contracts are recognised as swap transactions (interest rate swaps - IRS, or the currency interest rate swaps - CIRS) and forward rate agreements (FRA). Unsettled IRS and CIRS contracts are valued at market based on their net present value (NPV). Unsettled FRA contracts are valued at market based on their net present value.

Notional amounts in foreign currencies resulting from IRS/CIRS transactions are revalued at the balance sheet date using NBP fixing rate and are presented in the off-balance sheet statement as commitments resulting from sale/purchase transactions.

Notional amounts related to FRA contracts concluded in foreign currencies are revalued at the balance sheet date using the NBP fixing rate and are presented in the off-balance sheet statement as commitments resulting from sale/purchase transactions.

General risk provision

In accordance with the Banking Law Act dated 29 August 1997 (Official Journal No. 140, item 939), the Bank creates a provision for general banking risk against the Bank's operations and is charged as an expense in the profit and loss account.

Capital and reserve funds

Capital and reserve funds are presented at their nominal values.

Prepayments and accruals

Expenses are accounted for as prepayments or accruals in order to recognise them in the appropriate period to which they relate.

Retirement payments

According to the Employees Remuneration Regulations of ING Bank Śląski S.A. employees who have worked for a given number of years and reached the required age, are obliged to receive retirement bonuses. Retirement liabilities are recorded as the present value of the future obligations due to seniority.

Future payments are discounted by 7% according to assumptions of the future estimated cash flows. These obligations are updated annually and recorded as accruals.

Unused holiday costs are accounted for on an accrual basis, creating accruals for unused holidays. These accruals were included in the deferred tax calculation.

Income and expense recognition

Interest costs / revenues include accrued interest receivable and payable at the balance sheet date. Interest receivable and payable at the balance sheet date from loans classified as substandard, doubtful and loss are provided in assets as interest receivable and in liabilities as suspended „Accruals and deferred income“.

Unearned discounts on regular receivables are disclosed as deferred income and recognised in the profit and loss account on an accrual basis. Unearned discounts on irregular receivables are disclosed in deferred income and are recognised in the profit and loss account on settlement.

A similar method is used for the inter-period settlement of income and costs in respect to costs and income, which are non-interest income, general and other.

Fees and commissions represent revenues received by the Bank from its customers for banking services and are charged based on the Fees and Commissions Table approved by the Bank and based on specific agreements with the Bank's customers.

Other operating costs and revenues comprise costs and revenues incurred / earned from other than banking activity and include costs / revenues from the sale and liquidation of fixed assets, compensation and penalty costs.

The movement in provisions for retirement bonuses (calculated by an actuarial valuation) and unused holidays costs are presented in other operating income and other operating expenses respectively.

Net result

The net result of the Bank is calculated based on Regulation 1/98 of the Banking Supervisory Commission with reference to the underlying principles of prudence, valuation, matching and accrual accounting. Income and expenses are recognised and accounted for on an accrual basis.

Corporate income tax

Corporate income tax is calculated based on gross profit adjusted by accrued interest payable and receivable, non-tax deductible costs, and allowable deductions.

Corporate income tax payable is disclosed as a tax liability (at the current rate of tax in force of 30% on 31. December 2000 and 28% on 31. December 2001) and provisions for deferred tax relating to timing differences in the recognition of income and expenses between tax regulations and the Accounting Act.

As at 31. December 2001, a cumulative deferred tax asset of PLN 153 546 thousand was booked as interperiod settlements. During the year from 1. January 2001 to 31. December 2001 interperiod settlements relating to deferred tax asset increased by PLN 21 894 thousand.

Timing differences within the deferred tax calculation include all specific provisions created by Bank, which have not yet been treated as tax-deductible, but for which it is anticipated that they will be realised for tax purposes in the future. Exception refers to provisions that in the future will not be treated as tax-deductible costs. Provisions for the permanent diminution in the value of securities are treated as a timing differences and are included in the deferred tax calculation.

VI. AVERAGE PLN EXCHANGE RATES DURING THE PERIOD OF CONSOLIDATED FINANCIAL STATEMENT WITH COMPARATIVE DATA FOR THE PREVIOUS YEAR AND BASIC FINANCIAL STATEMENTS ITEMS CONVERTED IN THE EURO.

Exchange rate	Average EURO exchange rate during the period	Lowest EURO exchange rate during the period	Highest EURO exchange rate during the period	Exchange rate as at the end of the year
Rok 2001	3.6509	3.3783	3.8843	3.5219
Rok 2000	4.0046	3.8544	4.2075	3.8544

	in thousand EURO	
	31/12/2001	31/12/2000
Interest income	648 237	564 115
Fee and commission income	126 434	100 133
Result on banking activity	398 490	330 371
Operating profit	32 584	32 258
Gross profit (loss)	32 653	32 381
Net profit (loss)	26 656	34 532
Assets (as per 31. December)	7 423 181	4 942 680
Own equity (as per 31. December)	740 498	429 374
Share capital (as per 31. December)	36 940	24 024
Net cash flow	261 895	-18 825

The following rates were applied for the purpose of determining basic values in EURO:

- for balance sheet positions - PLN 3.5219, the rate of the National Bank of Poland as at 31. December 2001; and PLN 3.8544, the rate of the National Bank of Poland as at 31. December 2000,
- for positions of the profit and loss account PLN - 3.6509, the rate calculated as the average of the NBP rates binding on the last day of each month in 2001 and PLN 4.0046, the rate calculated as the average of the NBP rates binding on the last day of each month in 2000.

VII. DISCLOSURE OF SIGNIFICANT DIFFERENCES BETWEEN ADOPTED ACCOUNTING STANDARDS AND INTERNATIONAL ACCOUNTING STANDARDS

The Bank prepares financial statements in accordance with Polish Accounting Standards (PAS). There are some differences between the accounting principles adopted and International Accounting Standards, which are outlined below:

- 1) Under PAS, overdue interest from irregular loans is presented in the balance sheet as deferred interest income and accounted for in the profit and loss account on settlement. According to IAS, interest receivable from irregular loans is accounted for in the profit and loss account if received by the Bank at the date of preparation of the financial statements.
- 2) and 3) Under PAS, the Bank allocated net profit to the Bank's social fund and made a donation to the Bank Śląski Fund. According to IAS, these should be charged to the profit and loss account.
- 4) Under PAS, shares in associate entities are presented at cost less provision for any permanent diminution in value. According to IAS, material shares in associate entities not intended to be sold are valued using the equity method less a provision for any permanent diminution in value.
- 5) Under PAS, debt securities and floating income securities are presented at cost but not higher than market value, and the other financial assets and liabilities are valued at the amount due. According to IAS, financial assets and liabilities should be classified as financial assets and liabilities held for trading (valued at the fair value), investments held until maturity (valued at the depreciated cost), granted loans and receivables, held as an investment (valued at the depreciated cost) and financial assets available-for-sale (generally valued at the fair value). In the reconciliation of financial statements produced according to PAS in comparison to IAS the following classification of financial assets was noted:
 - 5a) IAS 39 requires that interest on granted loans and receivables takes into consideration effective rate of return on financial instruments, where the effective profitability is calculated, subject to all commissions and fees paid and received.
 - 5b) According to IAS 39 financial assets held for trading together with financial assets available-for-sale are valued at the fair value.



Only T-bonds received in exchange for the obligatory provision are classified as financial assets held till maturity, and valued at depreciated cost.

- 6) Deferred tax effect related to all above-mentioned issues.
- 7) Under PAS, accrued interest on irregular receivables is reported in deferred interest income. Under IAS, such interest is accounted for as a provision for interest accrued. This difference in accounting policies has no impact on the Bank's net assets calculated under IAS.
- 8) In order to eliminate the difference between the net assets under Polish Accounting Standards and International Accounting Standards, which have arisen in previous years the Bank allocated the General Risk Fund established from amounts charged to the profit and loss account prior 1998 from other reserve capital to provisions for credit risk (decreasing the amount of receivables due from client and state budget). According to IAS, the adjustment was charged to „undistributed profit from previous years“.

A reconciliation of net assets and net profit disclosed in accordance with Polish Accounting Standards and International Accounting Standards will be disclosed in the Consolidated Financial Statements of the ING Bank Śląski S.A. Capital Group.

BALANCE SHEET

	as at	Note	31.12.2001	31.12.2000
ASSETS				
I.	Cash and due from NBP	1	1 893 640	918 943
II.	Treasury bills and other bills eligible for refinancing with NBP		72 352	73 688
III.	Due from other financial institutions	2	6 109 494	3 471 433
	1. Current		148 353	137 401
	2. Term		5 961 141	3 334 032
IV.	Due from customers and State Budget	3	13 768 350	10 849 204
	1. Current		2 403 746	1 606 075
	2. Term		11 364 604	9 243 129
V.	Receivables subject to securities sale and repurchase agreements	4	-	-
VI.	Debt securities	5, 11	2 121 883	2 125 132
VII.	Investments in subsidiary undertakings	6, 8, 11	76 000	76 000
VIII.	Investments in associated undertakings	7, 8, 11	95 075	115 888
IX.	Minority investments	9, 11	18 424	14 075
X.	Other securities and property rights	10, 11	16 028	355 549
XI.	Intangible fixed assets	12	309 164	20 536
XII.	Tangible fixed assets	13	597 932	629 503
XIII.	Own shares for sale	14	-	-
XIV.	Other assets	15	881 352	261 826
	1. Repossessed assets		1 715	464
	2. Other		879 637	261 362
XV.	Interperiod settlements	16	184 006	139 290
	1. Deferred tax		153 546	125 548
	2. Other interperiod settlements		30 460	13 742
TOTAL ASSETS			26 143 700	19 051 067
LIABILITIES				
I.	Due to NBP		-	-
II.	Due to other financial institutions	17	4 336 149	3 161 265
	1. Current		378 523	139 647
	2. Term		3 957 626	3 021 618
III.	Due to customers and State Budget	18	17 776 438	13 620 461
	1. Saving deposits		10 846 162	9 142 788
	a) Current		1 814 950	1 647 830
	b) Term		9 031 212	7 494 958
	2. Other		6 930 276	4 477 673
	a) Current		2 723 651	1 896 219
	b) Term		4 206 625	2 581 454
IV.	Liabilities in respect of securities subject to sale and repurchase agreements	19	-	-
V.	Securities issued	20	-	-
VI.	Funds for staff benefit and other liabilities	21	870 343	214 455
VII.	Accruals and deferred income	22	409 821	249 483
VIII.	Provisions	23	142 990	150 425
	1. Provisions for deferred income tax		-	-
	2. Other provisions		142 990	150 425
IX.	Subordinated debt	24	-	-
X.	Share capital	25	130 100	92 600
XI.	Unpaid contribution to share capital (negative value)		-	-
XII.	Equity reserves	26	998 102	35 985
XIII.	Revaluation reserve		33 810	40 181
XIV.	Other reserves	27	1 452 433	1 361 315
XV.	FX differences from recalculation of foreign branches		-	-
XVI.	Undistributed profit (not covered loss) of prior years	28	-103 806	-13 390
XVII.	Net profit (loss)		97 320	138 287
LIABILITIES TOTAL			26 143 700	19 051 067

BALANCE SHEET

	as at	Note	31.12.2001	31.12.2000
Solvency ratio		29	12.50	10.70
Net book value			2 607 959	1 654 978
Number of shares			13 010 000	9 260 000
Net book value per share (in PLN)		29	200.46	178.72
Assumed number of shares			-	-
Diluted book value per share (in PLN)		29	-	-

OFF-BALANCE SHEET ITEMS

	as at	Note	31.12.2001	31.12.2000
I. Contingent liabilities granted and received			12 980 936	3 581 332
1. Contingent liabilities granted			8 836 317	3 372 257
a) lending commitments			7 535 232	2 721 190
b) guarantees		30	1 301 085	651 067
2. Contingent liabilities received			4 144 619	209 075
b) guarantees			4 061 808	114 957
II. Commitments resulting from sale/purchase transactions			94 456 043	5 681 437
III. Other, including			2 172 262	912 723
- liabilities due to exchange transactions - deposits transactions			-	727 732
- liabilities due to transactions on securities			233 911	184 991
- liabilities due to transactions on options			1 888 351	-
- liabilities due to underwriting			50 000	-
OFF-BALANCE TOTAL			109 609 241	10 175 492

PROFIT AND LOSS ACCOUNT

	for the period	Note	from 01.01.2001 to 31.12.2001	from 01.01.2000 to 31.12.2000
I. Interest income		31	2 366 647	2 259 056
II. Interest expense		32	1 902 177	1 567 950
III. Net interest income (I-II)			464 470	691 106
IV. Fee and commission income		33	461 597	400 991
V. Fee and commission expense			32 980	28 206
VI. Net fee and commission income (IV-V)			428 617	372 785
VII. Income from shares and other securities		34	7 746	1 147
VIII. Net profit on financial operations		35	56 569	-7 094
IX. Net profit on foreign exchange			497 446	265 058
X. Profit (loss) on banking activity			1 454 848	1 323 002
XI. Other operating income		36	62 406	24 666
XII. Other operating expenses		37	43 911	16 138
XIII. General expenses		38	807 477	671 813
XIV. Depreciation			119 535	110 331
XV. Charges to provisions and revaluation		39	2 604 012	1 326 085
XVI. Release of provisions and decrease in respect of revaluation		40	2 176 643	905 878
XVII. Net charges to/release of provisions and decrease in respect of revaluation (XV-XVI)			427 369	420 207
XVIII. Operating profit			118 962	129 179
XIX. Extraordinary losses/gains			252	493
1. Extraordinary gains		41	282	596
2. Extraordinary losses		42	30	103
XX. Profit before taxation			119 214	129 672
XXI. Corporate income tax		43	21 894	-12 421
XXII. Other obligatory charges to profit/(loss)		44	-	3 806
XXIII. Net profit (loss)		45	97 320	138 287
Net profit (loss) /for 12 months/			97 320	138 287
Average weighted number of ordinary shares			10 605 890	9 260 000
Net profit (loss) per ordinary share (in PLN)		46	9.18	14.93
Assumed average weighted number of shares			-	-
Diluted net profit (loss) per ordinary share (in PLN)		46	-	-

MOVEMENTS IN OWN EQUITY

	for the period	Note	from 01.01.2001 to 31.12.2001	from 01.01.2000 to 31.12.2000
I. Opening balance of own equity			1 654 978	1 576 362
a) changes in adopted accounting principles			-103 806	-13 390
b) corrections of material errors			-	-
I.a. Opening balance of own equity after reclassifications to confirm with current year presentation			1 551 172	1 562 972
1. Opening balance of share capital			92 600	92 600
1.1. Movements			37 500	-
a) increases (in respect of)			37 500	-
- issue of share			37 500	-
b) decreases (in respect of)			-	-
- redemption of shares			-	-
1.2. Closing balance of share capital			130 100	92 600
2. Opening balance of unpaid contribution to share capital			-	-
2.1. Movements in unpaid contribution to share capital			-	-
a) increases			-	-
b) decreases			-	-
2.2. Closing balance of unpaid contribution to share capital			-	-
3. Opening balance of equity reserves			35 985	35 858
3.1. Movements in equity reserves			962 117	127
a) increases (in respect of)			962 621	127
- issue of shares with premium			956 250	-
- distribution of profit (mandatory)			-	-
- distribution of profit (voluntary)			-	-
- liquidation or sale of fixed assets			6 371	-
- other			0	127
b) decreases (in respect of)			-504	-
- covering prior period losses			-	-
- cost of expanding of company			-504	-
3.2. Closing balance of equity reserves			998 102	35 985
4. Opening balance of revaluation reserve			40 181	40 308
4.1. Movements in revaluation reserve			-6 371	-127
a) increases			-	-
b) decreases (in respect of)			-6 371	-127
- liquidation or sale of fixed assets			-6 371	-127
4.2. Closing balance of revaluation reserve			33 810	40 181
5. Opening balance of General Risk Fund			162 000	62 000
5.1. Movements in General Risk Fund			50 000	100 000
a) increases (in respect of)			50 000	100 000
- profit distribution for previous year			50 000	100 000
b) decreases			-	-
5.2. Closing balance of General Risk Fund			212 000	162 000
6. Opening balance of Equity reserve for brokerage activity			-	-
6.1. Movements in Equity reserve for brokerage activity			-	-
a) increases			-	-
b) decreases			-	-
6.2. Closing balance of Equity reserve for brokerage activity			-	-
7. Opening balance of other reserves			1 199 316	1 146 095
7.1. Movements in other reserves			41 117	53 220
a) increases (in respect of)			54 507	53 220
- profit distribution for previous year			54 507	53 220
b) decreases			-13 390	-
- corrections of not covered loss			-13 390	-
7.2. Closing balance of other reserves			1 240 433	1 199 315
8. Foreign exchange differences from recalculation of foreign branches			-	-
9. Opening balance of undistributed profit or not covered loss of prior year			124 897	199 501
9.1. Opening balance of undistributed profit			138 287	199 501
a) changes in adopted accounting principles			-	-
b) corrections of material errors			-	-
9.2. Opening balance of undistributed profit, after reclassifications to confirm with current year presentation			138 287	199 501
a) increases (in respect of)			-	-
- distribution of profit			-	-
b) decreases (in respect of)			-138 287	-199 501

- charges to reserve capital	-54 507	-53 220
- charges to General Risk Fund	-50 000	-100 000
- charges to Social Fund	-3 000	-3 000
- dividend	-27 780	-40 281
- donation for the Bank Śląski Foundation	-3 000	-3 000
9.3. Closing balance of undistributed profit	-	-
9.4. Opening balance of not covered loss	-13 390	-
a) changes in adopted accounting principles	-103 806	-13 390
b) corrections of material errors	-	-
9.5. Opening balance of not covered loss, after reclassifications to confirm with current year presentation	-117 196	-13 390
a) increases	0	-
- corrections of not covered loss	-	-
b) decreases	13 390	-
- corrections of not covered loss	13 390	-
9.6. Closing balance of not covered loss	-103 806	-13 390
9.7. Closing balance of undistributed profit or not covered loss of prior year	-103 806	-13 390
10. Net result	97 320	138 287
a) net profit	97 320	138 287
b) net loss	-	-
II. Closing balance of own equity	2 607 959	1 654 978

CASH FLOW STATEMENT

	for the period	Note	from 01.01.2001 to 31.12.2001	from 01.01.2000 to 31.12.2000
A. NET CASH FLOW FROM OPERATING ACTIVITIES (I +/- II)			-602 652	-606 294
I. Net profit (loss)			97 320	138 287
II. Adjustment for:			-699 972	-744 581
1. Depreciation			119 535	110 331
2. Foreign exchange gains (losses)			-74 698	-69 531
3. Interest and dividends received and paid			-248 045	-358 654
4. Profit or loss on investment activity			2 776	15 180
5. Change in other provisions			-79 970	75 199
6. Corporate income tax (presented in profit and loss account)			21 894	-8 615
7. Corporate income tax paid			-68 239	-184 174
8. Change in debt securities held			-172 540	-68 913
9. Change in amounts due from other financial institutions			932 005	-1 945 521
10. Change in amounts due from customers and State Budget			-1 153 162	-2 384 609
11. Change in receivables in respect of securities subject to sale and repurchase agreements			-	-
12. Change in other investments			11 347	16 236
13. Change in amounts due to other financial institutions			-2 305 392	806 104
14. Change in amounts due to customers and State Budget			2 257 012	3 367 709
15. Changes in payables in respect of securities subject to sale and repurchase agreements			-	-
16. Change in securities issued			-	-
17. Change in other liabilities			66 841	20 119
18. Change in interperiod settlements			-12 720	-6 442
19. Change in deferred income			137 204	13 214
20. Other items			-133 820	-142 214
B. NET CASH FLOW FROM INVESTMENT ACTIVITIES (I-II)			1 567 001	619 224
I. Cash inflows from investment activities			8 951 390	13 453 087
1. Sale of intangible fixed assets			296	-
2. Sale of tangible fixed assets			14 785	2 797
3. Sale of investments in subsidiary undertakings			-	-
4. Sale of investments in associated undertakings			17 108	6 501
5. Sales of investments in parent company			-	-
6. Sale of other investments, other debt securities (including those held in trading portfolio) and other property rights			8 523 527	13 201 513
7. Other inflows			395 674	242 276
II. Cash outflows from investment activities			-7 384 389	-12 833 863
1. Acquisition of intangible fixed assets			-6 482	-10 855
2. Acquisition of tangible fixed assets			-78 960	-127 029
3. Acquisition of investments in subsidiary undertakings			-	-60 500
4. Acquisition of investments in associated undertakings			-	-15 000



5. Acquisition of investments in parent company	-	-
6. Acquisition of other investments (including those held in trading portfolio)	-7 298 864	-12 619 109
7. Acquisition of own shares for resale	-	-
8. Other outflows	-83	-1 370
C. NET CASH FLOW FROM FINANCIAL ACTIVITIES (I-II)	-41 982	-85 491
I. Cash inflows from financial activities	31 842	1 500
1. Long-term loans taken from banks	31 842	1 500
2. Long-term loans taken from other than banks financial institutions	-	-
3. Issuance of bonds or other securities for other financial institutions	-	-
4. Increase in subordinated debt	-	-
5. Inflow from issuance of own shares	-	-
6. Additional payments to share capital	-	-
7. Other inflows	-	-
II. Cash outflows from financial activities	-73 824	-86 991
1. Repayment of long-term loans to banks	-887	-973
2. Repayment of long-term loans to other financial institutions	-	-
3. Redemption of bonds or other securities from other financial institutions	-	-
4. Decrease in subordinated debt	-	-
5. Payments related to costs of issuance of securities	-504	-
6. Redemption of shares	-	-
7. Payment of dividends and other payments to owners	-27 780	-40 281
8. Bonuses for the Management Board and the Supervisory Board	-	-
9. Payments for public purposes	-3 000	-6 210
10. Payments of liabilities under financial lease agreements	-	-
11. Other outflows	-41 653	-39 527
D. NET CASH FLOW (A +/-B+/-C)	922 367	-72 561
E. BALANCE SHEETS CHANGE IN CASH	922 367	-72 561
- in this change in cash arising on FX differences on foreign currencies	-7 290	-8 028
F. CASH AT THE BEGINNING OF REPORTING PERIOD	1 028 544	1 101 105
G. CASH AT THE END OF REPORTING PERIOD (F+/-D)	1 950 911	1 028 544
- in this cash not at free disposal		

NOTES
NOTES TO THE BALANCE SHEET

Note 1

	31.12.2001	31.12.2000
CASH AND DUE FROM NBP		
1. Current placements a'vista	1 412 794	557 708
2. Obligatory reserve	-	-
3. Amounts of Bank Guarantee Fund	-	-
4. Other	480 846	361 235
Total cash and due from NBP	1 893 640	918 943

	31.12.2001	31.12.2000
CASH AND DUE FROM NBP (CURRENCY STRUCTURE)		
a) in PLN	1 746 365	852 263
b) in foreign currencies (in currency and converted into PLN):	147 275	66 680
b1 unit / currency 1000 / USD	6 044	8 936
in PLN thousand	24 093	37 022
b2 unit/currency 1000 / DEM	59 524	11 656
in PLN thousand	107 184	22 970
b3 other (in PLN thousand)	15 998	6 688
Total cash and due from NBP	1 893 640	918 943

Legally binding charges to cash and due from NBP include:

- current account with NBP includes an obligatory reserve of which the declared balance amounted to PLN 815 130 thousand as at 31. December 2001 compared with PLN 579 730 thousand as at 31. December 2000,
- as at 31. December 2001 cash on hand includes an amount of PLN 90 570 thousand of obligatory reserve for customer deposits which is required to be maintained as a minimum daily balance of cash on hand compared with PLN 64 414 thousand as at 31. December 2000.

Note 2

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by category		
1. Current accounts	80 958	110 054
2. Loans and placements	5 961 006	3 320 679
3. Purchased receivables	11	-
4. Realised guarantees (and commitments)	-	-
5. Other receivables (in respect of):	67 395	27 347
- receivables in the course of settlement	67 395	13 207
- receivables on loans presented for repurchase to credit intermediary	-	14 140
6. Accrued interest:	21 887	20 074
a) receivable	20 722	19 811
b) overdue	1 165	263
Due from other financial institutions (gross)	6 131 257	3 478 154
7. Provision (negative value)	-21 763	-6 721
Due from other financial institutions (net)	6 109 494	3 471 433
- leasing receivables (gross)	411 854	355 066

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by term to maturity		
1. Current accounts	148 353	137 401
2. Term, with maturity from balance sheet date:	5 961 017	3 320 679
a) up to 1 month	4 881 192	2 543 478
b) 1 month - 3 months	156 294	128 103
c) 3 months - 1 year	311 846	165 288
d) 1 year - 5 years	424 209	382 443
e) over 5 years	176 657	91 908
f) matured before balance sheet date	10 819	9 459
3. Accrued interest:	21 887	20 074
a) receivable	20 722	19 811
b) overdue	1 165	263
Total due from other financial institutions (gross)	6 131 257	3 478 154





	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by contractual maturity		
1. Current accounts	148 353	137 401
2. Term, with duration:	5 961 017	3 320 679
a) up to 1 year	5 165 234	2 748 430
b) 1 year - 5 years	201 801	7 170
c) over 5 years	593 982	565 079
3. Accrued interest:	21 887	20 074
a) receivable	20 722	19 811
b) overdue	1 165	263
Total due from other financial institutions (gross)	6 131 257	3 478 154

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by currency structure	31 Dec 2001	31 Dec 2000
a) in PLN	1 093 304	817 330
b) in foreign currencies (in currency and converted into PLN):	5 037 953	2 660 824
b1. unit / currency 1000 / EUR	161 972	101 093
in PLN thousand	570 446	389 652
b2. unit / currency 1000 / USD	1 089 529	541 306
in PLN thousand	4 343 189	2 242 738
b3. other (in PLN thousand)	124 318	28 434
Total due from other financial institutions	6 131 257	3 478 154

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS - GROSS		
1. Normal	5 933 931	3 447 600
2. Watch	5 803	1 024
3. Irregular, in this:	169 636	9 456
- substandard	98 647	-
- doubtful	66 678	7 085
- loss	4 311	2 371
4. Accrued interest:	21 887	20 074
a) receivable	20 722	19 811
b) overdue	1 165	263
- from normal and watch receivables	12	4
- from irregular receivables	1 153	259
Total due from other financial institutions (gross)	6 131 257	3 478 154

	31.12.2001	31.12.2000
LEGAL COLLATERAL DIMINISHING BASIS FOR CALCULATION OF SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS		
a) watch	2 548	155
b) irregular	76 156	492
- substandard	9 014	-
- doubtful	66 650	-
- loss	492	492
Total value of legal collateral diminishing basis for calculation of specific provisions for non-performing receivables from other financial institutions	78 704	647

	31.12.2001	31.12.2000
PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS		
a) watch	-	-
b) irregular	21 763	6 721
- substandard	17 929	-
- doubtful	14	4 842
- loss	3 820	1 879
Total provisions for non-performing receivables from other financial institutions	21 763	6 721

	31.12.2001	31.12.2000
MOVEMENTS IN PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS		
Opening balance	6 721	1 874
a) increases (in respect of)	20 362	4 847
- charges to provisions	2 054	4 847
- increase in provisions due to takeover from ING Bank N.V. Warsaw Branch	15 875	-
- increase in provisions due to takeover from WBR	2 433	-
b) use (in respect of)	45	-
- receivables written off	45	-
c) release (in respect of)	5 275	-
- release of provisions	5 275	-
Provisions for non-performing receivables from other financial institutions as at the end of period	21 763	6 721

Note 2 "Due from other financial institutions" includes bank deposits of PLN 56 089 thousand, which represent collateral for loans granted by this bank to a subsidiary of ING Bank Śląski S.A.

Total irregular receivables from financial institutions do not exceed 10% of total assets.

Note 3

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (by type)		
1. Loans	14 427 730	11 095 531
2. Purchased receivables	206 434	146 083
3. Realised guarantees (and commitments)	3 486	1 796
4. Other receivables (in respect of)	73 704	10 948
- receivables in the course of settlement	73 704	10 948
5. Accrued interest	391 213	265 756
a) receivable	74 384	83 777
- interest on State Treasury receivables	783	772
b) overdue	316 829	181 979
6. Amounts receivable in respect of contribution to preferential loans	6 157	7 134
Total due from customers and State Budget (gross)	15 108 724	11 527 248
7. Provision for non-performing amounts due from customers and State Budget (negative value)	-1 340 374	-678 044
Total due from customers and State Budget (net)	13 768 350	10 849 204

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (by term to maturity)		
1. Current accounts	2 407 883	1 606 865
2. Term, with maturity from balance sheet date:	12 309 628	9 654 627
a) up to 1 month	1 346 216	645 390
b) 1 month - 3 months	730 227	683 410
c) 3 months - 1 year	3 486 204	2 609 600
d) 1 year - 5 years	2 910 301	3 143 806
e) over 5 years	1 079 672	667 251
f) matured before balance sheet date	2 757 008	1 905 170
3. Accrued interest:	391 213	265 756
a) receivable	74 384	83 777
b) overdue	316 829	181 979
Total due from customers and State Budget (gross)	15 108 724	11 527 248

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (by contractual maturity)		
1. Current accounts	2 407 883	1 606 865
2. Term, with duration:	12 309 628	9 654 627
a) up to 1 year	4 582 290	2 961 115
b) 1 year - 5 years	4 995 358	4 141 523
c) over 5 years	2 731 980	2 551 989
3. Accrued interest:	391 213	265 756
a) receivable	74 384	83 777
b) overdue	316 829	181 979
Total due from customers and State Budget (gross)	15 108 724	11 527 248

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (currency structure)		
a) in PLN	10 474 272	8 390 438
b) in foreign currencies (in currency and converted into PLN)	4 634 452	3 136 810
b1. unit / currency 1000 / EUR	734 341	482 679
in PLN thousand	2 586 277	1 860 437
b2. unit / currency 1000 / USD	413 878	244 420
in PLN thousand	1 649 841	1 012 683
b3. other (in PLN thousand)	398 334	263 690
Total due from customers and State Budget (gross)	15 108 724	11 527 248

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET - GROSS	31 Dec 2001	31 Dec 2000
1. Normal	10 623 213	8 466 612
2. Watch	631 971	978 671
3. Irregular, in this:	3 462 327	1 816 209
- substandard	928 001	406 050
- doubtful	1 370 000	844 023
- loss	1 164 326	566 136
4. Accrued interest	391 213	265 756
a) receivable	74 384	83 777
b) overdue	316 829	181 979
- from normal and watch receivables	5 674	12 945
- from irregular receivables	311 155	169 034
Total due from customers and State Budget (gross)	15 108 724	11 527 248

	31.12.2001	31.12.2000
LEGAL COLLATERAL DIMINISHING BASIS FOR CALCULATION OF SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET		
a) normal	-	-
b) watch	379 854	485 635
c) irregular	2 028 319	876 076
- substandard	649 271	202 820
- doubtful	1 058 030	487 343
- loss	321 018	185 913
Total value of legal collateral diminishing basis for calculation of specific provision for non-performing receivables from customers and State Budget	2 408 173	1 361 711

	31.12.2001	31.12.2000
PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET		
a) normal	7 068	-
b) watch	7 268	8 237
c) irregular	1 326 038	669 807
- substandard	108 556	45 863
- doubtful	221 718	231 672
- loss	995 764	392 272
Provisions for amounts due from customers and State Budget	1 340 374	678 044

	31.12.2001	31.12.2000
MOVEMENTS IN PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET		
Opening balance	678 044	381 284
a) increases (in respect of)	2 713 988	1 145 386
- charges to provisions	2 523 930	1 145 386
- increase in provisions due to takeover from ING Bank N.V. Warsaw Branch	47 276	-
- increase in provisions due to takeover from WBR	12 854	-
- reclassification of provisions due to adapting to accounting standards	129 758	-
- provision transfer	170	-

b) write-offs (in respect of)	36 691	11 968
- receivables written off	36 690	11 931
- provision transfer	1	37
c) release (in respect of)	2 014 967	836 658
- release of provisions	2 014 967	836 054
- reclassification of provisions	-	604
Provisions for non-performing receivables from customers and State Budget at the end of period	1 340 374	678 044

In connection with adapting the Polish Accounting Standards to the International Accounting Standards there was made reclassification of provisions amounting to PLN 129 758 thousand from the own equity - according to Polish Accounting Standards to provisions for doubtful debtors - according to International Accounting Standards. This operation is described in additional information to the financial statements, point 23.

PLN 171 508 recorded in the general risk provisions was allocated to specific loan loss provisions, which in the financial statements reduce the gross amount of receivables from clients and state budget.

Irregular receivables from customers and the state budget exceed 10% of the total assets. The treatment of receivables classified as irregular is in accordance with the Bank's internal regulations. The Bank monitors debt service as well as the economic and financial standing of each borrower. Vindication procedures are commenced when the repayment of the loan is uncertain.

Note 4

	31.12.2001	31.12.2000
RECEIVABLES SUBJECT TO SECURITIES SALE AND REPURCHASE AGREEMENTS		
a) financial institutions	-	-
b) customers and State Budget	-	-
c) interest	-	-
Total receivables subject to securities sale and repurchase agreements	-	-

Note 5

	31.12.2001	31.12.2000
DEBT SECURITIES		
1. Issued by central banks, of which:	840 455	1 108 904
- bonds denominated in foreign currency	-	-
2. Issued by other banks, of which:	-	-
- denominated in foreign currency	-	-
3. Issued by other financial undertakings, of which:	-	-
- denominated in foreign currency	-	-
4. Issued by other non-financial undertakings, of which:	12 476	5 277
- denominated in foreign currency	-	-
5. Issued by the State Budget, of which:	1 266 836	1 005 517
- denominated in foreign currency	-	-
6. Issued by local authorities, of which:	2 116	5 434
- denominated in foreign currency	-	-
7. Repurchased own securities	-	-
Total debt securities	2 121 883	2 125 132

	31.12.2001	31.12.2000
DEBT SECURITIES by category		
1. Issued by State Budget, of which:	1 266 836	1 005 517
a) bonds	294 554	761 445
b) treasury bills	972 282	244 072
c) other	-	-
2. Issued by parent entity, of which:	-	-
a) bonds	-	-
b) other	-	-
3. Issued by subsidiary undertakings, of which:	-	-
a) bonds	-	-
b) other	-	-
4. Issued by associated undertakings, of which:	-	-
a) bonds	-	-
b) other	-	-
5. Issued by other entities, of which:	855 047	1 119 615
a) bonds	854 072	753 884
b) other, by type:	975	365 731
- NBP bills	-	365 731
- commercial papers	975	-
Total debt securities	2 121 883	2 125 132

	31.12.2001	31.12.2000
DEBT SECURITIES		
a) operational portfolio - of the brokerage house	-	-
b) trading portfolio	591 252	74 462
c) investment portfolio	1 530 631	2 050 670
Total debt securities	2 121 883	2 125 132

	31 Dec 2001	31 Dec 2000
MOVEMENTS IN DEBT SECURITIES		
a) opening balance	2 125 132	2 225 340
b) increases (in respect of)	32 122 786	22 556 624
- purchase of debt securities	31 211 559	21 528 930
- in-kind contribution of debt securities	610 037	-
- purchase of debt securities - conversion of receivables from State Budget	-	578 459
- increase in value	281 791	414 456
- release of provisions	19 399	34 779
c) decrease (in respect of)	32 126 035	22 656 832
- sale of debt securities	31 992 141	22 414 331
- decrease of value	133 313	202 173
- charges to provisions	581	40 328
d) closing balance	2 121 883	2 125 132

Legally binding charges to debt securities:

- as at 31 December 2001, treasury bills of PLN 80.60 million were held towards the Bank Guarantee Fund
- as at 31 December 2000, treasury bills of PLN 46.58 million were held towards the Bank Guarantee Fund

Note 6

	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY UNDERTAKINGS		
a) in banks	50 000	50 000
b) in other financial institutions	26 000	26 000
c) in other non-financial institutions	-	-
Total investment in subsidiary undertakings	76 000	76 000

	31.12.2001	31.12.2000
MOVEMENTS IN INVESTMENTS IN SUBSIDIARY UNDERTAKINGS		
Opening balance	76 000	84 701
a) increases	-	60 500
- purchases	-	60 500
b) decreases (in respect of)	-	69 201
- change in capital relationship	-	55 075
- charges to provisions	-	14 126
Total investment subsidiary undertakings	76 000	76 000

	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY UNDERTAKINGS		
a) operational portfolio - of the brokerage house	-	-
b) trading portfolio	-	-
c) investment portfolio	76 000	76 000
Total investments in subsidiary undertakings	76 000	76 000

Note 7

	31.12.2001	31.12.2000
INVESTMENTS IN ASSOCIATED UNDERTAKINGS		
a) in banks	-	-
b) in other financial institutions	40 000	60 813
c) in other non-financial institutions	55 075	55 075
Total investments in associated undertakings	95 075	115 888



	31.12.2001	31.12.2000
MOVEMENTS IN INVESTMENTS IN ASSOCIATED UNDERTAKINGS		
Opening balance	115 888	50 186
a) increases (in respect of)	3 695	73 822
- purchases	-	15 000
- change in capital relationship	-	55 075
- release of provisions	1 475	3 747
- increase in provisions in respect of reclassification of investments in associated undertakings	2 220	-
b) decrease (in respect of)	24 508	8 120
- sale	17 108	5 400
- reclassification of shares in associated undertakings	7 400	-
- charges to provisions	-	2 720
Closing balance of investments in associated undertakings	95 075	115 888
	31.12.2001	31.12.2000
INVESTMENTS IN ASSOCIATED UNDERTAKINGS		
a) operational portfolio - of the brokerage house	-	-
b) trading portfolio	-	-
c) investment portfolio	95 075	115 888
Total investments in associated undertakings	95 075	115 888

Note 8

INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (INVESTMENT PORTFOLIO)

a	b	c	d	e	f	g	h	i	j	k	l
name of entity (with legal form indicated)	location	Principal activity	Capital relationship	Method of consolidation	Date of acquisition	Value at cost of the shares	Adjustments	Book value of shares	Holding of share capital %	Voiting power at the General Meeting	Others Base of predomination [other then j) or k)]
1	Śląski Bank Hipoteczny S.A.	banking services	subsidiary	consolidation	12.2000	50 000		50 000	100	100%	
2	ING Securities S.A.	brokering activity	subsidiary	consolidation	12.1996 07.1997	26 000		26 000	100	100%	
3	ING BSK Leasing S.A.	leasing, factoring	subsidiary	consolidation	04.1996 12.1998 12.2000	15 000	15 000	0	100	100%	
4	Powszechnie Towarzystwo Emerytalne ING Nationale Nederlanden S.A.	establishing and management of pension funds	associated entity	consolidation on equity basis	08.1998 03.1999 05.2000	40 000		40 000	20	20%	
5	Centrum Banku Śląskiego Sp.z o.o.	construction services	associated entity	-	12.1997 06.1998 05.1999	55 075		55 075	60	50%	

INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (INVESTMENT PORTFOLIO)

a	m	n	o	p	r	s	t
name of entity	Equity capital	bank liabilities, of which	bank due from of which:	-long-term liabilities	Income from banking activity	Share value not paid by the bank	Received or accrued dividends for the last year
1	Śląski Bank Hipoteczny S.A.	643	50 404	642	7 754	53 586	
2	ING Securities S.A.	89 161	141 363	-	29 057	163 576	7 746
3	ING BSK Leasing S.A.	310 613	137 103	86 288	155 135	421 725	
4	Powszechnie Towarzystwo Emerytalne ING Nationale Nederlanden S.A.	4 462	3 508	-	129 150	152 063	
5	Centrum Banku Śląskiego Sp. z o.o.	286 285	115	-	26 003	397 097	

other own capital, of which:

share capital	unpaid contribution to share capital (negative value)	equity reserves	undistribution profit (not covered loss) of prior years	net profit (loss)
50 000	-	-	969	
26 000	-	1 468	3 190	
15 000	-14 807	-	1 040	
33 000	-112 025	167 000	48 605	
91 791	-697	88	-14 632	

Note 9

	31.12.2001	31.12.2000
MINORITY INVESTMENTS		
a) in banks	-	-
b) in other financial institutions	415	366
c) in other non-financial institutions	18 009	13 709
Total minority investments	18 424	14 075
	31.12.2001	31.12.2000
MOVEMENTS IN MINORITY INVESTMENTS		
Opening balance	14 075	21 404
a) increases (in respect of)	24 165	12 036
- purchases	4 694	11 201
- repossession of minority investments for bad debts	7 347	-
- reclassification of shares in minority investments	5 180	-
- minority investments taken over from WBR - gross value	4 803	-
- capital injections - received dividends	-	4
- release of provisions	2 141	831
b) decreases (in respect of)	19 816	19 365
- sale	50	14 955
- decrease of value	8	9
- charges to provisions	14 955	4 401
- minority investments taken over from WBR - provision	4 803	-
Closing balance of minority investments	18 424	14 075
	31.12.2001	31.12.2000
MINORITY INVESTMENTS		
a) operational portfolio - of the brokerage house	-	-
b) trading portfolio	-	-
c) investment portfolio	18 424	14 075
Total minority investments	18 424	14 075





INVESTMENTS IN OTHER UNDERTAKINGS (INVESTMENT PORTFOLIO)

a	b	c	d	e	f	g	h
Name of entity (with legal form indicated)	Location	Principal activity	Book value of investment	Holding of share capital %	Voting power at the General Meeting %	Value of shares not paid by the Bank	Dividends received or receivable for the prior year
1 Polski Koncern Naftowy ORLEN S.A.	Plock	refinery and petrochemical industry	4 037	0.05	0.05		10.9
2 STALEXPORT S.A.	Katowice	investment, production and commercial activity	107	0.31	0.31		
3 Swarzędzkie Fabryki Mebli SWARZĘDZ S.A.	Swarzędz	production and sale of furniture	618	2.77	2.77		
4 Huta FERRUM S.A.	Katowice	manufacture and sale of steel products	4 399	28.50	28.50		
5 Górnośląskie Towarzystwo Lotnicze S.A.	Katowice	air transportation	3 596	8.69	8.69		
6 Fabryka Dywanów KOWARY S.A.	Kowary	production of carpets	2 331	23.40	23.40		
7 Gielda Papierów Wartościowych S.A.	Warszawa	stock exchange	8	0.02	0.02		
8 Centralna Tabela Ofert S.A.	Warszawa	running of the Central Table of Offers	10	0.32	0.32		
9 Krajowa Izba Rozliczeniowa S.A.	Warszawa	services for inter-bank settlements	313	5.74	5.74		187.5
10 Biuro Informacji Kredytowej S.A.	Warszawa	market research on banking loan services	1 400	9.00	9.00		
11 Centrum Zaufania i Certyfikacji CENTRAST S.A.	Warszawa	services for Electronic Data Processing of credit cards	1 050	5.00	5.00		
12 Międzynarodowa Szkoła Bankowości i Finansów Sp. z o.o.	Katowice	banking education	40	13.91	13.91		
13 Środkowoeuropejskie Centrum Ratingu i Analiz S.A.	Warszawa	analysis of financial market	10	2.52	2.52		
14 Society For Worldwide Interbank Financial Telecommunication S.C.	Belgia	telecommunication services	90	-	-		
15 Stocznia GDYNIA S.A.	Gdynia	designing, building and repairing of ships	240	0.36	0.36		
16 Legnicka Strefa Ekonomiczna S.A.	Legnica	management of economical special zone	100	0.32	0.32		
17 Huta Lucchini Sp. z o.o.	Warszawa	manufacture and sale of steel products	0	1.63	1.63		
18 Huta BATORY S.A.	Chorzów	manufacture and sale of steel products	0	10.19	10.19		
19 Huta Łaziska Ś.A.	Łaziska	manufacture and sale of steel products	0	0.78	0.78		
20 Huta Gliwice S.A.	Gliwice	manufacture and sale of steel products	0	0.29	0.29		
21 Huta JEDNOŚĆ Sp. z o.o.	Siemianowice Śląskie	manufacture and sale of steel products	0	6.10	6.10		

22	Zakłady Aparatury Chemicznej METALCHEM S.A.	Opole	production and sale of equipment and research activity	0	10.20	10.20
23	Zakłady Przemysłu Lniarskiego LEN S.A.	Kamienna Góra	production and sale of linen and cotton yarn and fabrics	0	0.91	0.91
24	Fabryka Obuwia BUTBĘDZIN S.A.	Będzin	production and sale of shoes	0	13.22	13.22
25	Walcownia Rur JEDNOŚĆ Sp. z o.o.	Siemianowice Śląskie	production of steel pipes	0	0.01	0.01
26	Zakopiańska Spółdzielnia Mieszaniowa	Zakopane	housing estate building	1	-	-
27	FINPLUS Sp.z o.o.	Warszawa	financial services	74	50.00	50.00
28	HATROL Sp. z o.o.	Kraków	processing and trading of agriculture products, law services, trading of estate, publishing	0	99.14	99.14
29	ASEKURACJA Sp.z o.o.	Sopot	financial services	0	18.70	18.70
30	Regionalna Agencja Rozwoju S.A.	Kalisz	timing of projects relating to restructuring of consulting services	0	0.34	0.34

In year 2001 there was reclassification of participation in Finplus Sp. z o.o. from investments in associated undertakings to investments in other undertakings because of preparing to sale of it (the sale took place on 3. January 2002).

In connection with realisation of the Resolution 67/KNB/01 of the Banking Supervision Commission concerning the takeover of WBR S.A. by ING Bank Śląski S.A. from the date of 9. November 2001 ING Bank Śląski S.A. took over the investments in following undertakings:

- Hatrol Sp. z o.o. (holding of initial capital: 99.14%),
- Asekuracja Sp. z o.o. (holding of initial capital: 18.70%),
- Regionalna Agencja Rozwoju S.A. (holding of initial capital: 0.34%).

Considering that the Bank does not control / influence the companies above they are classified to investments in other undertakings.



Note 10

	31.12.2001	31.12.2000
OTHER SECURITIES AND SHARES (by type)		
a) units in mutual funds	16 028	355 549
b) right to purchase	-	-
c) derivative rights	-	-
d) other	-	-
Total other securities and shares	16 028	355 549
	31.12.2001	31.12.2000
OTHER SECURITIES AND SHARES		
a) operational portfolio - of the brokerage house	-	-
b) trading portfolio	-	-
c) investment portfolio	16 028	355 549
Total other securities and shares	16 028	355 549
	31.12.2001	31.12.2000
MOVEMENTS IN OTHER SECURITIES SHARES		
Opening balance	355 549	15 587
a) increases (in respect of)	299 521	417 462
- purchases	299 521	417 021
- release of provisions	-	441
b) decreases (in respect of)	639 042	77 500
- sale	339 521	77 500
- amortisation of trust units	299 521	-
Closing balance of other securities and shares	16 028	355 549

Note 11

	31.12.2001	31.12.2000
SECURITIES, SHARES AND OTHER PROPERTY RIGHTS		
a) operational portfolio of brokerage house	-	-
b) trading portfolio	591 252	74 462
c) investment portfolio	1 736 158	2 612 182
Total securities, shares and other property rights	2 327 410	2 686 644
MOVEMENTS IN SECURITIES, SHARES AND OTHER PROPERTY RIGHTS		
Opening balance	2 686 644	2 397 218
a) increases (in respect of)	32 442 767	23 065 369
- purchase of debt securities	31 211 559	21 528 930
- in-kind contribution of debt securities	610 037	-
- purchase of debt securities - conversion of State Treasury receivables	-	578 459
- purchase of shares and other rights	304 215	503 722
- repossession of minority investments for bad debts	7 347	-
- securities, shares and other property rights taken from WBR	4 803	-
- capital injections - received dividends	-	4
- increase in value	281 791	414 456
- release of provisions	23 015	39 798
b) decreases (in respect of)	32 802 001	22 775 943
- sale of debt securities	31 992 141	22 414 331
- sale of shares and other rights	356 679	97 855
- amortisation of trust units	299 521	-
- decrease of value	133 321	202 182
- charges to provisions	15 536	61 575
- other decreases	4 803	-
Closing balance of securities, shares and other property rights	2 327 410	2 686 644



	31.12.2001	31.12.2000
SECURITIES, SHARES AND OTHER PROPERTY RIGHTS (currency structure)		
a) in PLN	2 327 320	2 686 546
b) in foreign currencies (in currency and converted into PLN)	90	98
b1. unit / currency 1000 / EUR	25	25
in PLN thousand	90	98
Total securities, shares and other property rights	2 327 410	2 686 644
	31.12.2001	31.12.2000
SECURITIES, INVESTMENTS AND TRUST UNITS - TRADING PORTFOLIO		
A. negotiable and quoted on the Stock Exchange (book value)	36 035	695
a) shares (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
b) bonds (book value)	36 035	695
- estimated market value	35 363	706
- value at cost	35 847	688
c) other	-	-
B. Negotiable and quoted on the OTC market (book value)	-	-
a) shares (book value):	-	-
- estimated market value	-	-
- value at cost	-	-
b) bonds (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
c) other	-	-
C. Negotiable and non-quoted on the Stock Exchange or OTC market (book value)	554 242	73 767
a) shares (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
b) bonds (book value)	11 501	-
- estimated market value	11 576	-
- value at cost	11 471	-
c) other (book value)	542 741	73 767
c1) treasury bills	542 741	4 353
- estimated market value	544 916	4 358
- value at cost	542 476	4 335
c2) NBP bonds	-	69 414
- estimated market value	-	69 477
- value at cost	-	68 975
c3) commercial papers	975	-
- estimated market value	977	-
- value at cost	969	-
D. Non-negotiable (book value)	-	-
a) shares (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
b) bonds (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
c) other	-	-
Total value at cost	590 763	73 998
Total adjustments	489	464
Total market value/estimated market value	591 855	74 541
Total book value	591 252	74 462

	31.12.2001	31.12.2000
SECURITIES, INVESTMENTS AND TRUST UNITS - INVESTMENT PORTFOLIO		
A. Negotiable and quoted on the Stock Exchange (book value)	267 679	766 604
a) shares (book value)	9 160	5 854
- value adjustments (balance)	-6 190	-2 149
- value at cost	15 350	8 003
b) bonds (book value)	258 519	760 750
- value adjustments (balance)	34 458	43 971
- value at cost	224 061	716 779
c) other	-	-
B. Negotiable and quoted on the OTC market (book value)	-	-
a) shares (book value)	-	-
- value adjustments (balance)	-	-
- value at cost	-	-
b) bonds (book value)	-	-
- value adjustments (balance)	-	-
- value at cost	-	-
c) other	-	-
C. Negotiable and non-quoted on Stock Exchange or OTC market (book value)	628 024	1 102 405
a) shares (book value)	180 339	200 109
- value adjustments (balance)	-43 010	-30 910
- value at cost	223 349	231 019
b) bonds (book value)	2 116	10 711
- value adjustments (balance)	176	771
- value at cost	1 940	9 940
c) other (book value)	445 569	891 585
c1) treasury bills	429 541	239 719
- value adjustments (balance)	32 012	15 452
- value at cost	397 529	224 267
c2) NBP bonds	-	296 317
- value adjustments (balance)	-	706
- value at cost	-	295 611
c3) trust units	16 028	355 549
- value adjustments (balance)	0	0
- value at cost	16 028	355 549
D. Non-negotiable (book value)	840 455	743 173
a) shares (book value)	-	-
- value adjustments (balance)	-	-
- value at cost	-	-
b) bonds (book value):	840 455	743 173
- value adjustments (balance)	9 451	12 840
- value at cost	831 004	730 333
c) other	-	-
Total value at cost	1 709 261	2 571 501
Total value adjustments	26 897	40 681
Total book value	1 736 158	2 612 182

Note 12

	31.12.2001	31.12.2000
INTANGIBLE FIXED ASSETS		
a) accrued cost of formation and further expansion of public limited company	-	1 263
b) research and development costs	-	-
c) goodwill	287 578	-
d) purchased patents, licences, of which:	14 970	14 248
- purchased computer software	14 970	14 248
e) long term lease of land	1 764	1 815
f) other intangible fixed assets	4 852	3 210
g) prepayments for intangible fixed assets	-	-
Total intangible fixed assets	309 164	20 536

MOVEMENTS IN INTANGIBLE FIXED ASSETS (in assets categories)(sheet: "Intangible fixed assets")

	a	b	c	d	e	f	g	TOTAL
	accrued cost of formation and further expansion of public limited company	research and development costs	goodwill	purchased licences, patents, etc. of which, purchased software	long term lease of land	other intangible fixed assets	advances for intangible fixed assets	
a) opening balance at cost	1 263	-	23 380	44 954	1 815	5 612	-	77 024
b) increases (in respect of)	-	-	292 417	8 096	48	2 886	-	303 447
- purchase	-	-	-	2 259	-	516	-	2 775
- transfer from assets under construction	-	-	-	3 081	-	478	-	3 559
- in-kind contribution of bank enterprise - ING Bank N.V. Warsaw Branch	-	-	-	776	-	-	-	776
- takeover WBR	-	-	-	764	48	-	-	812
- goodwill from takeover of the bank enterprise - ING Bank N.V. Warsaw Branch	-	-	285 119	-	-	-	-	285 119
- goodwill from takeover of WBR	-	-	7 298	-	-	-	-	7 298
- other	-	-	-	1 216	-	1 892	-	3 108
c) decreases (in respect of)	1 263	-	1	-	99	526	-	1 889
- sale and liquidation	-	-	-	-	99	526	-	625
- other	1 263	-	1	-	-	-	-	1 264
d) closing balance at cost	-	-	315 796	53 050	1 764	7 972	-	378 582
e) accumulated depreciation at the beginning of period	-	-	23 380	30 706	-	2 402	-	56 488
f) depreciation for the period (in respect of)	-	-	4 838	7 374	-	718	-	12 930
- depreciation charges	-	-	4 839	6 770	-	715	-	12 324
- sale and liquidation	-	-	-	-	-	-264	-	-264
- amortisation of intangible fixed assets contribution in kind - ING Bank N.V. Warsaw Branch	-	-	-	-	-	200	-	200
- amortisation of intangible fixed assets taken over from WBR	-	-	-	604	-	145	-	749
- other	-	-	-1	-	-	-78	-	-79
g) accumulated depreciation at the end of period	-	-	28 218	38 080	-	3,120	-	69 418
h) unscheduled depreciation charges	-	-	-	-	-	-	-	-
i) net book value at the end of period	-	-	287 578	14 970	1 764	4 852	-	309 164



Note 13

	31.12.2001	31.12.2000
TANGIBLE FIXED ASSETS		
a) tangible fixed assets, of which:	581 158	596 337
- land and buildings used for the Bank's operational activities	370 608	371 424
- other land and buildings	50	52
- equipment	132 602	136 919
- means of transport	6 507	4 492
- other fixed assets	71 391	83 450
b) assets under construction	16 691	31 796
c) prepayments	83	1 370
Total tangible fixed assets	597 932	629 503

MOVEMENTS IN TANGIBLE FIXED ASSETS

	Land and buildings used for the Bank's operational activities	Other land and buildings	Equipment and other fixed assets	Means of transport	Assets under construction and prepayments
a) opening balance at cost	444 500	57	613 340	9 810	33 166
b) increase (in respect of)	37 116	-	69 050	4 022	52 831
- purchase	731	-	30 908	1 635	52 831
- transfer from assets under construction	34 149	-	30 258	468	-
- in-kind contribution of bank enterprise - ING Bank N.V. Warsaw Branch	2 178	-	5 554	1 743	-
- takeover of WBR	52	-	1 270	159	-
- other	6	-	1 060	17	-
c) decrease (in respect of)	15 181	-	72 895	580	69 223
- sale	13 113	-	42 987	242	12
- liquidation	2 068	-	23 915	338	-
- donations	-	-	5 993	-	-
- transfer from assets under construction	-	-	-	-	68 434
- other	-	-	-	-	777
d) closing balance at cost	466 435	57	609 495	13 252	16 774
e) accumulated depreciation at the beginning of period	73 076	5	392 971	5 318	-
f) depreciation for the period (in respect of)	22 751	2	12 531	1 427	-
- charge for the period	24 107	1	81 355	1 748	-
- sale and liquidation	-2 652	-	-66 336	-369	-
- amortisation of fixed assets contributed in kind - ING Bank N.V. Warsaw Branch	48	-	3 854	1 652	-
- amortisation of fixed assets taken over from WBR	1 510	-	1 041	52	-
- donations	-	-	-5 676	-	-
- other	-262	1	-1 707	-1 656	-
g) accumulated depreciation at the end of period	95 827	7	405 502	6 745	-
h) unscheduled depreciation charges	-	-	-	-	-
i) net closing balance	370 608	50	203 993	6 507	16 774

ON-BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)

	31.12.2001	31.12.2000
a. owned	597 932	629 503
b. used under rental, lease or other agreement of a similar nature	-	-
Total balance sheet fixed assets	597 932	629 503



	31.12.2001	31.12.2000
OFF-BALANCE SHEET FIXED ASSETS		
Used under rental, lease or other agreement of similar nature, of which:	43 355	5 275
- long term leases of land	3 821	3 740
- fixed assets use on the ground of lease agreement	37 362	175
Total off - balance sheet fixed assets	43 355	5 275

Note 14**ISSUER OWN SHARES**

a	b	c	d	e
Number of shares	Value at cost	Book value	Purpose of acquisition	Destination

ISSUER SHARES OWNED BY SUBSIDIARY UNDERTAKINGS

a	b	c	d
Name of undertaking	Number of shares	Value at cost	Book value

Note 15

	31.12.2001	31.12.2000
OTHER ASSETS		
1. Repossessed assets	1 715	464
2. Other, of which:	898 082	276 842
- sundry debtors, of which:	68 736	31 523
- loans granted from the Social Fund	20 042	9 495
- interbank settlements	2 073	1 577
- interbranch settlements	870	299
- public settlements	72 050	30 339
- revaluation of financial instruments (marking to market)	530 473	163 377
- settlements with brokerage houses	223 674	49 620
- other	206	107
Total other assets (gross)	899 797	277 306
Provision for other assets	-18 445	-15 480
Total other assets (net)	881 352	261 826

	31.12.2001	31.12.2000
REPOSSESSED ASSETS		
1. Capital expenditures	-	37
2. Real estate	384	75
3. Inventories	176	190
4. Other	1 155	162
Total repossessed assets	1 715	464

	31.12.2001	31.12.2000
MOVEMENTS IN REPOSSESSED ASSETS		
Opening balance	464	236
a) increases (in respect of)	1 497	228
- repossession for bad debts	1 497	228
b) decreases (in respect of)	246	-
- sale	246	-
Closing balance	1 715	464

Note 16

	31.12.2001	31.12.2000
CHANGE IN INTERPERIOD SETTLEMENTS IN RESPECT OF DEFERRED CORPORATE INCOME TAX		
Opening balance	125 548	-
- change in opening balance due to changes in accounting principles	25 952	5 207
- deferred tax resulting from the of cost of issuing new shares decreasing the reserve capital	157	-
a) increases (in respect of)	26 225	120 341
- tax loss to settle in next years	2 442	-
- interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch	23 783	-
- increases according to Note 43	-	120 341
b) decreases (in respect of)	24 336	-
- decreases according to Note 43	24 336	-
Closing balance	153 546	125 548
	31.12.2001	31.12.2000

INTERPERIOD SETTLEMENTS		
a) prepayments, of which:	25 096	11 318
- general expenses	817	1 226
- insurance expenses	1 649	1 525
- stock of materials	1 857	3 569
- renovation costs	366	403
- cost of factoring paid in advance	1 508	-
- cost of lease agreement paid in advance	8 662	-
- cost to settle	1 904	-
- other	8 333	4 595
b) other interperiod settlements, of which:	5 364	2 424
- income receivable	5 364	2 424
Total interperiod settlements	30 460	13 742

SUBORDINATED LOANS

1	2		3	4
Name of entity	Value of loan extended		Interest terms	Date of maturity
	currency of loan	PLN thousand		
Kredyt Bank S.A.	PLN	60 000	variable % quarterly base calculation	30.06.2004

Note 17

	31.12.2001	31.12.2000
DUE TO OTHER FINANCIAL INSTITUTIONS (by type)		
1. Current accounts and deposits	3 249 635	2 216 888
2. Loans and borrowings	814 088	857 831
3. Other, of which:	240 547	62 954
- liabilities in course of settlement	240 547	62 954
4. Accrued interest	31 879	23 592
Total due to other financial institutions	4 336 149	3 161 265
	31.12.2001	31.12.2000

DUE TO OTHER FINANCIAL INSTITUTIONS (by term to maturity)

1. Current accounts	378 523	139 647
2. Term, with maturity from the balance sheet date:	3 925 747	2 998 026
a) up to 1 month	2 178 233	1 834 339
b) 1 month - 3 months	206 033	71 194
c) 3 months - 1 year	1 311 713	141 469
d) 1 year - 5 years	125 260	878 480
e) over 5 years	1 798	-
f) matured before balance sheet date	-	-
g) blocked	102 710	72 544
3. Accrued interest	31 879	23 592
Total due to other financial institutions	4 336 149	3 161 265

	31.12.2001	31.12.2000
DUE TO OTHER FINANCIAL INSTITUTIONS (by contractual maturity)		
1. Current accounts	378 523	139 647
2. Term, with duration:	3 925 747	2 998 026
a) up to 1 month	1 734 510	1 358 827
b) 1 month - 3 months	385 585	501 222
c) 3 months - 1 year	297 673	186 046
d) 1 year - 5 years	1 399 750	874 915
e) over 5 years	5 519	4 472
f) blocked	102 710	72 544
3. Accrued interest	31 879	23 592
Total due to other financial institutions	4 336 149	3 161 265

	31.12.2001	31.12.2000
DUE TO OTHER FINANCIAL INSTITUTIONS (currency structure)		
a) in PLN	2 713 934	1 915 504
b) in foreign currencies (in currency and converted into PLN)	1 622 215	1 245 761
b1. unit/currency 1000/EUR	279 840	305 469
in PLN thousand	985 567	1 177 401
b2. unit/currency 1000/USD	103 195	11 245
in PLN thousand	411 367	46 589
b3. other (in PLN thousand)	225 281	21 771
Total due to other financial institutions	4 336 149	3 161 265

Note 17 "Due to other financial institutions" includes deposits amounting to PLN 102 287 thousand, representing collateral for the loans granted by ING Bank Śląski S.A. to a subsidiary undertaking of the bank, which gave the deposits.

Note 18

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET (by type)		
1. Current accounts and deposits	17 490 431	13 336 155
2. Other liabilities (in respect of)	151 187	76 681
- liabilities in course of settlement	151 187	76 681
3. Accrued interest	134 820	207 625
Total due to customers and State Budget	17 776 438	13 620 461

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - SAVINGS ACCOUNTS (by term to maturity)		
1. Current accounts	1 814 950	1 647 830
2. Term, with maturity from balance sheet date:	8 916 004	7 313 137
a) up to 1 month	3 369 867	2 793 573
b) 1 month - 3 months	1 973 527	2 460 808
c) 3 months - 1 year	2 259 418	1 563 549
d) 1 year - 5 years	965 506	302 872
e) over 5 years	184 399	85
f) matured before balance sheet date	-	-
g) blocked	163 287	192 250
3. Accrued interest	115 208	181 821
Total due to customers and State Budget - savings accounts	10 846 162	9 142 788

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - SAVINGS ACCOUNTS (by contractual maturity)		
1. Current accounts	1 814 950	1 647 830
2. Term, with duration:	8 916 004	7 313 137
a) up to 1 month	691 517	805 564
b) 1 month - 3 months	2 397 726	3 246 999
c) 3 months - 1 year	2 997 376	2 590 743
d) 1 year - 5 years	2 481 699	477 581
e) over 5 years	184 399	-
f) blocked	163 287	192 250
3. Accrued interest	115 208	181 821
Total due to customers and State Budget - savings accounts	10 846 162	9 142 788

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - OTHER (by term to maturity)		
1. Current accounts	2 723 651	1 896 219
2. Term, with maturity from balance sheet date:	4 187 013	2 555 650
a) up to 1 month	3 411 154	1 982 658
b) 1 month - 3 months	417 532	249 520
c) 3 months - 1 year	80 626	70 824
d) 1 year - 5 years	174 115	176 975
e) over 5 years	-	845
f) matured before balance sheet date	-	-
g) blocked	103 586	74 828
3. Accrued interest	19 612	25 804
Total due to customers and State Budget - other	6 930 276	4 477 673

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - OTHER (by contractual maturity)		
1. Current accounts	2 723 651	1 896 219
2. Term, with duration:	4 187 013	2 555 650
a) up to 1 month	2 816 561	1 527 331
b) 1 month - 3 months	800 567	494 758
c) 3 months - 1 year	241 905	285 712
d) 1 year - 5 years	224 394	173 021
e) over 5 years	-	-
f) blocked	103 586	74 828
3. Accrued interest	19 612	25 804
Total due to customers and State Budget - other	6 930 276	4 477 673

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET (currency structure)		
a) in PLN	14 946 688	12 151 211
b) in foreign currencies (in currency and converted into PLN)	2 829 750	1 469 250
b1. unit / currency 1000 / USD	370 267	210 442
in PLN thousand	1 475 996	871 903
b2. unit / currency 1000 / EUR	182 393	153 991
in PLN thousand	642 374	593 543
b3. other (in PLN thousand)	711 380	3 804
Total due to customers and State Budget	17 776 438	13 620 461

Note 19

	31.12.2001	31.12.2000
LIABILITIES IN RESPECT OF SECURITIES SUBJECT TO SALE AND REPURCHASE AGREEMENTS		
a) financial institutions	-	-
b) customers and State Budget	-	-
c) interest	-	-
Liabilities in respect of securities subject to sale and repurchase agreements	-	-

Note 20

	31.12.2001	31.12.2000
SECURITIES ISSUED		
1. Bonds	-	-
2. Deposit certificates	-	-
3. Other	-	-
4. Accrued interest	-	-
Total securities issued	-	-

	31.12.2001	31.12.2000
MOVEMENTS IN SECURITIES ISSUED		
Opening balance	-	-
a) increases	-	-
b) decreases	-	-
Closing balance	-	-



Note 21

	31.12.2001	31.12.2000
FUNDS FOR STAFF BENEFITS AND OTHER LIABILITIES		
1. Funds for staff benefits, of which:	23 751	19 690
- Social Fund	23 726	19 665
- bonus fund	25	25
2. Other liabilities, of which:	846 592	194 765
- interbank settlements	345 974	146 223
- interbranch settlements	8 060	-
- public settlements	20 844	13 556
- sundry creditors	100 733	28 754
- settlements of revaluation of financial instruments	128 506	-
- other, of which:	242 475	6 232
- commitments in respect of money collaterals	242 136	6 161
- settlement of securities	19	52
Total funds for staff benefits and other liabilities	870 343	214 455

Note 22

	31.12.2001	31.12.2000
ACCRUALS AND DEFERRED INCOME		
a) interperiod settlements, of which:	42 084	31 409
- general expenses	40 597	28 674
- commission payable	196	2 426
- other	1 291	309
b) deferred income, of which:	22 300	25 879
- unrealised foreign exchange differences	-	-
- surplus of goodwill to the subsidiary contribution in kind (Brokerage House)	1 619	1 619
- surplus of goodwill to the subsidiary contribution in kind (Centrum Banku Śląskiego Sp. z o.o.)	12 247	12 247
- income received in advance:	5 749	10 917
- on factoring	1 928	6 435
- on discount of bills of exchange	1 669	4 464
- on lombard loan	11	18
- on instalment loans given	2 141	-
- other	2 685	1 096
c) deferred income on irregular receivables, of which:	345 437	192 195
- deferred interest income	343 191	190 233
- capitalised interest based on agreements	1 258	1 527
- other	988	435
Total accruals and deferred income	409 821	249 483

Note 23

	31.12.2001	31.12.2000
MOVEMENTS IN PROVISIONS FOR DEFERRED INCOME TAX		
Opening balance	-	61 770
a) increases (in respect of)	-	-
- increases according to Note 43	-	-
b) decreases (in respect of)	-	61 770
- decreases according to Note 43	-	61 770
Closing balance	-	-

	31.12.2001	31.12.2000
OTHER PROVISIONS		
- provision for off-balance sheet commitments	37 390	14 625
- provision for general risk	93 444	135 800
- provisions for loan receivables	12 156	-
Total other provisions	142 990	150 425



	31.12.2001	31.12.2000
MOVEMENTS IN OTHER PROVISIONS		
Opening balance	150 425	75 226
a) increase (in respect of)	174 399	118 774
- charges to other provisions	101 647	118 019
- provisions taken over from ING Bank N.V. Warsaw Branch	70 106	-
- provisions taken over from WBR	2 429	-
- provision transfer	217	755
b) write-offs (in respect of)	285	-
- use of provision for general risk	285	-
c) release (in respect of)	181 549	43 575
- release of provisions	181 549	43 575
Closing balance	142 990	150 425

Note 24

	31.12.2001	31.12.2000
MOVEMENTS IN SUBORDINATED LOANS		
Opening balance	-	-
a) increases	-	-
b) decreases	-	-
Closing balance	-	-

Note 25

Nominal value of 1 share = PLN 10.00

SHARE CAPITAL

Series/ issue	Type of shares	Type of preference	Number of shares	Value of series/issue	Method of capital injection	Date of registration	Eligibility of dividend
seria A	bearer shares	ordinary shares	9 260 000	92 600 000		18.10.1991	18.10.1991
seria B	bearer shares	ordinary shares	3 750 000	37 500 000	contribution in kind	17.09.2001	17.09.2001
Total number of shares			13 010 000				
Total share capital				130 100 000			

On 17. September 2001 the District Court in Katowice Economic Section of the National Court Register registered increase of PLN 37 500 000 in initial capital of ING Bank Śląski S.A. After that, the initial capital of ING Bank Śląski S.A. amounts to PLN

130 100 000 and it is divided to 13 010 000 ordinary bearer shares of nominal value of PLN 10.00. On 1. October 2001 ING Bank N.V. seated in Amsterdam contributed in kind the ING Bank N.V.Warsaw Branch in exchange of shares taken-up in an increased initial capital. The issue price of shares taken-up amounted to PLN 265.00.

LIST OF SHAREHOLDERS

Shareholder's name	Number of shares	Holding of share	Number of shares	Holding of share
	31.12.2000	capital	31.12.2000	capital
State Treasury	-	-	463 000	5.00%
ING Bank N.V.	11 418 641	87.77%	5 091 112	54.98%
Franklin Resources, Inc	-	-	473 515	5.11%
Emerging Markets Growth Fund. Inc.	-	-	463 911	5.01%
Other shareholders	1 591 359	12.23%	2 768 462	29.90%
TOTAL	13 010 000	100.00%	9 260 000	100.00%

Note 26

	31.12.2001	31.12.2000
EQUITY RESERVES		
a) surplus capital	955 746	-
b) mandatory reserve	42 356	35 985
c) statutory	-	-
d) contribution of shareholders	-	-
e) other	-	-
Total equity reserves	998 102	35 985

Note 27

	31.12.2001	31.12.2000
OTHER RESERVES		
- General risk fund	212 000	162 000
- Other, of which:	1 240 433	1 199 315
- equity reserves	1 240 433	1 199 315
Total other reserves	1 452 433	1 361 315

Note 28

	31.12.2001	31.12.2000
UNDISTRIBUTED PROFIT (NOT COVERED LOSS) OF PRIOR YEAR		
a) undistributed profit (positive)	-	-
b) not covered loss (negative)	-103 806	-13 390
Undistributed profit or not covered loss of prior year	-103 806	-13 390

Note 29

	31.12.2001	31.12.2000
SOLVENCY RATIO		
1. Own equity		
a) Share capital	130 100	92 600
b) Equity reserves	998 102	35 985
c) General Risk Fund	212 000	162 000
d) Revaluation reserve	33 810	40 181
e) Other reserves	1 240 433	1 199 315
f) Decreases of equity in respect of investments in financial institutions	-76 074	-70 813
g) Decreases of equity in respect of intangible fixed assets	-30 657	-
h) Undistributed profit or not covered loss of prior year	-103 806	-13 390
Total	2 403 908	1 445 878
2. Risk weighted assets		
- risk weighted assets with risk rate 20%	1 261 047	626 653
- risk weighted assets with risk rate 50%	597 436	283 052
- risk weighted assets with risk rate 100%	13 442 478	11 881 732
3. Risk weighted contingent liabilities granted:		
- risk weighted contingent liabilities granted with risk rate 0.2%	3 870	-
- risk weighted contingent liabilities granted with risk rate 0.4%	224 082	10 652
- risk weighted contingent liabilities granted with risk rate 0.5%	525	-
- risk weighted contingent liabilities granted with risk rate 0.8%	73 302	-
- risk weighted contingent liabilities granted with risk rate 1%	475 614	11 377
- risk weighted contingent liabilities granted with risk rate 1.2%	9 312	-
- risk weighted contingent liabilities granted with risk rate 1.6%	15 222	-
- risk weighted contingent liabilities granted with risk rate 2%	523 170	-
- risk weighted contingent liabilities granted with risk rate 2.4%	1 464	-
- risk weighted contingent liabilities granted with risk rate 2.5%	50 704	5 147
- risk weighted contingent liabilities granted with risk rate 2.8%	868	-
- risk weighted contingent liabilities granted with risk rate 3%	7 089	-
- risk weighted contingent liabilities granted with risk rate 4%	24 298	-
- risk weighted contingent liabilities granted with risk rate 5%	93 519	32
- risk weighted contingent liabilities granted with risk rate 5.6%	2 209	-
- risk weighted contingent liabilities granted with risk rate 6%	1 417	-
- risk weighted contingent liabilities granted with risk rate 7%	23 106	-
- risk weighted contingent liabilities granted with risk rate 7.5%	34	-
- risk weighted contingent liabilities granted with risk rate 10%	31 166	10
- risk weighted contingent liabilities granted with risk rate 14%	6 020	-
- risk weighted contingent liabilities granted with risk rate 20%	43 953	27 597
- risk weighted contingent liabilities granted with risk rate 50%	391 877	115 686
- risk weighted contingent liabilities granted with risk rate 100%	1 921 984	549 092
4. Risk weighted assets and contingent liabilities granted	19 225 766	13 511 030
5. Solvency ratio	12.50	10.70

	31.12.2001	31.12.2000
DATA FOR CALCULATION OF THE BOOK AND DILUTED BOOK VALUE PER SHARE		
TIER 1 CAPITAL	2 580 635	1 489 900
1. Share capital	130 100	92 600
2. Equity reserves	998 102	35 985
3. General Risk reserve	212 000	162 000
4. Other reserves	1 240 433	1 199 315
TIER 2 CAPITAL	33 810	40 181
1. Revaluation reserve	33 810	40 181
Undistributed profit or not covered loss of prior year	-103 806	-13 390
Net profit	97 320	138 287
Total	2 607 959	1 654 978
Number of shares	13 010 000	9 260 000
Book value per share in zloty	200,46	178,72
Assumed number of shares	-	-
Diluted book value per share in zloty	-	-

Note 30

	31.12.2001	31.12.2000
OFF-BALANCE SHEET COMMITMENTS, GUARANTEES AND ASSETS PLEDGED AS COLLATERAL SECURITY		
Guarantees and assets pledged in favour of:		
a. subsidiary undertakings	10	-
b. associated undertakings	-	377
c. parent undertakings	2 938	-
d. other undertakings	1 298 137	650 690
Total guarantees and assets pledged as collateral	1 301 085	651 067

NOTES ON THE PROFIT AND LOSS ACCOUNT

Note 31

	31.12.2001	31.12.2000
INTEREST INCOME		
1. Interest income from financial institutions	300 197	209 108
2. Interest income from customers and State budget	1 773 925	1 623 425
3. Interest income on securities	281 947	414 648
a) fixed income securities	281 947	414 648
b) non-fixed income securities variable-yield	-	-
4. Other	10 578	11 875
Total interest income	2 366 647	2 259 056

Note 32

	31.12.2001	31.12.2000
INTEREST EXPENSE		
1. Interest expense on transactions with financial institutions	388 654	298 315
2. Interest expense on transactions with customers and State budget	1 513 523	1 269 443
3. Other	-	192
Total interest expense	1 902 177	1 567 950

Note 33

	31.12.2001	31.12.2000
FEE AND COMMISSION INCOME		
1. Fee and commission income on banking operations	461 597	400 991
2. Fee and commission income on brokerage activity	-	-
Total fee and commission income	461 597	400 991

**Note 34**

	31.12.2001	31.12.2000
INCOME ON SHARES AND OTHER SECURITIES		
1. Income from subsidiary undertakings	7 746	-
2. Income from associated undertakings	-	1 137
3. Income on investments in other undertakings	-	10
Total income from shares and other securities	7 746	1 147

Note 35

	31.12.2001	31.12.2000
NET PROFIT ON FINANCIAL OPERATIONS		
1. Profit / loss on financial transactions	48 674	4 473
a) income from securities	63 379	35 288
b) expense relating to transactions in securities	14 705	30 815
2. Profit / loss on other financial operations	7 895	-11 567
Net profit on financial operations	56 569	-7 094

Note 36

	31.12.2001	31.12.2000
OTHER OPERATING INCOME		
a) professional asset management services	15	19
b) in respect of sales, liquidation of fixed assets and assets for sale	14 785	2 796
c) in respect of recovered loss loans	50	134
d) received compensations, penalties, fines	9	159
e) received donations	-	-
f) other (in respect of)	47 547	21 558
- income on sale of intangible fixed assets	295	1
- sales of goods and services	10 939	7 385
- release of provisions for general expenses, created in previous years	2 013	5 802
- income in respect of recovery of borne court fees	4 524	1 813
- other	29 776	6 557
Total other operating income	62 406	24 666

Note 37

	31.12.2001	31.12.2000
OTHER OPERATING EXPENSES		
a) professional asset management services	43	-
b) in respect of sales, liquidation of fixed assets and assets for sale	13 364	3 262
c) in respect of amounts written off	4	4 796
d) paid compensations, penalties, fines	234	236
e) donations made	317	54
f) in respect of unscheduled depreciation	-	-
g) other (in respect of)	29 949	7 790
- obsolete investment expenditures	118	-
- expense in respect of sale of intangible fixed assets	361	-
- expense in respect of court fees	8 236	2 851
- charges to provisions for past-due holiday leaves	5 874	-
- other	15 360	4 939
Total other operating expenses	43 911	16 138

**Note 38**

	31.12.2001	31.12.2000
GENERAL EXPENSES		
1. Salaries	342 998	287 051
2. Employee benefits	64 478	53 004
Total salaries and employee benefits	407 476	340 055
3. General expenses	71 696	56 477
4. Taxes and levies	3 746	2 890
5. Bank Guarantee Fund charges	9 897	34 557
6. Other, of which:	314 662	237 834
- accommodation and rent	114 295	96 631
- communication services	61 499	44 628
- leasing services	15 062	4 156
- renovation services	33 653	29 132
- licences and patents	6 850	6 981
- other services	83 303	56 306
Total general expenses	807 477	671 813

Note 39

	31.12.2001	31.12.2000
CHARGES TO PROVISIONS AND REVALUATION		
1. Charges to provisions for:	2 588 351	1 263 225
- normal receivables	44 450	16 825
- watch receivables	20 838	49 062
- non-performing receivables	2 418 120	1 074 189
- off-balance sheet commitments	78 702	44 198
- general risk fund	3 900	73 800
- other assets / sundry debtors	3 386	5 151
- other	18 955	-
2. In respect of revaluation:	15 661	62 860
- depreciation of financial assets	15 536	61 575
- depreciation of repossessed assets	125	-
- depreciation of tangible fixed assets	-	1 285
Total charges to provisions and revaluation	2 604 012	1 326 085

Note 40

	31.12.2001	31.12.2000
RELEASE OF PROVISIONS AND DECREASE IN RESPECT OF REVALUATION		
1. Release of provisions for:	2 153 147	866 079
- normal receivables	35 185	21 892
- watch receivables	27 088	61 955
- non-performing receivables	1 908 760	737 102
- off-balance sheet commitments	71 213	41 527
- general risk fund	48 400	-
- other assets / sundry debtors	701	3 603
- other	61 800	-
2. In respect of revaluation:	23 496	39 799
- depreciation of financial assets	23 496	39 799
- other	-	-
Total release of provisions and decrease in respect of revaluation	2 176 643	905 878

Note 41

	31.12.2001	31.12.2000
EXTRAORDINARY GAINS		
1. Contingent	282	596
2. Other	-	-
Total extraordinary gains	282	596

Note 42

	31.12.2001	31.12.2000
EXTRAORDINARY LOSSES		
1. Contingent	30	102
2. Other	-	1
Total extraordinary losses	30	103

Note 43

	31.12.2001	31.12.2000
CORPORATE INCOME TAX		
1. Gross profit before taxation	119 214	129 672
2. Permanent differences between gross profit (loss) before taxation and taxable income	-42 517	-233 739
3. Temporary differences between gross profit (loss) before taxation and taxable income	-85 419	682 385
4. Other differences between profit before taxation and taxable income	-	-
- losses from previous years	-	-
5. Taxable income	-8 722	578 318
6. Corporate income tax at the rate 28% in 2001 and 30% in 2000	-2 442	173 496
7. Deductions and decreases	-	3 806
8. Corporate income tax payable	-	169 690
9. Tax loss to settle in next years	-2 442	-
10. Provision for deferred tax	-	-61 770
- opening balance	-	61 770
- increase	-	-
- decrease	-	-61 770
- closing balance	-	-
11. Interperiod settlements in respect of deferred tax	-21 894	120 341
- opening balance	125 548	-
- change in the opening balance due to changes in accounting principles	25 952	5 207
- deferred tax resulting from the of cost of issuing new shares decreasing the reserve capital	157	-
- tax loss to settle in next years	2 442	-
- increase	-	120 341
- decrease	-24 336	-
- interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch	23 783	-
- closing balance	153 546	125 548
12. Corporate income tax presented in profit and loss account	21 894	-8 615

	31.12.2001	31.12.2000
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MAIN DIFFERENCE BETWEEN TAXABLE INCOME AND THE PROFIT OR LOSS BEFORE TAXATION

1. Profit before taxation	119 214	129 672
2. Non tax-deductible expenses (not recognised under tax regulations as tax deductible costs)	2 308 961	1 475 059
- accrued interest payable	-120 210	99 793
- charges to provisions not recognised as tax deductible expenses	2 149 155	1 143 833
- donations	221	214
- depreciation expenses in respect of investment tax allowance	14 785	25 561
- National Fund for Rehabilitation of Disabled People	-	189
- unrealised interest on derivative transactions	168 038	-
- provision for staff bonuses	18 878	15 057
- non tax-deductible cost of advertising	1 987	2 649
- increase in provisions in foreign currencies due to foreign exchange differences	57 952	-
- provision for general expenses	3 004	-
- foreign exchange losses	-	171 731
- other	15 151	16 032
3. Income deductible from taxable amount under the tax regulations	2 423 622	995 146
- accrued interest receivable	-70 946	-92 828
- dividend	7 945	19 029
- release of provisions not recognised as tax deductible expenses	1 875 926	870 234
- unrealised interest on derivative transactions	332 871	125 039
- foreign exchange gains	192 206	-
- settlement of capitalised interest recognised as taxable income in previous year	-	35 929
- decrease of provisions for foreign exchange loans due to foreign exchange differences	48 488	13 999

- release of provision for retirement bonuses and past-due holiday leaves	488	5 802
- release of provision for development projects	-	2 000
- other	36 644	15 942
4. Other changes in taxable income as provided for in the tax regulations	-13 275	-31 267
- income received in advance	2 319	4 104
- capitalised interest	-266	-755
- provisions for bonuses and remuneration in respect of previous year and paid in current year	-13 045	-17 887
- donations	-	-3 214
- realised interest on derivative transactions related to previous year	-	-2 412
- premium on investment tax allowance	-	-14 974
- other	-2 283	3 871
5. Taxable income	-8 722	578 318
6. Corporate income tax - 28% in 2001	-2 442	-
- 30% in 2000	-	173 496
7. Tax paid on dividends received	-	3 806
8. Corporate income tax - amount due to the State budget	-	169 690
9. Tax loss to settle in next years	-2 442	-
	31.12.2001	31.12.2000

MAIN DIFFERENCES BETWEEN CORPORATE INCOME TAX PRESENTED IN THE PROFIT AND LOSS ACCOUNT AND CORPORATE INCOME TAX CALCULATED BASED ON TAXABLE INCOME

1. Corporate income tax - amount payable to the State budget	-	169 690
2. Tax loss to settle in next years	-2 442	-
3. Tax paid on dividends received	-	3 806
4. Deferred tax provisions	24 336	-182 111
Total charges to gross profit	21 894	-8 615
	31.12.2001	31.12.2000

DIFFERENCES BETWEEN INCOME TAX PRESENTED IN PROFIT AND LOSS STATEMENT AND TAXABLE INCOME

1. Premium on investment tax allowance	-	14 974
2. Donations	-	3 214
3. Deductions from tax - tax paid on dividends received	-	3 806
4. Future income tax payable (positive temporary differences)	751 711	492 808
4.1 accrued interest receivable	117 433	188 379
4.2 unamortised balance of fixed assets purchased under investment tax allowance	115 569	131 122
4.3 unrealised income on derivative transactions	497 448	163 448
4.4 settlement of difference between the amounts of depreciation calculated for balance sheet and corporate income tax purposes	21 261	9 859
5. Future income tax receivables (negative temporary differences)	1 113 180	941 192
5.1 accrued interest payable	110 888	231 099
5.2 provisions for receivables	780 212	472 529
5.3 interest collected in advance	8 944	15 151
5.4 provisions for salaries and bonuses	18 878	15 057
5.5 unrealised foreign exchange losses	-	194 468
5.6 provision for retirement bonuses and past-due holiday leaves	18 607	12 795
5.7 unrealised cost of revaluation of derivatives transactions	168 945	-
5.8 provision for general expenses	3 004	-
5.9 other	3 702	93
6. Base of calculation of provision for deferred income tax	-361 469	-448 384
7. Provisions for deferred income tax - 28%	-101 212	-120 341
- change in the opening balance due to changes in accounting principles	-25 952	-5 207
- deferred tax resulting from the of cost of issuing new shares decreasing the reserve capital	-157	-
- tax loss to settle in next years	-2 442	-
- interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch	-23 783	-
- closing balance	-153 546	-5 207
8. The impact of changed taxation rates on charges to the financial result	-	4 118
9. Income tax on the result from extraordinary operations	71	148
	31.12.2001	31.12.2000

As at 31. December 2001 the Bank included in deferred tax all specific loan loss provisions which can be recognised as tax deductible expenses in future periods, valuation adjustments made to debt securities in the trading portfolio and provisions created for the permanent diminution of securities in the investment portfolio. As at 31. December 2001 the negative temporary difference resulting from including in calculation of deferred income tax the provisions for doubtful debtors (considering interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch) amounted to PLN 234.739 thousand and reduced the obligatory charges to profit. The negative temporary difference in respect of including in calculation of provision for deferred income tax the permanent diminution of securities and shares amounted to PLN 8.258 thousand. Due to tax loss, the Bank did not deduct the tax paid on dividends received in year 2001 amounting to PLN 1 191.7 thousand. According to the paragraph 23 point 2 of the Corporate Income Tax Act the tax paid on dividends received is tax-deductible in next tax years.

Note 44

	31.12.2001	31.12.2000
OTHER OBLIGATORY CHARGES REDUCING PROFIT (INCREASING LOSS)		
- tax paid on dividends received	-	3 806
Total other obligatory charges reducing profit (increasing loss)	-	3 806

Note 45

	31 Dec 2001 (planned)	31 Dec 2000
PROFIT DISTRIBUTION		
1. Charges to reserve capital	24 804 667.20	54 507 591.68
2. Charges to General Risk Fund	50 000 000.00	50 000 000.00
3. Charges to Social Fund	1 500 000.00	3 000 000.00
4. Dividend	19 515 000.00	27 780 000.00
5. Donation for the Bank Śląski Foundation	1 500 000.00	3 000 000.00

Note 46

	31.12.2001	31.12.2000
DATA FOR CALCULATION OF PROFIT PER SHARE		
1. Net profit	97 320	138 287
2. Number of shares	10 605 890	9 260 000
3. Net profit per share (in PLN)	9.18	14.93
4. Diluted number of shares	-	-
5. Net profit per 1 diluted share (in PLN)	-	-

NOTES TO THE CASH FLOW STATEMENT

Note 47

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON OPERATING ACTIVITIES - OTHER ITEMS		
1. Change in other assets	-114 020	-154 813
2. Change in other liabilities, including:	-29 341	39 886
- change in interbank settlements	199 750	53 816
- change in interbranch settlements	8 060	-10 014
- other	-237 151	-3 916
3. Unrealised accrued interest on securities held in investment portfolio	18 688	-34 923
4. Unrealised accrued interest on long term loans taken from banks	4 091	5 957
5. Cash donations for public interest	-	3 210
6. Profit distribution to Social Fund	-3 000	-3 000
7. Change in repossessed assets for sale	-1 251	-228
8. Other	-8 987	1 697
Cash flow statements on operating activities - other items	-133 820	-142 214

Note 48

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON INVESTMENT ACTIVITIES - OTHER INFLOWS		
1. Inflows due to the takeover of the bank enterprise - ING Bank N.V. Warsaw Branch	232 806	-
2. Inflows due to the takeover of the bank enterprise - WBR	3 427	-
3. Interest on securities held in investment portfolio	141 707	174 956
4. Interest purchased in the purchase price of debt securities held in investment portfolio	9 988	48 295
5. Dividends from investment activity	7 746	19 025
Cash flow statement on investment activities - other inflows	395 674	242 276

Note 49

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON INVESTMENT ACTIVITIES - OTHER OUTFLOWS		
1. Prepayments on investments	-83	-1 370
Cash flow statement on investment activities - other outflows	-83	-1 370

Note 50

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON FINANCIAL ACTIVITIES - OTHER INFLOWS		
1. ...	-	-
Cash flow statement on financial activities - other inflows	-	-

Note 51

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON FINANCIAL ACTIVITIES - OTHER OUTFLOWS		
1. Interest on long term loans taken from banks	-41 207	-38 296
2. Interest on lombard loans	-446	-1 231
Cash flow statement on financial activities - other outflows	-41 653	-39 527

Note 52

	31.12.2001	31.12.2000
CASH AT THE BEGINNING OF PERIOD		
1. Cash, of which:	361 235	498 031
- cash on hand	358 937	496 035
- coupons	1 716	1 239
- bank cheques	330	517
- traveller's cheques	252	240
2. Current account with the NBP	557 708	453 921
3. Current accounts in other banks	109 601	149 153
Total cash at the beginning of period	1 028 544	1 101 105
	31.12.2001	31.12.2000
CASH AT THE END OF PERIOD		
1. Cash, of which:	480 846	361 235
- cash on hand	478 626	358 937
- coupons	2 019	1 716
- bank cheques	147	330
- traveller's cheques	54	252
2. Current account with the NBP	1 412 794	557 708
3. Current accounts in other banks	57 271	109 601
Total cash at the end of period	1 950 911	1 028 544



Explanations to the division of operations into operational, investment and financial activities in the cash flow statement

Operational activity relates to the principal operations of the Bank excluding investment and financial activity.

Investment activity includes the purchase and sale of tangible and intangible fixed assets, shares in associates, subsidiary and other undertakings as well as other rights and securities (including debt securities held in the investment portfolio).

Financial activity relates to long term (over 1 year) financial operations with financial institutions. Inflows from financial operations represent sources of funding for the Bank received in the form of long term loans taken and borrowings from banks and other financial institutions.

Outflows from financial activity relate to repayment of long term liabilities (e.g. repayment of loans and borrowings), cost of expanding of the company, obligations to shareholders (dividend payments) as well as expenses for public benefits.

Differences between balance sheet movements and the changes presented in the cash flow statement

Change in debt securities

The item represents changes in debt securities held in the trading portfolio and changes in provisions for debt securities. Cash inflows and outflows relating to debt securities held in the investment portfolio are presented as a cash flow from investment activity.

Change in amounts due from other financial institutions

The item does not include a portion of amounts due from operations with NBP and other banks, which was presented in the item Total net cash flow (change in cash).

Change in amounts due from customers and State budget

The item include the increase of provisions caused by reclassification the portion of own capital to provision for doubtful debtors.

Change in other investments

The item represents changes in provisions for shares, units and other securities and increase/decrease in value of shares, units and other securities held in the investment portfolio. Cash inflows and outflows relating to shares, units and other securities held in the investment portfolio are presented as a cash flow from investment activity.

Change in amounts due to other financial institutions

The item does not include the changes in respect of taking and repayment of long-term (over 1 year) loans from banks and other financial institutions. These amounts are presented as a cash flow from financial activity. The item does not include also the change in amounts due to financial institutions caused by foreign exchange differences, which are presented in the point A.II.2 "Foreign exchange gains (losses)".

Change in interperiod settlements

Change in interperiod settlements was presented excluding adjustment for the change in interperiod settlements in respect of deferred corporate income tax which is presented in the point A.II.7 "Corporate income tax paid".

Change in other provisions

Change in debt securities

Change in amounts due from other financial institutions

Change in amounts due from customers and State budget

Change in amounts due to other financial institutions

Change in amounts due to customers and State budget

Change in interperiod settlements

Change in deferred income

The items above do not include the increases in the elements of assets and liabilities, which are the result of in-kind contribution of the bank enterprise (ING Bank N.V. Warsaw Branch) and takeover of WBR. Cash inflow connected with in-kind contribution of the ING Bank N.V. Warsaw Branch and takeover of WBR is presented in the point B.I.7 "Other inflows from investment activit".

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS AS AT 31. DECEMBER 2001

1. Information regarding concentration of commitments to single customers, capital groups and sectors of the economy

According to the Banking Law, effective 1.^o January 1998, the total exposure, including: credit lines, cash loans granted, bonds and securities purchased other than shares, extended guarantees, letters of credit as well as other amounts receivable from one or more capital and organisationally related entities which jointly share the business risk may not exceed 25% of the Bank's equity, which amounts to PLN 599 538 thousand.

According to the Banking Law the total equity investments of the ING Bank Śląski S.A. (including shares, interest, participation in trust funds) may not exceed 15% of equity, (i.e. PLN 359 723 per investment).

The Bank's on-balance sheet exposure to sectors of the economy (for exposures of PLN 500 thousand and greater) are listed in the table below:

Sector of the economy (according to European Industry Classification)	Total commitment (on-balance sheet) in PLN thousand		Structure %	
	31.12.2000	31.12.2001	2000	2001
Agriculture, forestry and fishing	86 349	155 024	0.90	1.31
Coal mining	141 768	130 389	1.48	1.10
Other mining	147 168	89 708	1.53	0.75
Foodstuff and beverages	1 038 060	1 069 169	10.81	9.03
Textiles	35 389	39 224	0.37	0.33
Clothing and leather	74 129	85 841	0.77	0.72
Paper and cellulose	120 876	164 993	1.26	1.39
Publishing	28 375	77 367	0.30	0.65
Fuel industry	226 315	231 533	2.36	1.96
Chemicals	349 879	390 945	3.64	3.30
Rubber industry	89 244	113 297	0.93	0.96
Non-ferrous metals	120 530	195 607	1.26	1.65
Production of metals	650 278	663 129	6.77	5.60
Metal finished goods	228 170	202 192	2.38	1.71
Machinery	113 988	166 256	1.19	1.40
Electronics	153 941	206 002	1.19	1.74
Precision equipment	31 720	37 062	0.33	0.31
Motor vehicles and trailers	353 649	535 241	3.68	4.52
Furniture	73 796	98 481	0.77	0.83
Recycled goods	14 350	17 075	0.15	0.14
Energy	760 713	926 049	7.92	7.82
Water supply	18 173	41 140	0.19	0.35
Construction	368 341	400 942	3.84	3.39
Car trading and service and gas stations	305 104	362 775	3.18	3.06
Trade	1 518 015	2 047 702	15.81	17.29
Hotels and restaurants	21 580	51 830	0.22	0.44
Transport	143 157	693 878	1.49	5.85
Mail and telecommunication	395 937	379 573	4.12	3.21
Financial intermediary services	1 106 112	992 778	11.53	8.39
Administration and rental of equipment	469 816	729 969	4.89	6.16
Research and development	7 741	5 316	0.08	0.04
Other business activities	58 537	199 408	0.61	1.68
Administration and defence	227 764	235 313	2.37	1.99
Education	431	35 200	0.00	0.30
Health and social care	44 465	13 354	0.46	0.11
Other social and municipal services	5 738	16 276	0.06	0.14
Entertainment services	10 327	22 743	0.11	0.19
Other	60 418	18 030	0.64	0.16
Total	9 600 343	11 840 809	100.00	100.00

A credit risk assessment of each exposure is undertaken in order to classify the exposure into a specific risk category and provisions are created accordingly.

In order to counter credit risk, the Bank accepts collateral from borrowers in accordance with the Bank's credit policy (collateral of the borrowers' accounts and property).

For the purpose of estimating specific provisions against irregular loans, only the collateral that is specified in Regulation No. 8/99 dated 22. December 1999 of the Banking Supervisory Commission regarding the risk of banking activity is recognised. At 31. December 2001, such collateral amounted to PLN 2 486 877 thousand compared to PLN 1 362 358 thousand at 31 December 2000.

As at 31. December 2001, the Bank issued 32 593 write of execution amounting to PLN 480 763 thousand.

2. Information on financial instruments operations

Transactions with derivative financial instruments are carried out for speculative purposes and in order to hedge foreign exchange and interest rate risks. Additionally, the Bank offers these instruments to its clients.

2.1 Foreign currency transactions

Foreign Currency Term Contracts such as forward and spot are the contracts regarding the exchange of a specific currency at an agreed future exchange rate specified on the day of transaction. The nominal value of foreign exchange contracts is the amount of foreign currency purchased or sold under the contracts and does not represent the actual market or credit risk associated with these contracts. Credit risk is limited by entering into contracts only with approved counter parties within approved limits. Market risk is limited by closing open positions, establishing open position maturity limits and the current monitoring of open positions. Foreign exchange contracts are used for closing daily open foreign currency positions and for speculative purposes.

Foreign exchange swap transactions represent a combination of foreign exchange spot and forward transactions where currency is exchanged at a spot rate and, at the same time, the same currencies are subject to exchange at a forward rate on a specified date in the future.

2.1.1 Foreign currency SPOT transactions

Foreign currency spot transactions are agreements to exchange specific amounts of currency at a specified spot exchange rate with settlement usually occurring within two days from the trading date.

A spot current forex transaction is a tradable foreign currency transaction.

The forex spot leg of foreign exchange cross currency swaps is included as foreign currency spots. According to accounting principles adopted by the Bank, these transactions are market to market.

2.1.2 Foreign currency transactions - FORWARD

Foreign currency forward transactions are agreements to exchange specific amounts of currency at a specified exchange rate at a forward fixed date where the settlement occurs later than the spot date.

There are three types of forward transactions as follows:

- Speculative forex forward type operations (the forward leg of swap transaction);
- Forex forward transactions offered to the Bank's clients in order to hedge future foreign currency obligations (also called Term Currency Transactions) with an actual delivery of the foreign currency;
- Non-delivery forward transactions, offered to the Bank's clients to be used as a hedging tool for future foreign currency obligations of the client, where there is no actual transfer of the hedging instruments, but settlement is conducted on maturity with the payment of only the difference occurring on the nominal value of transaction between the set settlement exchange rate and the agreed exchange rate (also called Foreign Currency Risk Hedging).

Foreign exchange transactions are arranged for original periods ranging from 14 days to 2 years. The settlement of transactions takes place in individually agreed periods (over 48 hours). The minimal nominal value of a transaction is USD 100 000 thousand or equivalent in other currency.

According to the accounting principles applied by the Bank, these transactions are valued based on the discounted cash flows, and the valuation result is recorded in the foreign exchange position.

2.1.3 Currency Options

Option transactions give the right, but not obligation to buy or sell foreign currencies at a fixed exchange rate and date. The holder pays a premium for the right to buy or sell the options, which do not change, regardless of whether the option was settled or not.

The Group offers 'European Options', which means there is no possibility to settle the option before the maturity date. It is possible to settle the option only on the closing day.

Foreign Exchange options are valued on the market bases (German-Kohlhagen Model).

Foreign exchange options are arranged for original periods ranging from 3 months to 2 years. The options may be on currencies such as: EUR, GBP, CHE, USD/PLN. Nominal value: over USD 50 000 thousand or equivalent. The Bank can act both as the issuer and as the buyer.

Foreign Currency Transactions

Instrument	Purchase		Sale	
	31.12.2000	31.12.2001	31.12.2000	31.12.2001
Forex spot	736 922	1 480 954	737 084	1 553 577
Forex forward	4 806 795	48 025 923	4 621 109	47 800 437
Currency options		906 468		981 883

Fair value of the Foreign Exchange transactions

	Net fair value as at	31.12.2001
Type of instrument		
Forex spot		181 862
Forex forward		-50 147
Currency options		-2 692

2.2 Interest Rate Transactions

2.2.1 Interest swap transactions (IRS)

Interest rate swap transactions are agreements in which one party agrees to exchange periodic interest rate payments in exchange for counter party interest payments that are calculated based on an agreed nominal amount. There are two types of swap transactions: one is the interest rate swap (IRS), of which the nominal value of both sides of the transaction are determined in the same currency, and the second is the Currency Interest Rate Swap (CIRS), where every side of the transaction is denominated in a different currency.

The nominal value is only used to determine the scale of the transaction, but for transactions in which the Bank is a party, an actual exchange does not occur. Market risk associated with interest rate swap transactions relates solely to the interest rates applied. Credit risk is limited by entering into contracts only with approved counter parties within approved credit limits.

Interest rate swap transactions are arranged for the original periods ranging from 3 months to 15 years.

2.2.1.1 IRS

The minimal nominal value of the contract is PLN 3 million. The payments are made every 1, 3, 6, 9 or 12 months for the fixed interest rates sides and every 1, 3 or 6 months for the floating interests rates. As the reference interest rate the 1, 2 or 3 months WIBOR is taken.

2.2.1.2 CIRS

The minimal nominal value of the contract is PLN 3 million. The payments are made every 1, 3, 6, 9 or 12 months for the fixed interest rates sides and every 1, 3 or 6 months for the floating interests rates. As the reference interest rate the 1, 2 or 3 months WIBOR, LIBOR etc. are taken.

Unsettled IRC and CIRC contracts are valued to the market on the bases of discounted cash flow (NPV).

2.2.2 Forward Rate Agreements (FRA)

Forward rate agreements are used (by the buyer or seller) to hedge changes in interest rates in the future. FRAs can be treated as hedging instruments as well as the speculative tradeable instruments. FRA contracts are settled on maturity and at that time, the actual payment of FRA is made. The settlement price is set based on the market reference rate (minimum money market intervention rate) on the date of setting up the reference rate. The transfer of the agreed amount does not occur either on settlement day, or on maturity.

Forward rate agreements are arranged for initial periods ranging from 14 days to 2 years. The payments are made every 1, 3, 6, 9 or 12 months. The minimal nominal value of the contract is PLN 0.5 million.

Unsettled FRA contracts are valued to the market on bases of discounted cash flows (NPV).

**Interest rate Transactions**

Instrument	Purchase		Sale	
	31.12.2000	31.12.2001	31.12.2000	31.12.2001
Interest Rate Swap	-	20 591 580	-	20 591 445
Forward Rate Agreement	-	23 306 780	-	24 059 383

PLN thousand

Fair value for interest rate swap transactions.

Type of instrument	Net fair values as at 31.12.2001
Interest rate swap and Currency interest rate swap	294 692
Forward rate agreement	-21 816

PLN thousand

2.3 Derivative instruments risk

Every type of derivative transactions carries various types of risk. It is not only the external risk of the Bank (market risk, legal risk etc.) but also internal risk of the Bank.

2.3.1 Market Risk

This type of risk includes the interest rates risk and the foreign exchange risk. Changes in the market interest rates are directly connected with the changes of the profit and loss account, through the positions in IRS, CIRS and FRA.

Changes in the foreign exchange prices are directly connected with the changes of the profit and loss account through the positions in FX Forwards, FX Swaps and FX Options.

2.3.2 The risk of weakening reputation

The Bank follows the policy of not cooperating with clients who do not understand the products and with the clients who do not recognise the economical necessity of hedging with the use of derivatives contracts. The rules are implied towards corporate clients because banks are assumed to have suitable enough level of professional knowledge.

2.3.3 Legal risk

This type of risk is connected to the potential losses, which could appear as the result of decisions inconsistent with the law. The documentation of derivatives transactions must be consistent with the Polish currency regulations, adequacy limit as well as the Polish Banking Law. The best way to minimise this type of risk is to keep the documentation according to the International Standards (ISDA) as much as it is possible.

2.3.4 Operation risk

The most significant operational risk is connected to the transactions, which might be not registered in the books or it might be recorded incorrectly.

2.3.5 Counterpart risk

This type of risk is connected to the possibility that the counterpart will not follow the agreed conditions of the derivative contract at the moment of maturity. This may happen in case of bankruptcy of the counterpart or when the counterpart, for other reasons, will not be able to settle the future transaction.

3. Information about guarantees granted to other issuers

Issuer	Type of security	Value Agreement		PLN thousand
		date	value	Underwriting commitment as at 31.12.2001
Browary Żywiec S.A.	Bonds	18.03.2002	150 000	50 000

4. Information on other off-balance sheet commitments

As at 31. December 2001, liability commitments granted by the Bank amounted to PLN 8 836 317 thousand including:

- financial commitments of PLN 7 535 232 thousand which include open credit lines, unused facilities, as well as open or confirmed letters of credit;
- guarantees of PLN 1 301 085 thousand.

Specific provisions for off-balance sheet commitments of PLN 37 390 thousand were created.

The Bank has granted off-balance sheet commitments for its associates and subsidiaries, which are presented in Note 9.2.

As at 31. December 2001, the Bank received conditional guarantee commitments of PLN 4 061 808 thousand, and had unused credit facilities of PLN 82 811 thousand.

5. Amounts due to State budget or local authorities arising from the acquisition of buildings and structures

As at 31. December 2001, the Bank had no such liabilities.

6. Discontinued operations

During the period 1. January 2001 to 31. December 2001, the Bank did not terminate any significant area of activity.

7. Costs of producing new investments under construction, transportation equipment and development costs for own purposes

As at 31. December 2001, the ING Bank Śląski S.A. had no such costs.

8. Information on investment expenditures

Investment expenditures include all purchases of tangible and intangible in the period from 1. January 2001 until 31. December 2001.

In the ING Bank Śląski S.A. investment expenditure during the year ended 31. December 2001 amounted to PLN 88 358 thousand, whereas the budgeted investment expenditures amounted to PLN 166 280 thousand.

The budgeted investment expenditure for the year 2002 amounts to PLN 134 254 thousand.

9.1 Information on significant transactions with related parties

From 1. January to 31. December 2001, there were various transactions with the Bank's subsidiaries and parent company exceeding EUR 500 thousand as follows:

ING Securities S.A.

On 7. September 2001 the Supervisory Board of ING Bank Śląski S.A. approved the decision to increase the share capital of the Brokerage House of ING Bank Śląski S.A. (currently ING Securities) in the form of a contribution in kind of shares and interests in entities in which ING Bank Śląski S.A. has equity interest. ING Bank Śląski S.A. purchased shares and interests of these entities as long-term investments or in the course of Banking Conciliatory Agreement. Up to 31. December the transaction was not finalised.

The Bank holds current accounts and accepts short-term deposits (overnight and short-term) to be placed by the Brokerage House. The number of these transactions is very large and the amounts deposited during 2001 ranged from PLN 33 thousand to PLN 103,344 thousand.

The Brokerage House also purchases and sells debt securities through ING Bank Śląski S.A. (unregulated market transactions).

During the year from 1. January 2001 to 31. December, 2001 the following transactions were concluded:

- 11 sales of treasury bills for a total of PLN 24 863 thousand and 8 purchases of T-bills for a total of PLN 17 597 thousand,
- 70 sales of commercial paper for a total of PLN 81 297 thousand and one purchase of commercial paper for PLN 1 000 thousand,
- 71 repurchases of commercial paper by the issuer through the Bank for a total of 90 943 thousand,
- 1 sale of State Treasury bonds for PLN 1 007 thousand,
- 1 purchase of State Treasury bonds for PLN 1 000 thousand.

During 2001 ING Securities S.A. acted as an intermediary in 912 securities trading transactions conducted by ING Bank Śląski S.A. (acting as the depository) for a total of PLN 10 327 thousand.

ING Bank Śląski S.A. granted to ING Securities a guarantee with a total value as at 31. December 2001 of PLN 10 thousand.

On 16. July 2001 the Brokerage House BSK S.A. and Bank Śląski in Katowice extended the rent agreement of the Bank's headquarters for a 10-year period starting on 23. October 2000. The rent expense for the period between 1. January 2001 and 31. December 2001 amounted to PLN 1 861 thousand.

ING BSK Leasing S.A.

The Bank has established a credit facility for ING BSK Leasing S.A. As at 31. December 2001, the unutilised limit amounted to PLN 24 921 thousand. In the period between 1. January 2001 and 31. December 2001, the Bank has continued to finance loan agreements from the previous period with a total exposure as at 31. December 2001 of PLN 276 016 thousand. During 2001, the Bank did not sign any other new leasing agreements with ING BSK Leasing S.A.

ING BSK Leasing S.A. and ING Bank Śląski S.A. continued the rent agreement of the Bank's headquarters in Katowice signed on 23. October 2000 for a 10-year period. The payments during 2001 amounted to 29 281 thousand.

During 2001 ING BSK Leasing S.A. has entered into an agreement with ING Bank Śląski S.A. to sell its receivables from one of the major clients with the value not exceeding PLN 50 million.

Centrum Banku Śląskiego Sp. z o.o.

In the period from 1. January 2001 until 31. December 2001 the Bank continued the loan agreement with Centrum Banku Śląskiego Sp. z o.o. As at 31. December 2001, the total value of these loan was PLN 285 041 thousands.

Centrum Banku Śląskiego Sp. z o.o. continued in 2001 an agreement with ING BSK Leasing S.A. for rent of office space in Katowice at Sokolska 34. Total rent and energy costs paid in 2001 by ING BSK Leasing S.A. to Centrum Banku Śląskiego Sp. z o.o. amounted to PLN 22 540 thousand.

ING

The Bank has various inter-bank transactions with banks within the ING Group. The volume of transactions is significant. Transactions concluded consist mainly of short-term PLN deposits and placements (from overnight to 3-month) ranging in value from several PLN million to several PLN billion. There are also significant transactions with financial instruments, such as forex spot, forex forward, currency options, and swap transactions ranging in value from tens of PLN thousand to several PLN billion, mostly with ING Amsterdam.

From 1. January 2001 to 31. December 2001, the Bank had two active loan agreements with ING Amsterdam for loans granted in EUR:

- for the period between 16. June 1998 and 21. October 2002 for EUR 45 million at a floating interest rate, for which the actual interest rate is set semi-annually (i.e. on 23. April and 22 October).
- For the period between 13. July 1999 and 17. June 2002 for EUR 5 million at a floating interest rate, for which the actual interest rate is set quarterly.

ING Bank N.V., according to the agreement signed on the 31. January 1997, provides financial advisory services to the ING Bank Śląski S.A.

The management agreement dated 25. November 1998 is continued, according to which individuals indicated by ING Bank N.V. act as members of the Management Board of ING Bank Śląski S.A. in the range stated in resolutions of appropriate bodies of the Bank.

On 14. September 2001 ING Bank Śląski S.A. and ING Financial Services S.A. entered into a co-operation agreement, to prepare and carry out training courses by ING Financial Services S.A. for ING Bank Śląski S.A. The agreement was signed for an indefinite period.

On 22. August 2001, members of the Group entered an agreement with NN Services Sp. z o.o., in which a number of advertising, promoting and public relation projects will be undertaken in order to present the parties, especially showing their financial cooperation. The agreement is valid until 30. June 2002.

In connection with the acquisition of the Warsaw Branch of ING Bank N.V. the guarantees obtained by the Warsaw Branch of ING Bank N.V. from other members of the ING Group have been extended in favour of ING Bank Śląski S.A.

Additionally, ING Bank Śląski S.A. took over leasing agreements after the ING Bank N.V. Warsaw Branch.

The Bank holds current and term accounts as well as investment fund accounts for ING Investment Management (Polska) S.A. being managed by the pension fund, as well as acts as the distributor of participation units for funds, Transfer Agent and Custodian Bank.

As at 31. December 2001 Bank had equity investments in the funds listed below:

ING OFI Akcji (opened shares investment fund)	PLN 7 000 thousand
ING OFI Gotówkowy (opened cash investment fund)	PLN 2 014 thousand
ING OFI Obligacji (opened bonds investment fund)	PLN 2 014 thousand
ING OFI Zrównoważony (opened balanced investment fund)	PLN 5 000 thousand

On 9. January 2001, the Bank entered an agreement with ING Towarzystwo Funduszy Inwestycyjnych, according to which the second acts as the distributor, as defined in the Funds Statutes.

The agreement has been signed for undefined period.

ING Lease (Polska)

The bank continues a "General Leasing Agreement" concluded with ING Lease (Polska) Sp. z o.o. with ING Bank Śląski S.A. with an upper contract limit of PLN 48 000 thousand. The disbursed amount in accordance with this agreement as at 31. December 2001 is PLN 15 814 thousand.

Additionally, the leasing agreement is executed regarding the office space and office equipment in the building at Plac Trzech Krzyży in Warsaw.

Powszechne Towarzystwo Emerytalne ING Nationale-Nederlanden S.A. (Nationale-Nederlanden Pension Fund)

The Bank continued a contract with PTE ING NN S.A. for rendering intermediary services for approaching potential clients and offering of the Bank's services by the PTE ING NN S.A.

Śląski Bank Hipoteczny Spółka Akcyjna

On 6. December 2001 ING Bank Śląski S.A. and Śląski Bank Hipoteczny S.A. entered into an agreement for the credit line in PLN denominated in EUR and USD with the value equivalent to USD 3 000 thousand. As at 31. December 2001 the exposure regarding this agreement amounted to PLN 643 thousand.

As at 31. December 2001 Śląski Bank Hipoteczny hold 3 term placements: for the amounts of PLN 46 000 thousand with maturity on 14. January 2002, PLN 1 200 thousand with maturity on 3. January 2002, and PLN 2 100 thousand with maturity on 7. January 2002.

9.2 Data for entities having a capital relationship with the Bank

Receivables and Liabilities

Name of undertaking	Capital relationship	Holding of share capital as at 31.12.2001 (%)	PLN thousand			
			Bank's receivables		Bank's payables	
			31.12.2000	31.12.2001	31.12.2000	31.12.2001
ING	parent company	87.77	1 101 189	4 422 036	218 429	1 094 049
ING BSK Leasing S.A.	subsidiary undertaking	100.00	268 903	276 016	32 465	2 731
ING Securities S.A.	subsidiary undertaking	100.00	276	0	37 065	115 725
Centrum BSK Sp. z o.o.	associated undertaking	60.00	228 352	285 041	21 266	17 398
ING PTE NN SA	associated undertaking	20.00	0	0	33	24
Śląski Bank Hipoteczny S.A.	subsidiary undertaking	100.00	0	643	50 000	49 759

Income and profits, costs and losses

Name of undertaking	Capital relationship	Holding of share capital as at 31.12.2001 (%)	PLN thousand			
			Income and profits of ING Bank Śląski S.A.		Costs and losses of ING Bank Śląski S.A.	
			31.12.2000	31.12.2001	31.12.2000	31.12.2001
ING	parent company	87.77	50 480	59 860	17 681	86 328
ING BSK Leasing S.A.	subsidiary undertaking	100.00	8 905	28 553	15 502	22 598
ING Securities S.A.	subsidiary undertaking	100.00	8 257	6 262	2 551	3 604
Centrum BSK Sp. z o.o.	associated undertaking	60.00	10 868	16 171	431	604
ING PTE NN SA	associated undertaking	20.00	1 092	341	9	0
Śląski Bank Hipoteczny S.A.	subsidiary undertaking	100.00	0	7 742	0	616

The financial data related to revenues and expenses from / to ING in 2000 and 2001 are not comparable due to an increase in the level of transactions conducted with entities from the ING Group. In particular, there is increase in financial instrument transactions after the merger with ING Bank N.V. Warsaw Branch.

Off-balance sheet commitments and contingencies

Name of undertaking	Capital relationship	Holding of share capital as at 31.12.2001 (%)	PLN thousand	
			Commitments granted by the Bank	
			31.12.2000	31.12.2001
ING	parent company	87.77	1 060 476	19 820 804
ING BSK Leasing S.A.	subsidiary undertaking	100.00	14 168	24 921
ING Securities S.A.	subsidiary undertaking	100.00	0	10
Centrum BSK Sp. z o.o.	associated undertaking	60.00	44 710	17 987
PTE ING NN SA	associated undertaking	20.00	0	0
Śląski Bank Hipoteczny S.A.	subsidiary undertaking	100.00	0	11 317

10. Information on the common projects not mentioned in the consolidated report

During the period between 1. January 2001 and 31. December 2001 the members of the group had no common projects not mentioned in the consolidated financial statement.

11. Information on average employment

As at 31. December 2001, the Bank had a total of 7 782 employees with 7 667.7 full-time equivalent employees. Comparative figures for 2000 were: 7 265 employees and 7 169.7 full-time equivalent employees. The average number of employees during 2001 was 7 411 as at 31. December 2001 compared to 7 105 as at 31. December 2000.

The increase in number of employees during 2001 was mainly due to the acquisition of ING Bank N.V. Warsaw Branch and WBR S.A. as well as due to an increase in number of branch network.

12. Remuneration, including bonuses from retained profit of the Management Board and Supervisory Board of the Bank

Gross remuneration paid to the members of the Management Board and the Supervisory Board of the Bank amounted to (PLN thousand):

Remuneration	31.12.2001	31.12.2000
Board of Directors	8 364	6 398
Supervisory Board	991	1 098

According to Regulation No. 161/99 of the President of the Bank dated 28. October 1999, employees representing the Bank in supervisory bodies of corporate entities do not receive any additional remuneration for their functions. They are entitled only to the salary defined by their contracts and per diems. Any additional remuneration is to be decided by the President of the Board of Directors.

Members of the Board of Directors do not receive any additional remuneration for functions performed in the supervisory bodies of entities of which the Bank is a shareholder.

13. Loans and guarantees granted to employees, members of the Board of Directors and Supervisory Board of the Bank

Employees of the ING Bank Śląski S.A. are granted credit facilities at the same conditions as other customers of the Bank (no preferential loans to employees are available). Employee loans are reported in amounts due from customers and amount to PLN 62 749 thousand.

Granting loans and guarantees for members of the Board of Directors is governed and monitored by a regulation of the President of ING Bank Śląski S.A.

The financial statements as at 31. December 2001, include information about loans and guarantees to the management of the Bank (article 79 of the Banking Law) for PLN 10 152 thousand.

The Bank's employees may be entitled to any form of social help within the Zakładowy Fundusz Świadczeń Socjalnych (the Bank's Social Fund), which include:

- loans for refurbishing and modernisation of flats or houses,
- loans for the purchase and installation of equipment for house or flat,



- loans for development of a house or flat,
- adaptation work of a house or flat for disabled purposes,
- loans for the purchase of construction of a house or flat,
- help in funding advances for house purchase.

These loans bear interest from 1 - 4% per year depending on the repayment period. As at 31. December 2001, loans granted from the Social Fund amounted to PLN 20 042 thousand.

14. Shares of the Bank held by members of the Board of Directors and the Supervisory Board

As at 31. December 2001, shares were held only by the President of the Bank, Mr. Marian Czakański. Mr. Czakański held 3 shares with a nominal value of PLN 30.

Other Management and Supervisory Boards members sold their shares following a call by ING Bank N.V.

15. Changes in the Board of Directors in 2001

At the Board meeting held on 20. April 2001, the Supervisory Board dismissed Mr. Edward Foppema as Vice-President of ING Bank Śląski S.A. effective on 1. July 2001, Cornelis Theodor Tuijnman was appointed as Vice-President of the Management Board on 1. July 2001.

On 28. June 2001, the Bank's Supervisory Board appointed Mr. Anthonius Johannes Maria Roozen and Mr. Maciej Węgrzyński to Vice-Presidents of the Board of Directors, effective 1. September 2001.

On 7. September 2001 the Supervisory Board of ING Bank Śląski S.A., accepted the resignation presented on 26. July 2001 of Mr. Maciej Węgrzyński, Vice-President of the Board of Directors.

In addition, the Supervisory Board dismissed Mr. Jacek Bartkiewicz from Vice-President of the Board of Directors, effective on 31. October 2001.

As at 31. December 2001, the Board of Directors was as follows:

Marian Czakański	President of the Board of Directors
Frederik van Etten	1 Vice-President of the Board of Directors
Krzysztof Brejda	Vice-President of the Board of Directors
Grzegorz Cywiński	Vice-President of the Board of Directors
Anthonius Johannes Maria Roozen	Vice-President of the Board of Directors
Cornelis Theodor Tuijnman	Vice-President of the Board of Directors

At the Extraordinary Shareholders Meeting of ING Bank Śląski S.A. on 23. May 2001, the number of the members of the Supervisory Board of the Bank was limited to five. Due to the fact, the following members of the Board have been dismissed from their positions:

Piet van Zanten
Maciej Urmanowski
Tomasz Szapiro
Piotr Kukurba
Brunon Bartkiewicz

At the Shareholders meeting held on 14. September 2001, Mr. Bogusław Maklakiewicz was appointed as a member of the Supervisory Board. On 18. October 2001, in relation to becoming a member of the Polish Parliament, Mr. Kazimierz Zarzycki resigned from being a the Supervisory Board member.

As at 31. December 2001 the Supervisory Board was as follows:

Andrzej Wróblewski	President of the Supervisory Board
Jan Nijssen	Vice-President of the Supervisory Board
Jerzy Rokita	Secretary of the Supervisory Board
Ralf Hartmut Fiedler	Member of the Supervisory Board
Bogusław Maklakiewicz	Member of the Supervisory Board

16. Registration of the new entity (Bank's name)

On 6. September 2001 based on a decision of the VII Register Department at the District Court the new name of the Bank was registered in the National Court Register.

As a result, the following name is now legally binding:

"ING Bank Śląski Spółka Akcyjna"
or short
"ING Bank Śląski S.A."

17. Information about changes in Shareholding

On 23. August 2001 ING Bank N.V. and Bank Śląski S.A. entered into an agreement to acquire shares of Bank Śląski S.A., with respect to acquisition of 3 750 000 "B" type shares by ING Bank N.V. with a nominal value of PLN 10 and an issuing value of PLN 265 each. Currently ING Bank N.V. holds 11 418 641 shares and votes at the General Shareholders' Meeting of ING Bank Śląski S.A., which represents 87.77% of the share equity and votes at the General Shareholders' Meeting of the Bank.

On 17. September 2001 the Economic Department of the National Court Register at the District Court in Katowice registered the increase in share equity of ING Bank Śląski S.A. by PLN 37 500 000. After the increase, the share equity of the ING Bank Śląski S.A. amounted to PLN 130 100 000, or 13 010 000 ordinary shares with a nominal value of PLN 10 each.

18. Integration of ING Bank Śląski S.A. with ING Bank N.V. Warsaw Branch

On 1. October 2001 ING Bank Śląski S.A. signed an agreement with ING Bank N.V. seated in Amsterdam (ING Bank N.V.) to bring in as a contribution in kind the Warsaw Branch of ING Bank N.V. to ING Bank Śląski S.A. in exchange for shares of the increased share capital. The Warsaw Branch of ING Bank N.V., seated in Warsaw, at 10/14 Plac trzech Krzyży, is registered in the commercial register maintained by the XIX Economic Department of the National Court Register in the District Court for Warsaw, number KRS 0000024014 and is valued at PLN 993 750 000. ING Bank N.V. contributed this entity in a non-cash contribution in exchange for 3 750 000 "B" type shares, acquired from the increased equity capital of ING Bank Śląski S.A. All shares have a nominal value of PLN 10 each and an issuing value of PLN 265. The Warsaw Branch of the ING Bank N.V. was brought in as a contribution in kind as a whole, without any exemptions as at the agreement date.

19. Sale agreement of ING Barings S.A. in Warsaw (prior Brokerage House of BSK S.A.)

On 21. December 2001 ING Securities S.A. in Warsaw - formerly the Brokerage House of Bank Śląski Spółka Akcyjna in Katowice (with a change of name registered on 19. December 2001 at Economic Department of National Court Register at the District Court in Katowice) being a subsidiary entity of ING Bank Śląski S.A. signed an agreement with ING Baring Securities (Poland) S.A., associated entity of ING Bank Śląski S.A. "Entity's Sale Agreement", regarding the purchase of the brokerage company ING Baring Securities (Poland) S.A. ING Securities S.A. in Warsaw intends to continue brokerage activity by using the acquired assets of ING Baring Securities (Poland) S.A. The value of this transaction amounted to PLN 29 900 000.

The acquisition took place on the day of agreement. This transaction was financed from own funds of ING Securities S.A. in Warsaw.

20. Acquisition of Wielkopolski Bank Rolniczy S.A. in Kalisz

On 8. August 2001 the Management Board of Bank Śląski S.A. received Regulation No. 67/KNB/01 of Banking Supervisory Commission dated on 6. August 2001. Based on this regulation, Bank Śląski S.A. was to acquire all assets of Wielkopolski Bank Rolniczy S.A. in Kalisz on 9. August 2001.

The acquisition of Wielkopolski Bank Rolniczy S.A. in Kalisz by BSK S.A. should have occurred based on the balance sheet as at acquisition date (i.e. 24. August 2001). The Supervisory Board of Wielkopolski Bank Rolniczy S.A. in Kalisz filled a claim against this Regulation to the General Administration Court.

On 9. November 2001, the General Administration Court dismissed the claim of the Supervisory Board of Wielkopolski Bank Rolniczy S.A. in Kalisz with Regulation No. 67/KNB/01 of Banking Supervisory Commission dated on 6. August 2001 in relation to the acquisition of WBR S.A. by ING Bank Śląski S.A. As a result, the execution of the Banking Supervisory Commission Regulation occurred on 9. November 2001 and ING Bank Śląski S.A. acquired WBR S.A. in Kalisz. According to the balance sheet at the acquisition date reviewed by a qualified auditor, general information about the equity of the acquired bank as at the day of acquisition is as follows:

Equity capital	PLN 19 694 thousand
Loss carried over from previous years	PLN -17 664 thousand
Current year's loss	PLN -9 328 thousand
Total net equity	PLN -7 298 thousand

Together with the acquisition of assets and liabilities of Wielkopolski Bank Rolniczy S.A. ING Bank Śląski acquired shares and interests in the following entities:

- Hatrol Sp. z o.o. (99.14% interest in equity)
- Asekuracja Sp. z o.o. (18.70% interest in equity)
- Regionalna Agencja Rozwoju S.A. (0.34% interest in equity)

The balance sheet value of all acquired entities is equal to "0".

21. Post balance sheet events

On the 3. January 2002, ING Bank Śląski S.A. signed an agreement to sell all the shares of Finplus Sp. z o.o. to COFINOGA Societe Anonyme, a company registered under the French commercial code and seated in Paris.

The total price for the 74 000 shares was PLN 74 000 and was equal to the book value stated in the financial records of ING Bank Śląski S.A. On 11. January 2002 in Warsaw, ING Bank Śląski S.A. signed an agreement with Finplus Sp z o.o. The agreement provides for cooperation relating to operational and financial services as well as services related to the organisation and management of electronic payment networks which allow payments by means of cards, granting and managing of credits related to the use of cards, and granting and managing of credits for the purchase of goods and services. The credit risk and the risk of default by Finplus backed with banking guarantee. The agreement is valid from the date of signing until 31. December 2003.

Changes in the Polish Accounting Standards

Based on estimates performed to date the equity of the Bank will not significantly change as a result of the changes in the Polish Accounting Standards, implemented by Act from 9. November 2000 regarding changes in the Accounting Act and specific standards issued in line with it.

22. Differences between the data presented in the financial report and reports previously prepared

Differences between the quarterly report for the fourth quarter of 2001 in comparison with the data presented in the financial report for the year ended 31. December 2001 are insignificant and do not materially affect the result and financial position of the Bank.

23. Changes in accounting policies in 2001

In accordance with the Banking Law dated 31. January 1989, the Bank created the General Risk Fund by both charges to the profit and loss account and distribution of net profit within equity. As at 31. December 1997 the General Risk Fund totalled PLN 265 696 thousand, from which PLN 135 938 thousand was appropriated from the profit and PLN 129 758 thousand was expensed in the profit and loss account.

In accordance with the Banking Law, PLN 239 745 thousand was allocated as the Capital Reserves. During the following three years, due to this operation, the Bank paid income tax of PLN 25 952 thousand.

In the process of reconciling net assets and net profit to the requirements of the International Accounting Standards, which the Bank has included in the financial statements since 1998, it was identified that PLN 129 758 thousand of the General Risk Fund was created from charges to the profit and loss account. This amount was treated as provisions that reduced receivable from the customers and the State Budget. In this way, a permanent difference appeared in the presentation of the equity disclosed according to Polish Accounting Law and disclosed according to the International Accounting Standards. This is due to the fact that the according to the International Accounting Standards changes to the General Risk Fund from the profit and loss account cannot be treated as part of the equity.

In order to eliminate the differences, the Bank has transferred the General Risk Fund, which was charged to profit and loss account before 1998, from other equity reserves to provisions related to credit activity (reducing the value of due from client and State Budget). The amount transferred was PLN 129 758 thousand including a reserve for deferred tax of PLN 25 952 thousand. In accordance with International Accounting Standards, the adjustment of PLN 103 806 thousand was charged to 'undistributed result of the previous years'.

24. Changes in financial statements preparation

The financial statements for the year ended 31. December 2001 were prepared in accordance with Ministry Council Resolution dated 16. October 2001 regarding conditions that should be met by prospectus, prospectus extracts, in accordance with Ministry Council Resolution dated 16. October 2001 regarding providing current and periodical information provided by the issuer of securities, as well as in accordance with Bank's present internal accounting regulations. The financial statements meet the recommendations of the Banking Supervisory Commission and Securities and Exchanges Commission.

Comparing the statements as at 31. December 2000, changes were implemented in respect to the balance sheet by separating blocked funds, previously classified according to the maturity dates.

25. Corrections of the general mistakes

In the period between 1. January 2001 and 31. December 2001 there were no general mistakes.

26. Sources of funding and use of funds by major geographic region of the country

Sources of funding (due to customers and State Budget):

Province	31.12.2000	PLN thousand
		31.12.2001
dolnośląskie	387 830	538 352
kujawsko-pomorskie	61 564	91 460
lubelskie	-	29 844
lubuskie	32 241	57 796
łódzkie	245 730	394 500
małopolskie	854 178	1 003 190
mazowieckie	1 581 983	3 607 379
opolskie	736 757	854 529
podkarpackie	65 913	133 507
podlaskie	69 107	113 105
pomorskie	255 136	198 524
śląskie	8 356 955	9 459 764
świętokrzyskie	463 395	640 463
warmińsko-mazurskie	40 704	30 129
wielkopolskie	382 588	481 695
zachodnio-pomorskie	86 380	142 193
Total	13 620 461	17 776 430

Utilization of funds (due from customers and State budget - gross loans and receivables from debt securities eligible for refinancing with the NBP):

Province	31.12.2000	PLN thousand
		31.12.2001
dolnośląskie	109 594	355 014
kujawsko-pomorskie	33 155	70 780
lubelskie	-	27 366
lubuskie	37 915	65 177
łódzkie	98 241	314 735
małopolskie	807 050	780 859
mazowieckie	1 597 263	3 808 582
opolskie	1 010 736	468 413
podkarpackie	39 191	64 066
podlaskie	63 911	35 871
pomorskie	232 319	471 260
śląskie *	6 563 699	7 329 033
świętokrzyskie	121 167	375 542
warmińsko-mazurskie	37 515	45 797
wielkopolskie	610 328	711 604
zachodnio-pomorskie	238 852	256 977
Total	11 600 936	15 181 076

*) In the Śląskie region, the amount of PLN 7 329 033 thousand includes PLN 1 123 381 thousand that relates to loans to individuals recorded in the head office and PLN 1 193 195 thousand that relates to restructuring loans, recorded in the head office.



27. Valuation of securities that are not quoted on the Stock Exchange or OTC market

For valuation purposes, the Bank utilised the following methods:

No	Name of undertaking	Valuation method
1	Międzynarodowa Szkoła Bankowości i Finansów Sp. z o.o. Katowice	net book value
2	Giełda Papierów Wartościowych SA w Warszawie	net book value
3	Górnośląskie Towarzystwo Lotnicze SA Katowice	net book value
4	Krajowa Izba Rozliczeniowa SA Warszawa	net book value
5	Huta Lucchini Sp. z o.o. Warszawa	net book value
6	Zakłady Aparatury Chemicznej APC "Metalchem" SA Opole	net book value
7	Walcownia Rur "Jedność" Sp. z o.o. Siemianowice Śl.	net book value
8	Zakopiańska Spółdzielnia Mieszkaniowa Zakopane	at purchase price
9	Society for Worldwide Interbank Financial Telecommunication SWIFT SC Belgium	equivalent of BEF amount of purchase price
10	Huta "Batory" SA Chorzów	net book value with consideration of financial situation
11	Huta "Jedność" SA Siemianowice	net book value
12	Zakłady Przemysłu Lniarskiego "Len" SA Kamienna Góra	net book value
13	Centralna Tabela Ofert CeTo SA Warszawa	net book value
14	BSK Leasing S.A. Katowice	net book value
15	Środkowoeuropejskie Centrum Ratingu i Analiz SA Warszawa	net book value
16	ING Securities S.A. Warszawa	net book value
17	Legnicka Specjalna Strefa Ekonomiczna SA	net book value
18	Huta "Łaziska" SA Łaziska	net book value
19	Centrum Banku Śląskiego Sp. z o.o.	entity under investment
20	Huta Gliwice SA	net book value
21	Biuro Informacji Kredytowej	entity under investment
22	Fabryka obuwia "Butbędzin" SA	net book value
23	Powszechne Towarzystwo Emerytalne ING NN SA	entity under investment
24	Stocznia Gdynia S.A.	net book value
25	"Finplus" Sp z o.o.	estimated selling price
26	Centrum Zaufania i Certifikacji "Contrast" SA, Warszawa	entity under investment
27	Śląski Bank Hipoteczny S.A.	entity under investment
28	"Hatrol" Sp. z o.o.	net book value on acquisition of WBR
29	"Asekuracja" Sp. z o.o.	net book value on acquisition of WBR
30	Regionalna Agencja Rozwoju	net book value on acquisition of WBR
31	Fabryka Dywanów "Kowary" S.A.	net book value

28. Write-offs in respect of non-performing receivables

Reason for write-off	Written off against provision in PLN thousand		Written off against operating expense in PLN thousand	
	31.12.2000	31.12.2001	31.12.2000	31.12.2001
Bank conciliatory proceeding	-	-	-	-
Compound proceeding	362	19 517	-	-
Vindication	4 849	2 074	-	-
Civil law conciliation and release from debt	-	-	-	-
Bankruptcy	100	2 565	-	-
Sale of receivables	-	4 177	4 714	-
Other	6 620	8 402	82	4
Total	11 931	36 735	4 796	4

According to current regulations and the Bank's policy, specific provisions are created for the principal amounts of receivables. Vindication expenditures are recognized as expenses in the profit and loss account.

29. General risk provision

The Bank has created a general risk provision for PLN 93 444 thousand as at 31. December 2001, and as at 31. December 2000 the general risk provision amounted to PLN 135 800 thousand.

30. Foreign currency position

In order to reduce currency risk, the Bank applies limits imposed by Resolution No. 2/2000 of the Banking Supervisory Commission dated 8. November 2000 concerning the establishment of limits of acceptable currency risk in banking activity.

The total convertible foreign currency position at 31. December 2001 amounted to PLN 251 290 thousand.

Capital level requirements in respect of foreign exchange risk calculated in accordance with Resolution No. 2/2000 amounted to PLN 32 537 thousand was included in the surplus equity capital used to cover different types of risks in the Bank (the limit was used in 36%).

The main currency positions were as follows (in PLN thousand):

Currency	Assets and off-balance sheet balances		Liabilities and off-balance sheet balances		Long + Short - position	
	31.12.2000	31.12.2001	31.12.2000	31.12.2001	31.12.2000	31.12.2001
USD	5 732 173	29 647 850	5 738 386	29 420 485	-6 210	227 365
EUR	4 423 695	8 937 936	4 452 209	8 976 596	-28 514	-38 660
Other	437 636	1 322 850	435 557	1 300 108	2 079	22 742
TOTAL	10 593 507	39 908 635	10 626 152	39 697 189	- 34 724	211 447

31. "Pro forma" financial statements of ING Bank Śląski as of 31. December 2000 including balances of ING Bank N.V. Warsaw Branch at that date

The pro forma financial statements were prepared by adding the balance sheet, off-balance sheet and profit and loss statement items and netting receivables and payables.

BALANCE SHEET

	as at	31.12.2000
ASSETS		
I. Cash and due from NBP		1 050 692
II. Treasury bills and other bills eligible for refinancing with NBP		73 688
III. Due from other financial institutions		6 612 514
1. Current		270 672
2. Term		6 341 842
IV. Due from customers and State budget		12 655 197
1. Current		1 606 075
2. Term		11 049 122
V. Receivables subject to securities sale and repurchase agreements		0
VI. Debt securities		2 473 030
VII. Investments in subsidiary undertakings		76 000
VIII. Investments in associated undertakings		115 888
IX. Minority investments		14 075
X. Other securities and property rights		355 549
XI. Intangible fixed assets		20 709
XII. Tangible fixed assets		631 499
XIII. Own shares for sale		0
XIV. Other assets		609 176
1. Repossessed assets		464
2. Other		608 712
XV. Interperiod settlements		151 753
1. Deferred tax		125 548
2. Other interperiod settlements		26 205
TOTAL ASSETS		24 839 770

as at

31.12.2000

LIABILITIES

I.	Due to NBP	0
II.	Due to other financial institutions	6 352 405
	1. Current	237 180
	2. Term	6 115 225
III.	Due to customers and State budget	15 075 049
	1. Saving deposits	9 142 788
	a) Current	1 647 830
	b) Term	7 494 958
	2. Other	5 932 261
	a) Current	2 386 837
	b) Term	3 545 424
IV.	Liabilities in respect of securities subject to sale and repurchase agreements	0
V.	Securities issued	93 837
VI.	Funds for staff benefit and other liabilities	512 748
VII.	Accruals and deferred income	288 890
VIII.	Provisions	226 016
	1. Provisions for deferred income tax	34 545
	2. Other provisions	191 471
IX.	Subordinated debt	0
X.	Share capital	289 210
XI.	Unpaid contribution to share capital (negative value)	0
XII.	Equity reserves	35 985
XIII.	Revaluation reserve	41 609
XIV.	Other reserves	1 558 144
XV.	FX differences from recalculation of foreign branches	0
XVI.	Undistributed profit (not covered loss) of prior years	117 123
XVII.	Net profit (loss)	248 754
	LIABILITIES TOTAL	24 839 770

OFF-BALANCE SHEET ITEMS

as at

31.12.2000

I.	Contingent liabilities granted and received	11 259 144
	1. Contingent liabilities granted	8 185 070
	a) lending commitments	7 036 661
	b) guarantees	1 148 409
	2. Contingent liabilities received	3 074 074
	a) lending commitments	148 543
	b) guarantees	2 925 531
II.	Commitments resulting from sale/purchase transactions	48 323 908
III.	Other, including	51 437 657
	- liabilities due to exchange transactions - deposits transactions	51 022 930
	- liabilities due to transactions on securities	414 727
	- liabilities due to underwriting	0
	OFF-BALANCE TOTAL	111 020 709

PROFIT AND LOSS ACCOUNT

	for the period	31.12.2000
I.	Interest income	2 826 327
II.	Interest expense	2 077 843
III.	Net interest income (I-II)	748 484
IV.	Fee and commission income	456 131
V.	Fee and commission expense	47 672
VI.	Net fee and commission income (IV-V)	408 459
VII.	Income from shares and other securities	1 147
VIII.	Net profit on financial operations	39 070
IX.	Net profit on foreign exchange	476 077
X.	Profit (loss) on banking activity	1 673 237
XI.	Other operating income	28 071
XII.	Other operating expenses	21 426
XIII.	General expenses	810 713
XIV.	Depreciation	111 165
XV.	Charges to provisions and revaluation	1 443 074
XVI.	Release of provisions and decrease in respect of revaluation	981 881
XVII.	Net charges to/release of provisions and decrease in respect of revaluation (XV-XVI)	461 193
XVIII.	Operating profit	296 811
XIX.	Extraordinary losses/gains	500
	1. Extraordinary gains	603
	2. Extraordinary losses	103
XX.	Profit before taxation	297 311
XXI.	Corporate income tax	44 751
XXII.	Other obligatory charges to profit/(loss)	3 806
XXIII.	Net profit (loss)	248 754

32. "Pro forma" financial statements as of 1. October 2001 - the date of contribution of the Branch, including balances of ING Bank N.V. Warsaw Branch at that date

BALANCE SHEET

	as at	01.10.2000
ASSETS		
I.	Cash and due from NBP	124 289
II.	Treasury bills and other bills eligible for refinancing with NBP	-
III.	Due from other financial institutions	3 723 463
IV.	Due from customers and State budget	1 854 137
V.	Receivables subject to securities sale and repurchase agreements	-
VI.	Debt securities	609 556
VII.	Investments in subsidiary undertakings	-
VIII.	Investments in associated undertakings	-
IX.	Minority investments	-
X.	Other securities and property rights	-
XI.	Intangible fixed assets	576
XII.	Tangible fixed assets	1 794
XIII.	Own shares for sale	-
XIV.	Other assets	461 998
XV.	Interperiod settlements	35 594
TOTAL ASSETS		6 811 407



as at

01.10.2001

LIABILITIES

I.	Due to NBP	-
II.	Due to other financial institutions	3 525 838
III.	Due to customers and State budget	1 865 543
IV.	Liabilities in respect of securities subject to sale and repurchase agreements	-
V.	Securities issued	-
VI.	Funds for staff benefit and other liabilities	617 073
VII.	Accruals and deferred income	24 184
VIII.	Provisions	70 106
IX.	Subordinated debt	-
	Fair value of net assets	708 663
	LIABILITIES TOTAL	6 811 407

Financial statement as at 31. December 2001

Signatures of the Management Board Members of Bank Śląski SA

Marian Czakański
President



Frederik Van Etten
I Vice-President



Krzysztof Brejda
Vice-President



Grzegorz Cywiński
Vice-President



Anthonius Roozen
Vice-President



Cornelis Theodor Tuijnman
Vice-President



Signature of the person responsible for book-keeping:

Eugenia Sikora
*Director of the Bank
Accounting Department Chief Accountant*



Katowice, 18. March 2002



 **AUDITOR'S OPINION
ON FINANCIAL STATEMENTS OF
ING BANK ŚLĄSKI S.A.**

For the shareholders of ING Bank Śląski S.A.

We have audited the accompanying financial statements of ING Bank Śląski S.A. seated in Katowice. These financial statements consist of: an introduction, the balance sheet as at 31. December 2001 with total assets and total liabilities and equity of PLN 26,143,700 thousand; the statement of contingencies and commitments granted as at 31. December 2001 amounting to PLN 8,836,317 thousand; the profit and loss account for the year then ended with a net profit of PLN 97,320 thousand; the statement of changes in equity for the year then ended with equity of PLN 2,607,959 thousand; the cash flows statement for the year then ended with an increase in cash amounting to PLN 922,367 thousand; and notes to the financial statements.

These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with International Standards on Auditing, as issued by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29. September 1994 (Official Journal no. 121, item 591 with subsequent amendments) and the professional norms established by the Polish National Council of Certified Auditors. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements of ING Bank Śląski S.A. have been prepared based on properly maintained accounting books and present fairly, in all material aspects, the financial position of the Bank as at 31. December 2001 and the results of its operations and its cash flows for the year then ended in accordance with the accounting standards applied in Poland as set out in the Polish Accounting Act dated 29. September 1994 (Official Journal no. 121, item 591 with subsequent amendments), and the Polish Banking Supervisory Commission Resolution no. 1/98 dated 3. June 1998 on the special rules for bank accounting and the notes to the financial statements (NBP Official Journal no. 14, item 27), as well as the requirements of the Securities and Stock Exchange Commission which have been applied on a consistent basis.

As required under the Polish Accounting Act dated 29. September 1994 we also report that the information included in the Directors' Report is consistent with the financial statements.

signed on the Polish original



Certified Auditor No. 4979/2575
Hanna Fludra

signed on the Polish original



For KPMG Polska Audyt Sp. z o.o.
Certified Auditor No. 796/1670
Bogdan Dębicki,
Member of the Board of Directors

signed on the Polish original



For KPMG Polska Audyt Sp. z o.o.
Richard Cysarz, Proxy

Warsaw, 20. March 2002

ING BANK ŚLĄSKI S.A.
AUDITOR'S REPORT
ON THE AUDIT OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31. DECEMBER 2001



1. General

1.1 General information on the Bank

1.1.1 Name of the Bank

ING Bank Śląski S.A. (formerly Bank Śląski w Katowicach S.A.).
The Bank's name change was registered in Regional Court seated in Katowice on 6. September 2001.

1.1.2 Bank's headquarters

ul. Sokolska 34
40-086 Katowice
Poland

1.1.3 Commercial registration

Seat of the court: Katowice
Date: 18. October 1991
Registration number: KRS 0000005459

1.1.4 Tax Office and Provincial Statistical Office registration

NIP: 634-013-5475
REGON: 271514909

1.2 Auditor information

KPMG Polska Audyt Sp. z o. o.
ul. Chłodna 51, XVI floor
00-867 Warsaw

KPMG Polska Audyt Sp. z o.o. is registered as a company authorised to audit financial statements (number 458).

1.3 Legal status

1.3.1 Share capital

The share capital of the Bank as at 31. December 2001 amounted to PLN 130,100.0 thousand divided into 9,260,000 ordinary 'A' type shares and 3,750,000 'B' type shares. All shares are with a nominal value of PLN 10 each.

1.3.2 Activities of the Bank

According to the Bank's Statute the main activities include:

- opening and maintaining bank accounts;
- accepting current and term placements;
- issuing and trading on own securities;
- granting and taking loans,
- co - operation and intermediary services for international undertakings;
- placing and accepting money placements with Polish and foreign banks;
- custodian services;
- providing leasing, factoring, underwriting and other financial services for personal and corporate clients;
- soliciting services as defined in the Act on Organisation and Activities of Pension Funds;
- other services as specified in the articles of association.

ING Bank Śląski S.A. has a foreign-currency licence and has the right of holding and trading foreign currencies within the legal limits.

1.3.3 Management Board

As at 31. December 2001, the Management Board of the Bank comprised of the following members:

President of the Management Board	Mr Marian Czakański
I Vice-president of the Management Board	Mr Frederik Van Etten
Vice-president of the Management Board	Mr Cornelis Theodor Tuijnman
Vice-president of the Management Board	Mr Anthonius Roozen
Vice-president of the Management Board	Mr Grzegorz Cywiński
Vice-president of the Management Board	Mr Krzysztof Brejdek

On 1. July 2001 the Supervisory Board approved Mr Cornelis Theodor Tuijnman for the position of Vice-president of the Management Board.

On 1. July 2001 the Supervisory Board approved resignation of Mr Edward Foppema from the post of Vice President of the Bank.

On 1. September 2001 the Supervisory Board approved Mr Anthonius Roozen for the position of Vice-president of the Management Board.

1.3.4 Supervisory Board

As at 31. December 2001 the Supervisory Board of the Bank comprised of the following members:

President	Mr Andrzej Wróblewski
Vice President	Mr Jan Nijssen
Member	Mr Ralf-Hartmut Fiedler
Member	Mr Bogusław Maklakiewicz
Secretary	Mr Jerzy Rokita

On the Ordinary Shareholder's meeting held on 28. June 2001 the shareholders recalled from the position of the Member of the Supervisory Board the following members: Mr Brunon Bartkiewicz, Mr Piotr Kukurba, Mr Tomasz Szapiro, Mr Maciej Urmanowski, Mr Piet van Zanten.

On the Extraordinary Shareholder's meeting held on 14. September 2001 the shareholders appointed Mr Bogusław Maklakiewicz for the position of Member of the Supervisory Board.

On 18. October 2001 the Supervisory Board approved resignation of Mr Kazimierz Zarzycki from the position of Member of the Supervisory Board.

1.4 Prior period financial statements

The financial statements for the period from 1. January 2000 to 31. December 2000 were audited by KPMG Polska Audyt Sp. z o.o. and received an unqualified opinion.

The financial statements were approved at the Shareholders Meeting on 28. June 2001. The shareholders approved distribution of prior year profit of PLN 138,287 thousand in the following manner:

	in PLN thousand
• equity reserves	54,507
• general risk fund	50,000
• dividend for shareholders	27,780
• Company Social Fund	3,000
• Donation for Bank Śląski Foundation	3,000

The closing balances as at 31. December 2000 have been properly recorded as the opening balances as at 1. January 2001.

The financial statements of the Bank for the year ended 31. December 2000 were submitted to the Regional Court for Katowice on 3. August 2001 and published in the "National Journal" No. B-478 dated 12. September 2001.

1.5 Audit scope and responsibilities

Audit of the financial statements was carried out on the basis of the engagement letter dated 19. November 2001 for the audit of the annual financial statements for the year ended 31. December 2001. The financial statements consist of:

1. introduction;
2. balance sheet as at 31. December 2001, with total assets and total liabilities and equity of PLN 26,143,700 thousand;

3. statement of contingencies and commitments granted as at 31. December 2001 amounting to PLN 8,836,317 thousand;
4. profit and loss account for the year ended 31. December 2001 with a net profit of PLN 97,320 thousand;
5. statement of changes in equity for the year, with equity as at 31. December 2001 of PLN 2,607,959 thousand;
6. cash flows statement for the year ended 31. December 2001 with an cash inflow of PLN 922,367 thousand; and
7. notes to the financial statements.

We have conducted the audit in accordance with International Accounting Standards on Auditing as issued by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29. September 1994 (Official Journal no. 121, item 591 with subsequent amendments) and the professional norms established by the Polish National Council of Certified Auditors.

According to the Article 52 of the above-mentioned Resolution, Bank's Board of Directors is solely responsible for the preparation of financial statements. We have conducted an independent audit of these financial statements in order to express an opinion thereon and present this, together with a written auditors' report, to the Bank's Supervisory Board and Shareholders.

On 19. March 2002, the Bank's directors submitted a representation letter as to the completeness, fairness and accuracy of the financial statements presented for audit which, amongst other things, confirmed that there were no undisclosed matters significantly influencing the information presented in the financial statements until the end of audit work.

All our requests for additional documents and information necessary to express our opinion and preparation of the report have been fulfilled.

KPMG Polska Audyt Sp. z o.o. is independent of the Bank and 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 KPMG Polska Audyt Sp. z o.o.

2. Financial analysis of the Bank

2.1 Summary of the financial statements

Detailed information relating to balance sheet, profit and loss and cash flow items are included in the Bank's financial statements. All figures, disclosed in this report, are presented in thousand PLN if not otherwise stated:

2.1.1 Balance sheet

ASSETS

	31.12.2001 PLN'000	31.12.2000 PLN'000
Cash and due from NBP	1,893,640	918,943
Debt securities eligible for rediscounting with NBP	72,352	73,688
Due from financial sector	6,109,494	3,471,433
Due from customers and State budget	13,768,350	10,849,204
Debt securities	2,121,883	2,125,132
Investments in subsidiary undertakings	76,000	76,000
Investments in associated undertakings	95,075	115,888
Investments in other undertakings	18,424	14,075
Other investments and ownership rights	16,028	355,549
Intangible fixed assets	309,164	20,536
Tangible fixed assets	597,932	629,503
Other assets	881,352	261,826
Interperiod settlements	184,006	139,290
Total assets	26,143,700	19,051,067

LIABILITIES AND EQUITY

	31.12.2001 PLN'000	31.12.2000 PLN'000
Due to other financial institutions	4,336,149	3,161,265
Due to customers and State budget	17,776,438	13,620,461
Special funds and other liabilities	870,343	214,455
Interperiod settlements and deferred income	409,821	249,483
Provisions	142,990	150,425
Share capital	130,100	92,600
Capital reserve	998,102	35,985
Revaluation capital	33,810	40,181
Other reserve capital	1,452,433	1,361,315
Undistributed profit/uncovered losses from prior years	(103,806)	(13,390)
Net profit for the year	97,320	138,287
Total liabilities and equity	26,143,700	19,051,067

Off-balance sheet items

	31.12.2001 PLN'000	31.12.2000 PLN'000
Commitments granted	8,836,317	3,372,257
Commitments received	4,144,619	209,075
Commitments due to sale/purchase operations	94,456,043	5,681,437
Other off-balance sheet items	2,172,262	912,723
Total Off-balance sheet items	109,609,241	10,175,492

2.1.2 Profit and loss account

	01.01.2001 31.12.2001 PLN'000	01.01.2000 31.12.2000 PLN'000
Interest income	2,366,647	2,259,056
Interest expense	(1,902,177)	(1,567,950)
Net interest income	464,470	691,106
Fee and commission income	461,597	400,991
Fee and commission expense	(32,980)	(28,206)
Net fee and commission income	428,617	372,785
Income from shares and other securities	7,746	1,147
Net profit/(loss) on financial operations	56,569	(7,094)
Net profit on foreign exchange	497,446	265,058
Profit on banking activity	1,454,848	1,323,002
Other operating income	62,406	24,666
Other operating expenses	(43,911)	(16,138)
General expenses	(807,477)	(671,813)
Depreciation of tangible and intangible fixed assets	(119,535)	(110,331)
Charges to provisions	(2,604,012)	(1,326,085)
Release of provisions	2,176,643	905,878
Net charges to provisions	(427,369)	(420,207)
Profit on operational activity	118,962	129,179
Extraordinary gains/(losses)	252	493
Profit before taxation	119,214	129,672
Corporate income tax	21,894	12,421
Other gross profit charges	-	(3,806)
Net profit after taxation	97,320	138,287

2.1.3 Cash flow statement

	01.01.2001 31.12.2001	01.01.2000 31.12.2000
A. CASH FLOW FROM OPERATING ACTIVITIES (I +/- II)	(602,652)	(606,294)
I. Net profit	97,320	138,287
II. Total adjustments:	(699,972)	(744,581)
1. Depreciation	119,535	110,331
2. Foreign exchange gains (losses)	(74,698)	(69,531)
3. Interest and dividends	(248,045)	(358,654)
4. Gain/(loss) from investment activity	2,776	15,180
5. Movements in other provisions	(79,970)	75,199
6. Corporate income tax (presented in the profit and loss account)	21,894	(8,615)
7. Corporate income tax paid	(68,239)	(184,174)
8. Change in debt securities held	(172,540)	(68,913)
9. Change in amounts due from other financial institutions	932,005	(1,945,521)
10. Change in amounts due from customers and State budget	(1,153,162)	(2,384,609)
11. Change in shares, participations and other securities	11,347	16,236
12. Change in amounts due to other financial institutions	(2,305,392)	806,104
13. Change in amounts due to customers and State budget	2,257,012	3,367,709
14. Change in other liabilities	66,841	20,119
15. Change in interperiod settlements	(12,720)	(6,442)
16. Change in deferred income	137,204	13,214
17. Other items	(133,820)	(142,214)
B. CASH FLOW FROM INVESTMENT ACTIVITIES (I-II)	1,567,001	619,224
I. Inflow from investment activities	8,951,390	13,453,087
1. Sale of intangible fixed assets	296	-
2. Sale of tangible fixed assets	14,785	2,797
3. Sale of investments in subsidiary undertakings	-	-
4. Sale of investments in associated undertakings	17,108	6,501
5. Sale of investments in other undertakings, other securities (including those for public trade) and other property rights	8,523,527	13,201,513
6. Other income	395,674	242,276
II. Outflow from investment activities	(7,384,389)	(12,833,863)
1. Acquisition of intangible fixed assets	(6,482)	(10,855)
2. Acquisition of tangible fixed assets	(78,960)	(127,029)
3. Acquisition of investments in subsidiary undertakings	-	(60,500)
4. Acquisition of investments in associated undertakings	-	(15,000)
5. Acquisition of investments in other undertakings, other securities (including those for public trade) and other property rights	(7,298,864)	(12,619,109)
6. Other expenses	(83)	(1,370)
C. Net cash flow from financial activities (I-II)	(41,982)	(85,491)
I. Inflow from financial activities	31,842	1,500
1. Long-term loans taken from banks	31,842	1,500
II. Outflow from financial activities	(73,824)	(86,991)
1. Long-term loans repaid to banks	(887)	(973)
2. Cost of issuing shares	(504)	-
3. Payment of dividends and other payments to owners	(27,780)	(40,281)
3. Payments for social purposes	(3,000)	(6,210)
4. Other expenses	(41,653)	(39,527)
D. NET CASH MOVEMENTS BALANCES, TOTAL (A+/-B+/-C)	922,367	(72,561)
E. CHANGE OF CASH BALANCES	922,367	(72,561)
in this: change in cash equivalents arising on FX differences on foreign currencies	(7,290)	(8,028)
F. CASH AT THE BEGINNING OF REPORTING PERIOD	1,028,544	1,101,105
G. CASH AT THE END OF REPORTING PERIOD (F+/- D)	1.950.911	1.028.544

2.2 Selected financial ratios

	31.12.2001	31.12.2000	31.12.1999
Total assets	26,143.7	19,051.0	14,776.6
Gross profit before taxation	119.2	129.7	336.6
Net profit after taxation	97.3	138.3	199.5
Equity (excluding current year net profit)	2,510.6	1,516.7	1,376.9
Return on equity (average value of equity)	5.2%	9.1%	15.3%
Capital adequacy ratio	12.5%	10.7%	13.5%
Receivables to total assets	76.0%	75.2%	71.7%
Income earning assets to total assets	84.5%	86.7%	87.4%
Cost bearing liabilities to total liabilities	84.0%	88.1%	85.8%

2.3 Interpretation of selected financial ratios

In interpreting these figures, the general inflation rate should also be considered. The price index rate for the 12 months period ended 31 December 2001 (the inflation rate) was 3.6% (inflation in 2000 and 1999 was 8.5% and 9.8% respectively).

The most significant changes in the balance sheet and the profit and loss account items are analysed below.

The total balance sheet grew by 38.1% year during the year. The main reason for the increase in 2001 was a contribution of the ING Bank N.V. Branch in Warsaw, which was made on 1 October 2001 by the Bank's main shareholder in exchange for the B series share issue. On the date of the transaction the balance sheet figure of the ING Bank N.V. Warsaw Branch had amounted to PLN 6,809 million.

Gross profit before tax for the year ended 31 December 2001 amounted to PLN 119,214 thousand, which was lower than during the previous year by PLN 10,458 thousand. The following factors influenced the level of gross income:

- net increase in provisions amounting to PLN 427 million;
- foreign exchange result, which amounted to PLN 497 million, which 187% higher, than the previous year;
- general expenses, which amounted to PLN 807 million in 2001 and were higher by PLN 136 million or 20% in comparison with the previous year;

In 2001 the Bank has used as specific loan loss reserves PLN 129.8 million of the General Risk Fund, classified in prior years under equity and built up by charges to profit and loss account before 1 January 1998 based on regulations of the former Banking Law act. This fund should be classified as a specific loan loss provision under IAS, which state that changes in the equity should be made by appropriation of profits rather than charges to profit and loss account.

3. Detailed report

3.1 Accounting records

The Bank's chart of accounts and accounting principles have been approved by the Board of Management.

The accounting records of the Bank are maintained in three accounting systems: "ICBS", "Midas" and "Atlas". The systems as of 31 December 2001 were operating independently. In order to draw the annual accounts the information from both systems was consolidated and eliminated where necessary.

3.2 Internal control

Internal control includes functional controls performed in individual divisions responsible for the respective activity in that area of the Bank and institutional controls subordinated directly to the President of the Management Board.

During our audit of the financial statements, we reviewed the underlying system of internal control in order to determine the extent of our audit procedures. Our review should not be relied upon to disclose all irregularities or material weaknesses in the system.

3.3 Notes to the financial statements

The Bank presents all information included in the notes to the financial statements (including: introduction, notes and additional notes) accurately and completely. They should be treated as an integrated part of the financial statements.

3.4 Statement of cash flows

The statement of cash flows has been properly prepared and is consistent with the balance sheet and profit and loss account.



3.5 Directors' report on the Bank's activities

The information presented in the Management report on the Bank's activities is consistent with the financial statements.

3.6 Information on the auditors' opinion

Based on our audit of the financial statements as of and for the year ended 31. December 2001 we have issued an unqualified opinion.

signed on the Polish original

Certified Auditor No. 4979/2575
Hanna Fludra

signed on the Polish original

For KPMG Polska Audyt Sp. z o.o.
Certified Auditor No. 796/1670
Bogdan Dębicki,
Member of the Board of Directors

signed on the Polish original

For KPMG Polska Audyt Sp. z o.o.
Richard Cysarz, Proxy

Warsaw, 20. March 2002

INTRODUCTION TO THE CONSOLIDATED FINANCIAL STATEMENTS as at 31. December 2001

I. BASIC INFORMATION ON THE ISSUER THE CAPITAL GROUP OF ING BANK ŚLĄSKI SPÓŁKA AKCYJNA (THE GROUP) 40-086 KATOWICE, UL. SOKOLSKA 34

Based on the decision of the Economic Department at the District Court in Katowice dated 9. April 2001 Bank Śląski S.A. was registered in the National Court Register under the number KRS 5459.

Based on the decision of the VIII Economic Department of the National Court Register at the District Court in Katowice, dated 6 September 2001, the new name of the Bank was registered in the National Court Register and this legally binding name is:

'ING Bank Śląski Spółka Akcyjna'

or in short

'ING Bank Śląski S.A.'

On 17 September 2001 the Economic Department of National Court Register at the District Court in Katowice registered an increase in share capital of ING Bank Śląski S.A. of PLN 37 500 000.

As a result, the share capital of ING Bank Śląski S.A. amounts to PLN 130 100 000 and is composed of 13 010 000 ordinary shares with nominal value of PLN 10 each.

The primary activity according to Polish Activity Classification is 65.12A

The Capital Group undertakes the following activities:

- opening and maintaining bank accounts;
- accepting savings deposits and term deposits;
- issuing and trading of own securities including certificates and bonds, and issuing and trading securities and performing financial services for third parties;
- granting and obtaining loans and acting as an agent and intermediary in the process of granting loans;
- providing foreign exchange services;
- financial services supporting foreign trade operations;
- cash settlement services, bill of exchange operations, granting and accepting guarantees and other commitments;
- performing money collection services;
- concluding agreements on acquisition of payments on bank accounts and for the purchase of goods and services in Poland;
- effecting payments according to inter-bank agreements;
- financial and operational participation in international financial transactions;
- granting and receiving deposits in domestic and foreign banks;
- safe-keeping of assets, documents;
- custody services;
- performing banking activities on behalf of other commercial banks;
- other cooperation with domestic, foreign and international banks and financial institutions;
- performing activities connected with the privatisation of state companies on behalf of the Ministry of Privatisation;
- managing State Treasury share portfolios;

- performing leasing, factoring, forfaiting, and underwriting services;
- performing brokerage activities, including maintaining security accounts, accepting orders for the purchase and redemption of trust fund units and investment funds as well as the purchase and buy-back of investment receipts;
- acting as an insurance agent and performing canvassing activities for Open Pension Funds;
- performing operations with warrants;
- performing other banking activity;
- performing the activities of entities included in the ING Bank Śląski S.A. Capital Group, such as:
 - granting mortgage loans;
 - trading mortgage backed securities;
 - brokerage activities;
 - leasing and factoring services;
 - financial consulting and intermediary services;
 - establishment and management of pension funds;
 - financial intermediary, market research and analysis services;
 - construction services.

II. SCOPE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of the Group are prepared for the year ended 31. December 2001 and contain comparable financial data for the year ended 31. December 2000.

The consolidated financial statements were prepared on the basis of the solo financial statements of the parent company and its subsidiaries subject to consolidation.

The objective of the consolidation is to present the financial position of the ING Bank Śląski S.A. Capital Group.

The financial statements have been prepared in accordance with the Accounting Act dated 29. September 1994, Resolution 1/98 of the Banking Supervision Commission dated 3. June 1998 concerning the special accounting principles and preparation of additional information by banks, Resolution 2/98 of the Banking Supervision Commission of 3. June 1998 regarding the preparation of consolidated financial statements by banks, Regulation of the Council of Ministers dated 16. October 2001 regarding detailed requirements for issuing prospectus that should be fulfilled together with the summary of prospectus, and the Regulation of the Council of Ministers dated 16. October 2001 regarding current and periodic information presented by the issuers of securities (Official Journal No. 139 items 1568 and 1569), and in accordance with the applicable accounting principles used by the Capital Group and recommendations of the General Inspectorate of Banking Supervision and the Securities and Stock Exchange Commission.

Management of ING Bank Śląski S.A. entered into agreement on 1. October 2001 with ING Bank N.V. seated in Amsterdam (ING Bank N.V.) to contribute in kind ING Bank N.V. Warsaw Branch into ING Bank Śląski S.A. in exchange for shares in the increased share capital of ING Bank Śląski S.A.

As a result, all assets, liabilities and off-balance sheet items of the prior ING Bank N.V. Warsaw Branch were included in the accounts of ING Bank Śląski S.A.

The above described operation was accounted for as a purchase transaction.

Information relating to the merger of ING Bank Śląski S.A. with ING Bank N.V. Warsaw Branch is presented in paragraph 18 of the additional information to the financial statements.

Below, the basic financial data of ING Bank N.V. Warsaw Branch is presented as at 31. December 2000.

	<u>PLN thousand</u>
Balance sheet amount	6 267 091.59
Share capital	196 610.00
Other own capital (excluding current year's results)	328 770.55
Profit on banking activity	350 235.78
Gross profit	167 639.32
Net Profit	110 467.48

Point 28 of the additional notes to the financial statements includes "pro forma" consolidated financial statements of Capital Group of ING Bank Śląski as of 31. December 2000 including balances of ING Bank N.V. Warsaw Branch at that date.

Point 29 of the additional notes to the financial statements includes "pro forma" financial statements of ING Bank N.V. Warsaw Branch as of 1. October 2001 - the date of contribution of the Branch.

On 9. November 2001 the General Administration Court dismissed the claim of the Supervisory Board of Wielkopolski Bank Rolniczy S.A. in Kalisz against the Regulation No. 67/KNB/01 of Banking Supervisory Commission dated 6. August 2001, regarding the acquisition of WBR S.A. by ING Bank Śląski S.A.

As a result, on 9. November 2001 all elements of assets, liabilities and off-balance sheet items of the former Wielkopolski Bank Rolniczy S.A. were included in the accounts of ING Bank Śląski S.A. These components are not significant in relation to the activities carried out by ING Bank Śląski S.A.

The above described operation was accounted for as a purchase transaction.

Information regarding the acquisition of Wielkopolski Bank Rolniczy S.A. in Kalisz is presented in paragraph 20 of the additional information to the financial statements.

Those financial statements have been prepared on a going concern basis, which contemplates the continuation and expansion of activities as well as the realisation of assets and liquidation of liabilities in the ordinary course of business.

The financial statements for the year ended 31. December 2000, according to regulation of the Council of Ministers dated 16. October 2001 regarding detailed requirements for issuing prospectus that should be fulfilled together with the summary of prospectus, and the Regulation of the Council of Ministers date 16. October 2001 regarding current and periodic information presented by the issuers of securities (Official Journal No. 139 items 1568 and 1569), were reclassified to conform with the financial statements for the year ended 31. December 2001.

III. THE STRUCTURE OF THE CAPITAL GROUP OF ING BANK ŚLĄSKI S.A.

III.1. List of subsidiaries and associates included in the Group consolidation

Name of the entity (with indication of the legal form)	ING Securities Spółka Akcyjna	ING BSK Leasing Spółka Akcyjna	Śląski Bank Hipoteczny Spółka Akcyjna	Powszechne Towarzystwo Emerytalne ING Nationale Nederlanden Spółka Akcyjna
Location	Warsaw	Katowice	Warsaw	Warsaw
Main type of activity (according to EKD)	brokerage services	leasing and factoring services	banking services	establishing and managing of OFE
Value of shares (participation) in the balance sheet (PLN thousand)	26 000	-	50 000	40 000
Percentage of share capital owned	100	100	100	20
Share in the total no. of votes at the general shareholders' meeting	100%	100%	100%	20%
Relationship	subsidiary undertaking	subsidiary undertaking	subsidiary undertaking	associated undertaking
Consolidation method	full	full	full	equity
Date of taking full control in the subsidiary/associated undertaking by the parent entity	20.01.1997	23.04.1996	20.12.2000	16.11.1998

III.2. List of subsidiaries and associates included in the Group excluded from consolidation

	PLN thousand
Name of the entity (with the indication of the legal form)	Centrum BSK Sp. z o.o.
Location	Katowice
Type of activity	management of building construction, rendering services, and organisation of conferences and training associated undertaking
Relationship	December 1997
Date of taking full control in the subsidiary by parent company	December 1997
Value of shares (participation) at cost	55 075
Adjustments	-
Value of shares (participation) in the balance sheet	55 075
Percentage of the share capital owned	60.00 %
Share in the total no. of votes at the general meeting	50.00 %
Equity including:	76 550
Share capital	91 791
Reserve capital	88
Value of shares not paid by the Bank	-
Other capital including:	-15 329
Retained profit / (loss)	-697
Profit/(loss) of the current year	-14 632
Liabilities including:	286 285
Long-term liabilities	282 632
Receivables including	115
Long-term receivables	-
Total assets	397 097
Revenue on sales	26 003
Unpaid contribution to share capital	-
Received or paid current period dividends	-

The total assets of Centrum Banku Śląskiego Sp. z o.o. (CBS) constitute 1.52% of the total assets of the parent entity. The total revenues of CBS represent 1.10% of the parent entity's sales total revenues.

As presented above, the conditions required for the exclusion of the above mentioned entity from consolidation were met in accordance with the Accounting Act and the Resolution No. 2/98 of the Banking Supervisory Commission dated 3. June 1998 on detailed principles of preparing consolidated financial statements by banks, and Resolution of the Ministry of Finance dated 19. November 1999 on the requirements for entities that are issuers of listed securities or are issuers of securities that are allowed to be listed, i.e.:

- the total asset value of each of the consolidated subsidiaries or associated entities does not exceed 5% of the total asset value of the parent company;
- revenues of each of the consolidated subsidiaries or associated entities does not exceed 5% of the interest income of the parent company;





III.3. Information on the effects of changes in the composition of the Capital Group of ING Bank Śląski S.A.

Name of the entity (with the indication of legal form)	ING Investment Management S.A. (prior ING BSK Asset Management S.A.)	FINPLUS Sp. z o.o	ING Securities S.A. (prior Dom Maklerski BSK S.A.)	PTE ING Nationale Nederlanden SA	eService Centrum Elektronicznych Usług Platniczych	ING BSK Leasing S.A.	Śląski Bank Hipoteczny S.A.	Centrum Banku Śląskiego Sp. z o.o.
Character of capital	31.12.2000 associated undertaking	associated undertaking	subsidiary undertaking	associated undertaking	associated undertaking	subsidiary undertaking	subsidiary undertaking	associated undertaking
Relation	31.12.2001 entity was sold on 23.03.2001 r	entity was sold on 03.01.2002 r.	subsidiary undertaking	associated undertaking	entity was sold on 26.03.2001 r.	subsidiary undertaking	subsidiary undertaking	associated undertaking
Value of shares (participation as at the balance sheet)	31.12.2000 8 133 31.12.2001 -	7 400 -	26 000 26 000	40 000 40 000	7 500 -	0 0	50 000 50 000	55 075 55 075
Percentage of Share capital Owned	31.12.2000 47.39 31.12.2001 -	50.00 -	100.00 100.00	20.00 20.00	50.00 -	100.00 100.00	100.00 100.00	60.00 60.00
Share in the total no. of votes at the general meeting	31.12.2000 47.39% 31.12.2001 -	50.00% -	100.00% 100.00%	20.00% 20.00%	50.00% -	100.00% 100%	100.00% 100%	50.00% 50.00%



ING Investment Management (Polska) S.A. (former ING BSK Asset Management)

On 23. March 2001 ING Bank Śląski S.A. w Katowicach sold all of its 455,392 registered shares of ING BSK Asset Management with a nominal value of PLN 20 each and a total book value of PLN 9,107,840, which constituted to 47.39% of the share capital and 47.39% of the votes at the Shareholders' Meeting to ING BANK N.V. (1077 ZZ Amsterdam Strawinkylaan 2631).

eService - Centrum Elektronicznych Usług Płatniczych S.A.

ING Bank Śląski S.A. w Katowicach sold all its shares of Centrum Elektronicznych Usług Płatniczych eService S.A. with its seat in Warsaw as a result of an agreement signed on 26. March 2001. The subject of this transaction was 80,000 registered shares with a nominal value of PLN 100 each and total value of PLN 8,000,000 which constituted 50% of the company's share capital.

The buyer was PKO BP S.A. with its seat in Warsaw which entity has no connection with ING BSK S.A. The total selling price amounted to PLN 7,500,000 and was equal to book value.

FINPLUS Sp. z o.o.

As a result of an agreement signed on 3. January 2002 ING Bank Śląski S.A. sold all its shares of Finplus Sp. z o.o. Shares were purchased by COFINOGA Société Anonyme, a company incorporated under French law with its seat in Paris.

Total value of the transaction of the sale of 74,000 shares amounted to PLN 74,000, which represented the book value of ING Bank Śląski investment in Finplus.

ING Securities S.A.

As at 21. December 2001 ING Securities seated in Warsaw - the former Dom Maklerski Banku Śląskiego Spółka Akcyjna w Katowicach (the new name was registered on 19. December 2001 in the Economic Department of National Court Register at District Court in Katowice) signed with ING Baring Securities (Poland) S.A. an "Agreement on sale of enterprise". Up to 31. December the transaction was not finalised.

The subject of the agreement is the acquisition of the brokerage house of ING Baring Securities (Poland) S.A.

ING Securities S.A. with its seat in Warsaw intends to continue brokerage activity using the assets of acquired enterprise. The value of transactions amounted to PLN 29,900,000.

This transfer of agreement's subject took place at the date the agreement was signed. The transaction was financed from ING Securities S.A. own funds.

IV. PRIOR PERIOD AUDITOR'S OPINION

The consolidated financial statements of the Group for the year ended 31. December 2000 were audited by KPMG Polska Audyt Sp. z o.o. and received an unqualified opinion. The financial statements of ING Securities S.A., ING BSK Leasing S.A. and PTE ING NN S.A. for the year ended 31. December 2000 were audited and received an unqualified opinion.

Due to the fact, that Śląski Bank Hipoteczny, did not have any operational activity, the first financial statements will be prepared and audited for the year 2001.

V. ACCOUNTING PRINCIPLES

V.1. Consolidation methods

All subsidiaries that are primarily involved in financial services and in which the Bank has a 100% stake are consolidated, irrespective of meeting the conditions of Resolution 2/98 of the Banking Supervision Commission dated 3. June 1998 (article 3/1, point 3) concerning consolidated financial statement preparation for banks. Other subsidiaries and associates are subject to consolidation after having fulfilled the conditions defined in the above-mentioned resolution.

Full consolidation method

The subsidiaries - ING Securities S.A., ING BSK Leasing Spółka Akcyjna and Śląski Bank Hipoteczny S.A. have been consolidated by the full consolidation method.

ING Securities S.A. has been consolidated since the Bank's brokerage activities were separated from BSK S.A. and transferred to an independent single entity. As a result financial statements for both banking and brokerage activity are also presented separately.

ING BSK Leasing S.A. was fully consolidated as a result of the type of activities carried out by this subsidiary. Similar to brokerage activity, leasing activity can be treated as supplementary to banking activity.

Śląski Bank Hipoteczny S.A. is consolidated using the full consolidation method taking into consideration significant for the parent company, type of activity.

Due to the fact that the parent company established its subsidiaries included in the consolidation, no goodwill on consolidation or capital provision on consolidation arises in the consolidated financial statements of the Group. However, adjustments for equity movements have been included.

In the application of the full consolidation method, all assets and liabilities, as well as all profit and loss statement items and off-balance sheet items were added, adjustments and consolidation eliminations were made.

The following items were excluded from the consolidated financial statements:

1. value of securities transferred between the parent company and subsidiaries included on consolidation,
2. mutual receivables and liabilities between the parent company and subsidiaries included on consolidation,
3. income and expenses from operations between entities subject to consolidation,
4. dividends paid by subsidiaries to the parent company,
5. unrealised profits and losses from operations carried out between entities subject to consolidation,
6. operations regarding the transfer of contributions in kind by the holding company to its subsidiaries,
7. share capital of subsidiaries included in the consolidation,
8. value at cost of shares of subsidiaries included in the consolidation,
9. mutual securities operations between companies from the Capital Group,
10. undrawn credit lines granted and received and other off-balance sheet operations between the parent company and subsidiaries included in the consolidation.

Furthermore, adjustments were made for any accounting principles applied differently by subsidiaries and the holding company.

The details of these eliminations and consolidation adjustments are disclosed in note 9.3.

Equity consolidation method

In order to meet the requirements of the Accounting Act dated 29. September 1994 and Resolution 2/98 of the Banking Supervision Commission dated 3. June 1998, the associated entity PTE ING NN S.A. has been consolidated by the equity method.

The value of shares in entities consolidated by the equity method is recognised based on the parent entity's share in the equity of the associated entity after consolidation adjustments, and is stated in the position "Shares and investments in subsidiary undertakings subject to equity consolidation method".

The consolidated financial results reflect the parent entity's share in the current period net profit of the entity subject to consolidation by the equity method.

V.2. Accounting principles applied for preparation of consolidated financial statements

The accounting records of entities subject to consolidation are maintained in accordance with general accounting principles for banks as defined by the Accounting Act dated 29. September 1994, Resolution 1/98 of the Banking Supervision Commission dated 3. June 1998, concerning specific accounting principles for banks and rules for preparing additional information, Resolution 2/98 of the Banking Supervision Commission of 3. June 1998 regarding preparation of consolidated financial statements by banks and Regulation of the Minister of Finance dated 15. June 2000 concerning specific accounting principles to be used and disclosures in the financial statements of entities conducting brokerage activities.

The assets and liabilities of the ING Bank Śląski S.A. Group are stated at purchase price or production cost, but not higher than market value in respect of revaluation adjustments. The revaluation of assets is performed with reference to the underlying principle of prudence concept.

The valuation of specific assets and liabilities items is as follows:

Fixed assets

Tangible and intangible fixed assets are stated in the consolidated financial statements at their net book value (purchase cost less depreciation). The depreciation of tangible and intangible fixed assets in the ING Bank Śląski S.A. Group is calculated on a straight line basis according to principles and rates defined by the Corporate Income Tax Law dated 15. February 1992 (complete version in Official Journal No. 106/1993, item 482, with later amendments) for tax purposes, whereas for accounting purposes selected tangible and intangible fixed assets are depreciated in accordance with rates and rules stated in the Accounting Act dated 29. September 1994 (Official Journal No. 121/1994, item 591, with later amendments).

Generally, the Group applies depreciation rates for groups of assets. Individual depreciation rates within particular groups of assets are applied to leasehold investments as well as to computer software and copyrights. The cost of fixed assets is increased by any improvement, adaptation, modernization, or reconstruction cost that increases its useful value.

Fixed assets and intangible assets leased under operating lease contracts are depreciated as follows:

- for accounting purposes - depreciation is charged against cost, adjusted for the residual value (i.e. the estimated market value at the end of a lease agreement), in equal amounts during the lease term;
- for tax purposes - depreciation is charged based on an accelerated straight line or a reducing balance method basis in accordance with the Corporate Income Tax Law dated 15. February 1992 (complete version in Official Journal No. 106/1993, item 482, with later amendments).

Assets Under Construction are comprised of the total costs incurred for incomplete construction, assembly or installation of new or improved fixed assets and are valued at purchase price or production cost.

Purchase price and production cost include all costs relating to this investment which were incurred since the beginning of the investment to the balance sheet date or the day on which the asset has been put in use, including non-deductible VAT, accrued interest, commissions and foreign currency exchange differences calculated at the balance sheet date.

In the years 1994 - 1999, the parent company took advantage of investment tax relief on capital expenditures. The value of assets included as tax relief in the years 1994 - 1999 amounted to PLN 255,898 thousand.

The depreciation of assets subject to investment tax relief is settled over time to non tax-deductible costs and the depreciation rates applied are provided for in the depreciation schedule. These allowances are treated as timing differences for corporate income tax purposes as the recognition of income and costs are in different periods in accordance with the Accounting Act and tax regulations.

Depreciation of assets subject to tax relief for the period between 1. January 2001 and 31. December 2001 amounted to PLN 15,553 thousand.

As at 31. December 2001, the cumulative balance to be amortised, amounted to PLN 115,569 thousand and is included in the deferred tax provision as a timing difference.

In the years 1995 - 2000, every year the Bank deducted from taxable income 50% of the previous year's investment tax allowance (premium on the investment tax relief), which amounted to PLN 127,951 thousand.

Goodwill acquired as a result of acquisition of WBR as well as goodwill on ING Bank N.V. Warsaw Branch brought in as contribution in kind is being amortised over period adequate to the expected economic benefits estimated at 7 and 10 years respectively. Goodwill arising from the acquisition of ING Barings Securities (Poland) S.A. is being amortised over 5 years.

Direct costs of issuing new shares composing of brokerage costs, costs of prospectus and payments in favour of KDPW together with consulting costs related to preparation of Issuance Prospectus according to amended Commercial Code decreased reserve capital arisen from surplus of issuance value and the nominal value of shares.

Other organisation costs related to the increase in share capital were presented as accruals and settled over a 5-year period.

Assets repossessed in lieu of bad debts are recognised in the balance sheet at amounts equal to the value of the outstanding debt net of any specific provisions established for the difference between the outstanding debt and the asset's estimated market value.

Assets for sale represent fixed and current assets that were repossessed in lieu of receivables during the process of restructuring corporate entities and vindication and are intended to be sold. These assets are recognised in the balance sheet at amounts equal to the value of the outstanding debt net of any specific provisions established for the difference between the outstanding debt and the asset's estimated market value. They are not subject to depreciation. The Group is obliged to sell them within a three-year period from the purchase/repossession date. After this period, they are treated as assets utilised by the Group.

Loans and off-balance sheet commitments

Loans are presented in the balance sheet at nominal value together with interest receivable and net of specific provisions established to cover credit risk. The level of specific provisions is determined by the risk assessment for each receivable and complies with Resolution 8/99 of Banking Supervision Commission dated 22. December 1999 (the NBP Official Journal No. 26, item 43, with later amendments) on the principles of creating provisions for the risks related to banking operations.



The following minimum level of specific provisions for individual risk groups is established:

normal granted for individuals (excluding mortgage loans)	1.5 %
watch	1.5 %
sub-standard	20.0 %
doubtful	50.0 %
loss	100.0 %

Provisions are calculated after offsetting collateral as listed in the Resolution 8/99 of the Banking Supervision Commission dated 22. December 1999.

In 2000, the Group established a methodology for calculating specific provisions, which is consistent with international banking practices and is a result of the Group's experience from the recent restructuring of its receivables.

In accordance with the above-mentioned Resolution, the Group decreases the level of provisions in the normal and watch categories by an allocation of up to 25% of the balance of the general risk provision.

As at 31. December 2001, to cover the provision for normal and watch loans, PLN 27,892 thousand was allocated from the general risk provision.

Off-balance sheet commitments are stated at their nominal value. For granted off-balance sheet commitments under irregular client risk, including irrevocable undrawn credit lines and the Bank's commitments arising on the rediscounting of bills of exchange and partial factoring, in accordance with Resolution 8/99 of the Banking Supervision Commission dated 22. December 1999 regarding the conditions that should be applied to create provisions for the risk related to banking activities, the provisions are created and presented in the balance sheet as "Provisions".

For other receivables where collection has been assessed as doubtful, the Bank makes specific provisions against possible losses that may arise as a result of unpaid amounts.

Investments and debt securities

Shares classified as financial assets are stated at acquisition cost. When the current market value is lower than cost, the Bank creates a provision for the difference between cost and current market value or net realizable value. Shares repossessed in lieu of bad debts are stated at their market value decreased by provisions for any diminution in their value.

Debt securities classified in the investment portfolio are recorded in the balance sheet at cost adjusted by accrued interest, amortised discount, amortised premium and provisions against any permanent diminution in their value. Interest on NBP bonds received by the Bank in respect of lower the obligatory reserve is calculated as a product of the face value of bonds and interest rate, based on the forecast consumer price index calculated quarterly.

Debt securities classified in the trading portfolio are recorded at cost adjusted by accrued interest, amortised discount and amortised premium - but not higher than their actual net realizable value. In cases where the cost adjusted for accrued interest, discount and premium exceeds the actual net market value, the difference is recognised as a cost of financial operations.

Shares held in the investment portfolio are recorded in the balance sheet at cost less any provisions against any permanent diminution in their value.

Shares held in the trading portfolio are recorded in the balance sheet at cost - but not higher than their actual net market value. The difference is recognised as a cost of financial operations.

Investment fund participation units are recorded at cost. The purchase cost is presented in the balance sheet as "other securities and ownership rights".

Any increase in the market value of securities held in the trading portfolio over the book value, as stated above, results in an increase in the book value, but not higher than the purchase price.

Precious metals

Gold and coins, which are not recognised as current assets, are recorded at cost - but at a value not higher than current quotations on international markets, with any difference being recognised as a cost of financial operations. In case of a permanent increase of prices on international stock exchanges, the value of gold held is increased - but to a value not higher than cost, any difference is recognised as income on financial operations.

Foreign currencies

Assets, liabilities and off-balance sheet items denominated in foreign currencies are translated at the exchange rate announced by the President of the National Bank of Poland at the balance sheet date. Foreign exchange differences arising on the revaluation of foreign exchange positions are recognised in the profit and loss account as the net result on foreign exchange.

Financial instruments

The Capital Group performs following foreign currency or interest rate derivative transactions: currency forwards, foreign currency swaps, currency options, interest rate swaps (IRS), currency interest rate swaps (CIRS) and forward rate agreement (FRA).

Financial instruments offered to the customers from the Capital Group point of view are traded for speculative purpose. Customers enter the financial instruments agreements for both speculative and hedging purposes.

FX Transactions

Financial instruments such as currency forwards, being traded for speculative and currency risk management purposes are valued at their current value calculated by comparison of the forward exchange rate from the agreement with the forward exchange rate as at the revaluation date including the remaining period for the transaction to be realised. The net result of the valuation is recognised in the profit and loss account within the net result on foreign exchange. PLN 472.7 million recorded as a result on foreign exchange generated for the period 1. January 2001 till 31. December 2001, referred to interest received on currency financial instruments, such as currency swaps.

Currencies purchased for FX transactions are revalued at the balance sheet date using NBP fixing rate and are presented in the off-balance sheet statement as commitments resulting from sale/purchase transactions.

Currency option contracts are valued at the market price taking into account the discounted financial flow (German-Kohlhagen model).

Off balance sheet items resulting from currency option contracts are revalued at the balance sheet date using NBP fixing rate and are presented as liabilities due to transactions on options.

Interest rate derivative contracts

Interest rate derivative contracts are recognised as the swap transactions (interest rate swaps - IRS, or the currency interest rate swaps - CIRS) and forward rate agreements (FRA). Unsettled IRS and CIRS contracts are valued at market based on their net present value (NPV). Unsettled FRA contracts are valued at market based on their net present value.

Notional amounts in foreign currencies resulting from IRS/CIRS transactions are revalued at the balance sheet date using NBP fixing rate and are presented in the off-balance sheet statement as Commitments resulting from sale/purchase transactions.

Notional amounts related to FRA contracts concluded in foreign currencies are revalued at the balance sheet date using NBP fixing rate and are presented in the off-balance sheet statement as commitments resulting from sale/purchase transactions.

General risk provision

In accordance with the Banking Law Act dated 29. August 1997 (Official Journal no. 140, item 939), the parent company of ING Bank Śląski S.A. Group created a provision for general banking risk resulting from the Bank's operations. The provision is charged as an expense in the profit and loss account.

ING BSK Leasing S.A. creates a provision for losses from operating lease transactions.

Equity and reserve funds

Equity and reserve funds are presented at their nominal values.

Prepayments and accruals

Expenses are accounted for on an accrual basis in order to recognise them in the period in which they relate.

Retirement payments

According to the Employees Remuneration Regulations of the Capital Group's entities and the Labour Code, employees who have worked for a given number of years and reached a required age, are obliged to receive retirement bonuses. Retirement payments are stated as the present value of future obligations due to seniority.

Future payments are discounted at 7% according to assumptions of the future estimated cash flows. Those payments are updated annually and presented as accruals.

Unused holiday costs

Entities in the ING Bank Śląski S.A. Group recognise costs of unused holidays on an accrual basis, creating accruals for unused holidays. These accruals were included in the deferred tax calculation.

Income and expense recognition

Interest costs / income include accrued interest receivable and payable at the balance sheet date. Interest overdue and accrued interest receivable on amounts classified as substandard, doubtful or loss are disclosed as interest receivable in assets and as "Accruals and deferred income" in liabilities.

Unearned discounts on regular receivables are disclosed as deferred income and are recognised in the profit and loss account on an accrual basis. Unearned discounts on irregular receivables are disclosed in deferred income and are recognised in the profit and loss account on a settlement.

A similar method is used for the inter-period settlement of income and costs in respect to costs and income, which are non-interest income, general and other.

Fees and commissions represent revenues received by the Bank from its customers for banking services and are charged based on the Fees and Commissions Table approved by the Bank and based on specific agreements with the Bank's customers.

Fees for operating leases are recognised in the profit and loss account as follows:

- a) handling charges are recorded at net invoice value issued according to appropriate lease agreements. At the balance sheet date, these values are adjusted by differences due to discrepancies in invoice issuance periods and rental payment dates according to the lease agreements,
- b) initial fees and rental payments are recognised in the profit and loss account on an accrual basis, and as such income is recognised based on the effective interest rate and with respect to the valuation of rental payments according to periods specified in the lease agreements.

Income from financial leases is recognised as follows:

- a) handling charges are recognised in accordance with the invoices issued, based on the lease agreements,
- b) lease payments are recognised as interest income on an accrual basis.

In the consolidated financial statements, initial payments are presented as interest income.

Rental income (including handling charges from financial leases) is presented as other operating income in an amount offsetting the depreciation charge of the fixed assets under operational lease and as interest, commission income and foreign exchange result according to the funding method.

Other operating costs and revenues include costs and revenues incurred / earned from other than Group's activity and includes costs/revenues from the sale and liquidation of fixed assets, compensation and penalty costs.

The change in accruals for provisions for retirement bonuses (calculated using actuarial valuations) and unused holidays costs are presented in other operating income and other operating expenses, respectively.

Net result

The net result of the Group is calculated based on Resolution 2/98 of the Banking Supervisory Commission with reference to the underlying principles of prudence, valuation, matching and accrual accounting.

Income and expenses are recognised and accounted for on an accrual basis.

Corporate income tax

Corporate income tax is calculated based on gross profit adjusted by accrued interest payable and receivable, non-tax deductible costs, and allowable deductions.

Corporate income tax payable is disclosed as a tax liability (at the current rate of tax of 30% at 31. December 2000 and 28% at 31. December 2001) and provisions for deferred tax relating to timing differences in the recognition of income and expenses in accordance with tax regulations and the Accounting Act.

The deferred tax asset of the parent entity was PLN 153,546 thousand as at 31. December 2001, an increase of PLN 21,894 thousand during the period from 1. January 2001 till 31. December 2001.

As at 31 December 2001 provision established by ING Securities S.A. in respect of deferred tax amounted to PLN 22 thousand.

As at 31 December 2001 interperiod settlements of ING BSK Leasing S.A. in respect of corporate income tax amounted to PLN 1,681 thousand. ING BSK Leasing S.A. created deferred tax liability of PLN 390 thousand at that date.

Śląski Bank Hipoteczny established the deferred tax liability amounting to PLN 45 thousand as at 31. December 2001.

Timing differences within the deferred tax calculation include all specific provisions created by the Group, which have not yet been treated as tax-deductible, but for which it is anticipated that they will be realised for tax purposes. The exception refers to provisions that in the future will not be treated as tax-deductible. Provisions for the permanent diminution in the value of securities are treated as a timing difference and included in the deferred tax calculation.

Corporate income tax has been calculated based on the gross profit of the parent company and its subsidiaries consolidated by the full consolidation method before consolidation adjustments as the entities do not form a tax group and corporate income tax is calculated separately by each entity of the ING Bank Śląski S.A. Group.

V.3. Differences in accounting principles

ING BSK Leasing S.A. applies a different methodology for the revaluation of foreign receivables and liabilities.

During 2001 ING BSK Leasing S.A. did not differentiate between interest expense and foreign exchange expense. Thus, in the financial statements both are presented within interest expense.

Unrealised foreign exchange differences of previous periods, resulting from the valuation of receivables denominated in foreign currencies financing financial leases and disclosed in inter-period settlements were eliminated in the consolidated financial statements of the Group.

VI. AVERAGE PLN EXCHANGE RATES DURING THE PERIOD OF CONSOLIDATED FINANCIAL STATEMENT WITH COMPARATIVE DATA FOR THE PREVIOUS YEAR AND BASIC FINANCIAL STATEMENTS ITEMS CONVERTED IN THE EURO

Exchange rate	Average EURO exchange rate during the period	Lowest EURO exchange rate during the period	Highest EURO exchange rate during the period	Exchange rate as at the end of the year
Year 2001	3.6509	3.3783	3.8843	3.5219
Year 2000	4.0046	3,8544	4.2075	3.8544

In thousand EURO

	31.12.2001	31.12.2000
Interest income	659 398	569 569
Fee and commission income	131 395	107 682
Result on banking activity	407 009	342 409
Operating profit	31 996	36 579
Gross profit (loss)	32 073	36 720
Net profit (loss)	28 144	37 692
Assets (as per 31. December)	7 453 538	5 011 898
Own equity (as per 31. December)	740 348	427 827
Share capital (as per 31. December)	36 940	24 024
Net cash flow	262 599	- 18 848

The following rates were applied for the purpose of determining basic values in EURO:

- for balance sheet positions - PLN 3.5219, the rate of the National Bank of Poland of 31.12.2001; and PLN 3.8544, the rate of the National Bank of Poland of 31.12.2000,
- for positions of the profit and loss account PLN - 3.6509, the rate calculated as the average of the NBP rates binding on the last day of each month in 2001 and PLN 4.0046, the rate calculated as the average of the NBP rates binding on the last day of each month in 2000.

VII. RECONCILIATION BETWEEN ADOPTED ACCOUNTING STANDARDS AND INTERNATIONAL ACCOUNTING STANDARDS

The differences between net assets and net profit from the PAS consolidated financial statements and those prepared according to International Accounting Standards (IAS) are as follows:

	31.12.2001	31.12.2000
Net asset value according to PAS	2 607 430	1 649 017
(1) Adjustment of interest on non-performing loans	15 255	11 496
(8) Reclassification of the general risk reserve from equity to due from customers		-129 758
(4) Valuation of investments in associates, held for investment purposes	-9 144	
(5 b) Revaluation of financial assets held for trading and available-for-sale to fair value	9 685	
(6) Adjustment to deferred income tax	-6 748	-3 219
Net asset value according to IAS	2 616 478	1 527 536

	31.12.2001	1.12.2000
Net profit according to PAS	102 750	150 940
(1) Adjustment of interest on non-performing loans	3 759	1 101
(2) Adjustment of prior year's net profit allocation to the Social Fund	-3 000	-3 000
(3) Adjustment of prior year's net profit allocation to donation to the Bank Śląski Fund	-3 000	-3 000
(4) Valuation of investments in associates, held for investment purposes	-9 144	
(5 b) Revaluation of financial assets held for trading and available-for-sale to fair value	9 685	
(6) Adjustment to deferred income tax	-3 529	-100
Net profit according to IAS	97 521	145 941

The ING Bank Śląski S.A. Capital Group prepares financial statements in accordance with Polish Accounting Standards (PAS). The primary differences between the principles on which these financial statement are based and International Accounting Standards (IAS) are as follows:

- 1) Under PAS, overdue interest from irregular loans is presented in the balance sheet as deferred interest and accounted for in the profit and loss account on settlement. According to IAS, interest receivable from irregular loans is accounted for in the profit and loss account if received by the Bank at the date of preparation of the financial statements.
- 2) and 3) Under PAS, the Bank allocated net profit to the Bank's social fund and made a donation to the Bank Śląski Fund. According to IAS, these should be charged to the profit and loss account.
- 4) Under PAS, shares in associate entities are presented at cost less a provision for any permanent diminution in value. According to IAS, material shares in associate entities not intended to be sold are valued using the equity method less a provision for any permanent diminution in value.
- 5) Under PAS, debt securities and floating income securities are presented at cost but not higher than market value, and the other financial assets and liabilities are valued at the amount due. According to IAS, financial assets and liabilities should be classified as financial assets and liabilities held for trading (valued at the fair value), investments held until maturity (valued at the depreciated cost), granted loans and receivables, held as an investment (valued at the depreciated cost) and available-for-sale financial assets (generally valued at the fair value). In the reconciliation of financial statements produced according to PAS in comparison to IAS the following classification of financial assets was noted:
 - 5a) IAS 39 requires that interest on granted loans and receivables takes into consideration effective profit on financial instruments, where the effective profitability is calculated, subject to all commissions and fees paid and received.
 - 5b) According to IAS 39 financial assets held for trading together with financial assets available-for-sale are valued at the fair value.
Only bonds received in exchange for the obligatory provision are classified as financial assets held till maturity, and valued at depreciated cost.
- 6) Deferred tax effect related to all above-mentioned issues.
- 7) Under PAS, accrued interest on irregular receivables is reported in deferred interest income. Under IAS, such interest is accounted for as a provision for interest accrued. This difference in accounting policies has no impact on Bank's net assets calculated under IAS.
- 8) In order to eliminate the difference between the net assets under Polish Accounting Standards and International Accounting Standards, which arisen in previous years Bank allocated the General Risk Fund established from amounts charged to the profit and loss account prior 1998 from other reserve capital to provisions for credit risk (decreasing the amount of receivables due from client and state budget). According to IAS, the adjustment was charged against the "undistributed profit from previous years".

CONSOLIDATED BALANCE SHEET

	as at	Note	31.12.2001	31.12.2000
ASSETS				
I.	Cash and due from NBP	1	1 893 641	918 948
II.	Treasury bills and other bills eligible for refinancing with NBP		72 352	73 688
III.	Due from other financial institutions	2	5 846 292	3 205 528
	1. Current		161 260	142 939
	2. Term		5 685 032	3 062 589
IV.	Due from customers and State budget	3	13 633 990	10 885 601
	1. Current		2 415 958	1 623 363
	2. Term		11 218 032	9 262 238
V.	Due from non-consolidated subsidiary and associated undertakings	2,3	285 041	238 372
VI.	Due from subsidiary undertakings and associated undertakings consolidated by equity method	2,3	-	-
VI.	Receivables subject to securities sale and repurchase agreements	4	-	-
VIII.	Debt securities	5, 11	2 136 434	2 161 297
IX.	Investments in non-consolidated subsidiary and associated undertakings	6, 8, 11	55 075	75 888
X.	Investments in subsidiary undertakings and associated undertakings consolidated by equity method	7, 8, 11	27 316	17 595
XI.	Minority investments	9, 11	19 227	15 619
XII.	Other securities and property rights	10, 11	16 028	355 549
XIII.	Intangible fixed assets	12	338 258	47 011
XIV.	Goodwill from consolidation	13	-	-
XV.	Tangible fixed assets	14	827 622	911 174
XVI.	Own shares for sale	15	-	-
XVII.	Other assets	16	884 280	264 818
	1. Repossessed assets		1 715	464
	2. Other		882 565	264 354
XVIII.	Interperiod settlements	17	215 059	146 771
	1. Deferred tax		153 546	125 672
	2. Other interperiod settlements		61 513	21 099
TOTAL ASSETS			26 250 615	19 317 859

	as at	Note	31.12.2001	31.12.2000
LIABILITIES				
I.	Due to NBP		-	-
II.	Due to other financial institutions	18	4 214 590	3 223 171
	1. Current		331 789	100 607
	2. Term		3 882 801	3 122 564
III.	Due to customers and State budget	19	17 836 147	13 642 014
	1. Saving deposits		10 846 805	9 142 788
	a) Current		1 814 950	1 647 830
	b) Term		9 031 855	7 494 958
	2. Other		6 989 342	4 499 226
	a) Current		2 785 440	1 919 712
	b) Term		4 203 902	2 579 514
IV.	Due to non-consolidated subsidiary and associated undertakings	18,19	17 398	22 691
V.	Due to subsidiary and associated undertakings consolidated by equity method	18,19	24	33
VI.	Liabilities in respect of securities subject to sale and repurchase agreements	20	-	-
VII.	Securities issued	21	-	-
VIII.	Funds for staff benefit and other liabilities	22	926 217	266 895
IX.	Accruals and deferred income or suspended items	23	495 066	348 353
X.	Provisions	24	153 743	165 685
	1. Provisions for deferred tax		457	321
	2. Other provisions		153 286	165 364
XI.	Subordinated debt	25	-	-
XII.	Minority equity	26	-	-
XIII.	Capital reserve from consolidation	27	-	-
XIV.	Share capital	28	130 100	92 600
XV.	Unpaid contribution to share capital (negative value)		-	-
XVI.	Equity reserves	29	999 570	36 752
XVII.	Revaluation reserve		33 810	40 181



XVIII. Other reserves	30	1 458 016	1 366 898
XIX. FX differences from recalculation of foreign branches		-	-
XX. FX differences from consolidation		-	-
XXI. Undistributed profit (not covered loss) of prior years	31	-116 816	-38 354
XXII. Net profit (loss)		102 750	150 940
TOTAL LIABILITIES		26 250 615	19 317 859
Solvency ratio	32	12,50	10,70
Net book value		2 607 430	1 649 017
Number of shares		13 010 000	9 260 000
Net book value per share (in PLN)	32	200,42	178,08
Assumed number of shares		-	-
Diluted book value per share (in PLN)	32	-	-

OFF-BALANCE SHEET ITEMS

	as at	Note	31.12.2001	31.12.2000
I. Contingent liabilities granted and received			13 030 463	3 568 744
1. Contingent liabilities granted			8 811 717	3 358 323
a) lending commitments			7 510 408	2 707 022
b) guarantees		33	1 301 309	651 301
2. Contingent liabilities received			4 218 746	210 421
a) lending commitments			156 938	95 464
b) guarantees			4 061 808	114 957
II. Commitments resulting from sale/purchase transactions			94 456 043	5 681 437
III. Other, including			2 172 262	912 723
- liabilities due to exchange transactions - deposits transactions			-	727 732
- liabilities due to transactions on securities			233 911	184 991
- liabilities due to transactions on options			1 888 351	-
- liabilities due to underwriting			50 000	-
OFF-BALANCE TOTAL			109 658 768	10 162 904

CONSOLIDATED PROFIT & LOSS ACCOUNT

	for the period	Note	31.12.2001	31.12.2000
I. Interest income		34	2 407 395	2 280 898
II. Interest expense		35	1 921 310	1 569 847
III. Net interest income (I-II)			486 085	711 051
IV. Fee and commission income		36	479 710	431 224
V. Fee and commission expense			38 039	35 139
VI. Net fee and commission income (IV-V)			441 671	396 085
VII. Income from shares and other securities		37	-	1 147
VIII. Net profit on financial operations		38	59 438	-6 122
IX. Net profit on foreign exchange			498 756	269 049
X. Profit (loss) on banking activity			1 485 950	1 371 210
XI. Other operating income		39	125 669	142 070
XII. Other operating expenses		40	89 813	88 114
XIII. General expenses		41	810 158	698 617
XIV. Depreciation			171 264	159 818
XV. Charges to provisions and revaluation		42	2 629 037	1 327 560
XVI. Release of provisions and decrease in respect of revaluation		43	2 205 467	907 315
XVII. Net charges to/release of provisions and decrease in respect of revaluation (XV-XVI)			423 570	420 245
XVIII. Operating profit			116 814	146 486
XIX. Extraordinary losses / gains			283	564
1. Extraordinary gains		44	328	667
2. Extraordinary losses		45	45	103
XX. Charges to goodwill from consolidation			-	-
XXI. Charges to equity provisions from consolidation			-	-
XXII. Profit before taxation			117 097	147 050
XXIII. Corporate income tax		46	24 067	-9 353



XXIV. Other obligatory charges to profit / (loss)	47	1	3 811
XXV. Holdings in profit (loss) entities included in consolidation made by equity method		9 721	-1 652
XXVI. (Profit) loss of minority investments		-	-
XXVII. Net profit (loss)	48	102 750	150 940
Net profit (loss) /for 12 months/		102 750	150 940
Average weighted number of ordinary shares		10 605 890	9 260 000
Net profit (loss) per ordinary share (in PLN)	49	9,69	16,30
Assumed average weighted number of shares		-	-
Diluted net profit (loss) per ordinary share (in PLN)	49	-	-

MOVEMENTS IN OWN EQUITY

		Note	from 01.01.2001 to 31.12.2001	from 01.01.2000 to 31.12.2000
I. Opening balance of own equity			1 649 017	1 578 823
a) changes in adopted accounting principles			-103 806	-13 710
b) corrections of material errors			-	-
I.a. Opening balance of own equity after reclassifications to confirm with current year presentation			1 545 211	1 578 823
1. Opening balance of share capital			92 600	92 600
1.1. Movements			37 500	-
a) increases (in respect of)			37 500	-
- issue of share			37 500	-
b) decreases (in respect of)			-	-
- redemption of shares			-	-
1.2. Closing balance of share capital			130 100	92 600
2. Opening balance of unpaid contribution to share capital			-	-
2.1. Movements in unpaid contribution to share capital			-	-
a) increases			-	-
b) decreases			-	-
2.2. Closing balance of unpaid contribution to share capital			-	-
3. Opening balance of equity reserves			36 752	36 056
3.1. Movements in equity reserves			962 818	696
a) increases (in respect of)			963 322	696
- issue of shares with premium			956 250	-
- distribution of profit (mandatory)			701	569
- distribution of profit (voluntary)			-	-
- liquidation or sale of fixed assets			6 371	127
b) decreases (in respect of)			-504	-
- covering prior period losses			-	-
- cost of expanding of company			-504	-
3.2. Closing balance of equity reserves			999 570	36 752
4. Opening balance of revaluation reserve			40 181	40 308
4.1. Movements in revaluation reserve			-6 371	-127
a) increases			-	-
b) decreases (in respect of)			-6 371	-127
- liquidation or sale of fixed assets			-6 371	-127
4.2. Closing balance of revaluation reserve			33 810	40 181
5. Opening balance of General Risk Fund			162 000	62 000
5.1. Movements in General Risk Fund			50 000	100 000
a) increases (in respect of)			50 000	100 000
- profit distribution for previous year			50 000	100 000
b) decreases			-	-
5.2. Closing balance of General Risk Fund			212 000	162 000
6. Opening balance of Equity reserve for brokerage activity			-	-
6.1. Movements in Equity reserve for brokerage activity			-	-
a) increases			-	-
b) decreases			-	-
6.2. Closing balance of Equity reserve for brokerage activity			-	-
7. Opening balance of other reserves			1 204 899	1 146 556
7.1. Movements in other reserves			41 117	58 342
a) increases (in respect of)			54 507	58 342
- profit distribution for previous year			54 507	58 342

	b) decreases (in respect of)	-13 390	-
	- covering of prior period losses	-13 390	-
7.2.	Closing balance of other reserves	1 246 016	1 204 898
8.	Foreign exchange differences from recalculation of foreign branches	-	-
9.	FX differences from consolidation	-	-
10.	Opening balance of undistributed profit or not covered loss of prior year	112 588	201 302
10.1.	Opening balance of undistributed profit	149 036	205 596
	a) changes in adopted accounting principles	-	-
	b) corrections of material errors	-	-
10.2.	Opening balance of undistributed profit, after reclassifications to confirm with current year presentation	149 036	205 596
	a) increases (in respect of)	0	0
	- distribution of profit	-	-
	b) decreases (in respect of)	-139 304	-205 596
	- charges to reserve capital	-54 507	-58 342
	- charges to equity reserves	-701	-569
	- charges to General Risk Fund	-50 000	-100 000
	- charges to Social Fund	-3 000	-3 000
	- dividend	-27 780	-40 281
	- donation for the ING Bank Śląski Foundation	-3 000	-3 000
	- covering of prior period losses	-316	-846
	- consolidation adjustments	-	442
10.3.	Closing balance of undistributed profit	9 732	0
10.4.	Opening balance of not covered loss	-36 448	-4 294
	a) changes in adopted accounting principles	-103 806	-13 710
	b) corrections of material errors	-	-
10.5.	Opening balance of not covered loss, after reclassifications to confirm with current year presentation	-140 254	-18 004
	a) increases (in respect of)	0	-20 754
	- adjustments on valuation of equity in entities consolidated accordingly to equity method	-	-20 754
	b) decreases (in respect of)	13 706	404
	- corrections of not covered loss	13 706	-
	- covering of prior period losses	-	846
	- consolidation adjustments	-	-442
10.6.	Closing balance of not covered loss	-140 254	-38 758
10.7.	Closing balance of undistributed profit or not covered loss of prior year	-116 816	-38 354
11.	Net result	102 750	150 940
	a) net profit	102 750	150 940
	b) net loss	-	-
II.	Closing balance of own equity	2 607 430	1 649 017

CONSOLIDATED CASH FLOW STATEMENT

	for the period	Note	from 01.01.2001 to 31.12.2001	from 01.01.2000 to 31.12.2000
A. NET CASH FROM OPERATING ACTIVITIES (I +/- II)			-571 257	-498 624
I. Net profit (loss)			102 750	150 940
II. Adjustment for:			-674 007	-649 564
1. (Profit) loss of minority shareholders			-	-
2. Participation in profit (loss) of entities consolidated on equity basis			-9 721	1 651
3. Depreciation (including charges to goodwill from consolidation and capital reserve from consolidation)			171 264	159 818
4. Foreign exchange gains (losses)			-74 698	-69 531
5. Interest and dividends received and paid			-240 734	-357 213
6. Profit or loss on investment activity			9 037	16 071
7. Change in other provisions			-84 613	87 336
8. Corporate income tax (presented in profit and loss account)			24 068	-5 542
9. Corporate income tax paid			-70 309	-188 515
10. Change in debt securities held			-141 643	-85 813
11. Change in amounts due from other financial institutions			939 196	-1 918 826
12. Change in amounts due from customers and State budget			-1 036 556	-2 582 028
13. Change in receivables in respect of securities subject to sale and repurchase agreements			-	-
14. Change in equity investments			11 483	2 110
15. Change in amounts due to other financial institutions			-2 488 262	936 545

16. Change in amounts due to customers and State budget	2 289 271	3 360 885
17. Changes in payables in respect of securities subject to sale and repurchase agreements	-	-
18. Change in securities issued	-	-
19. Change in other liabilities	70 436	36 578
20. Change in interperiod settlements	-27 121	-6 948
21. Change in deferred income	114 284	90 578
22. Other items	-129 389	-126 720
B. NET CASH FLOW FROM INVESTMENT ACTIVITIES (I-II)	1 538 085	527 962
I. Cash inflows from investment activities	8 971 984	13 522 123
1. Sale of intangible fixed assets	296	-
2. Sale of tangible fixed assets	30 872	70 635
3. Sale of investments in subsidiary undertakings	-	-
4. Sale of investments in associated undertakings	17 108	6 501
5. Sales of investments in parent company	-	-
6. Sale of other investments, other debt securities (including those held in trading portfolio) and other property rights	8 535 345	13 202 447
7. Other inflows	388 363	242 540
II. Cash outflows from investment activities	-7 433 899	-12 994 161
1. Acquisition of intangible fixed assets	-9 749	-37 173
2. Acquisition of tangible fixed assets	-105 337	-316 468
3. Acquisition of investments in subsidiary undertakings	-	-
4. Acquisition of investments in associated undertakings	-	-15 000
5. Acquisition of investments in parent company	-	-
6. Acquisition of other investments (including those held in trading portfolio)	-7 318 513	-12 619 109
7. Acquisition of own shares for resale	-	-
8. Other outflows	-300	-6 411
C. NET CASH FLOW FROM FINANCIAL ACTIVITIES (I-II)	-41 982	-101 984
I. Cash inflows from financial activities	31 842	65 007
1. Long-term loans taken from banks	31 842	1 500
2. Long-term loans taken from other than banks financial institutions	-	-
3. Issuance of bonds or other securities for other financial institutions	-	63 507
4. Increase in subordinated debt	-	-
5. Inflow from issuance of own shares	-	-
6. Additional payments to share capital	-	-
7. Other inflows	-	-
II. Cash outflows from financial activities	-73 824	-166 991
1. Repayment of long-term loans to banks	-887	-973
2. Repayment of long-term loans to other financial institutions	-	-
3. Redemption of bonds or other securities from other financial institutions	-	-78 222
4. Decrease in subordinated debt	-	-
5. Payments related to costs of issuance of securities	-504	-
6. Redemption of shares	-	-
7. Payment of dividends and other payments to owners	-27 780	-40 281
8. Bonuses for the Management Board and the Supervisory Board	-	-
9. Payments for public purposes	-3 000	-6 210
10. Payments of dividends to minority shareholders	-	-
11. Payments of liabilities under financial lease agreements	-	-
12. Other outflows	-41 653	-41 305
D. NET CASH FLOW (A +/-B+/-C)	924 846	-72 646
E. BALANCE SHEETS CHANGE IN CASH	924 846	-72 646
- in this change in cash arising on FX differences on foreign currencies	-7 290	-8 028
F. CASH AT THE BEGINNING OF REPORTING PERIOD	1 032 215	1 104 861
G. CASH AT THE END OF REPORTING PERIOD (F+/-D)	1 957 061	1 032 215
- in this cash not at free disposal		

NOTES

NOTES TO THE CONSOLIDATED BALANCE SHEET

Note 1

	31.12.2001	31.12.2000
CASH AND DUE FROM NBP		
1. Current placements a'vista	1 412 794	557 708
2. Obligatory reserve	-	-
3. Amounts of Bank Guarantee Fund	-	-
4. Other	480 847	361 240
Total cash and due from NBP	1 893 641	918 948

	31.12.2001	31.12.2000
CASH AND DUE FROM NBP (CURRENCY STRUCTURE)		
a) in PLN	1 746 366	852 268
b) in foreign currencies (in currency and converted into PLN):	147 275	66 680
b1. unit / currency 1000 / USD	6 044	8 936
in PLN thousand	24 093	37 022
b2. unit / currency 1000 / DEM	59 524	11 656
in PLN thousand	107 184	22 970
b3. other (in PLN thousand)	15 998	6 688
Total cash and due from NBP	1 893 641	918 948

Legally binding charges to cash and due from NBP include:

- current account with NBP includes an obligatory reserve of which the declared balance amounted to PLN 815 130 thousand as at 31 December 2001 compared with PLN 579 730 thousand as at 31 December 2000,
- as at 31 December 2001 cash on hand includes an amount of PLN 90 570 thousand of obligatory reserve for customer deposits which is required to be maintained as a minimum daily balance of cash on hand compared with PLN 64 414 thousand as at 31 December 2000.

Note 2

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by category		
1. Current accounts	87 107	113 443
2. Loans and placements	5 685 173	3 052 493
3. Purchased receivables	11	-
4. Realised guarantees (and commitments)	-	-
5. Other receivables (in respect of):	74 173	34 116
- receivables in the course of settlement	70 728	16 450
- receivables on loans presented for repurchase to credit intermediary	-	14 140
- stock exchange operations	3 265	3 013
- receivables from affiliates and other brokerage houses	136	412
- receivables from other debtors	-	101
- other	44	-
6. Accrued interest:	21 591	19 609
a) receivable	20 426	19 346
b) overdue	1 165	263
Due from other financial institutions (gross)	5 868 055	3 219 661
7. Provision (negative value)	-21 763	-6 722
Due from other financial institutions (net)	5 846 292	3 212 939
- leasing receivables (gross)	136 163	86 580

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by term to maturity		
1. Current accounts	161 280	147 559
2. Term, with maturity from balance sheet date:	5 685 184	3 052 493
a) up to 1 month	4 878 562	2 543 778
b) 1 month - 3 months	144 585	111 385
c) 3 months - 1 year	274 238	115 377
d) 1 year - 5 years	237 194	180 586
e) over 5 years	139 786	91 908
f) matured before balance sheet date	10 819	9 459
3. Accrued interest:	21 591	19 609
a) receivable	20 426	19 346
b) overdue	1 165	263
Total due from other financial institutions (gross)	5 868 055	3 219 661

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by contractual maturity		
1. Current accounts	161 280	147 559
2. Term, with duration:	5 685 184	3 052 493
a) up to 1 year	5 165 092	2 748 730
b) 1 year - 5 years	201 801	7 118
c) over 5 years	318 291	296 645
3. Accrued interest:	21 591	19 609
a) receivable	20 426	19 346
b) overdue	1 165	263
Total due from other financial institutions (gross)	5 868 055	3 219 661

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS by currency structure		
a) in PLN	1 042 063	763 321
b) in foreign currencies (in currency and converted into PLN):	4 825 992	2 456 340
b1. unit / currency 1000 / EUR	123 171	49 628
in PLN thousand	433 793	191 284
b2. unit / currency 1000 / USD	1 070 637	539 830
in PLN thousand	4 267 881	2 236 622
b3. other (in PLN thousand)	124 318	28 434
Total due from other financial institutions	5 868 055	3 219 661

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS - GROSS		
1. Normal	5 671 025	3 189 572
2. Watch	5 803	1 024
3. Irregular, in this:	169 636	9 456
- substandard	98 647	-
doubtful	66 678	7 085
- loss	4 311	2 371
4. Accrued interest	21 591	19 609
a) receivable	20 426	19 346
b) overdue	1 165	263
- from normal and watch receivables	12	4
- from irregular receivables	1 153	259
Total due from other financial institutions (gross)	5 868 055	3 219 661

	31.12.2001	31.12.2000
LEGAL COLLATERAL DIMINISHING BASIS FOR CALCULATION OF SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS		
a) watch	2 548	155
b) irregular	76 156	492
- substandard	9 014	-
- doubtful	66 650	-
- loss	492	492
Total value of legal collateral diminishing basis for calculation of specific provisions for non-performing receivables from other financial institutions	78 704	647



	31.12.2001	31.12.2000
PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS		
a) watch	-	-
b) irregular	21 763	6 722
- substandard	17 929	-
- doubtful	14	4 842
- loss	3 820	1 880
Total provisions for non-performing receivables from other financial institutions	21 763	6 722

	31.12.2001	31.12.2000
MOVEMENTS IN PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM OTHER FINANCIAL INSTITUTIONS		
Opening balance	6 722	1 874
a) increases (in respect of)	20 362	4 848
- charges to provisions	2 054	4 848
- increase in provisions due to takeover from ING Bank N.V. Warsaw Branch	15 875	-
- increase in provisions due to takeover from WBR	2 433	-
b) use (in respect of)	45	-
- receivables written off	45	-
c) release (in respect of)	5 276	-
- release of provisions	5 276	-
Provisions for non-performing receivables from other financial institutions as at the end of period	21 763	6 722

	31.12.2001	31.12.2000
DUE FROM OTHER FINANCIAL INSTITUTIONS - GROSS		
a) due from entities consolidated on equity basis	-	-
b) due from other	5 868 055	3 219 661
Total due from other financial institutions (gross)	5 868 055	3 219 661

Due from other financial institution include due from subsidiary and associated undertakings excluded from consolidation.

Note 2 "Due from other financial institutions" includes bank deposits of PLN 56 089 thousand, which represent collateral for loans granted by this bank to a subsidiary of ING Bank Śląski S.A.

Total irregular receivables from financial institutions do not exceed 10 % of total assets.

Note 3

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (by type)		
1. Loans	14 428 371	11 095 625
2. Purchased receivables	206 434	146 083
3. Realised guarantees (and commitments)	3 486	1 796
4. Other receivables (in respect of)	226 017	279 979
- leasing	130 576	241 841
- receivables in the course of settlement	86 494	28 235
- overdue payments	8 947	9 903
5. Accrued interest	395 351	269 732
a) receivable	74 387	83 777
- interest on State Treasury receivables	783	772
b) overdue	320 964	185 955
6. Amounts receivable in respect of contribution to preferential loans	6 157	7 134
Total due from customers and State Budget (gross)	15 265 816	11 800 349
7. Provision for non-performing amounts due from customers and State Budget (negative value)	-1 346 785	-683 787
Total due from customers and State Budget (net)	13 919 031	11 116 562



	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (by term to maturity)		
1. Current accounts	2 420 673	1 624 692
2. Term, with maturity from balance sheet date:	12 449 792	9 905 925
a) up to 1 month	1 350 114	663 963
b) 1 month - 3 months	740 245	691 946
c) 3 months - 1 year	3 516 616	2 648 397
d) 1 year - 5 years	2 979 575	3 306 238
e) over 5 years	1 097 287	680 848
f) matured before balance sheet date	2 765 955	1 914 533
3. Accrued interest:	395 351	269 732
a) receivable	74 387	83 777
b) overdue	320 964	185 955
Total due from customers and State Budget (gross)	15 265 816	11 800 349

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (by contractual maturity)		
1. Current accounts	2 420 673	1 624 692
2. Term, with duration:	12 449 792	9 905 925
a) up to 1 year	4 596 404	2 985 804
b) 1 year - 5 years	5 100 199	4 352 150
c) over 5 years	2 753 189	2 567 971
3. Accrued interest:	395 351	269 732
a) receivable	74 387	83 777
b) overdue	320 964	185 955
Total due from customers and State Budget (gross)	15 265 816	11 800 349

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET (currency structure)		
a) in PLN	10 553 182	8 593 716
b) in foreign currencies (in currency and converted into PLN)	4 712 634	3 206 633
b1. unit / currency 1000 / EUR	756 435	500 794
in PLN thousand	2 664 127	1 930 260
b2. unit / currency 1000 / USD	413 972	244 420
in PLN thousand	1 650 173	1 012 683
b3. other (in PLN thousand)	398 334	263 690
Total due from customers and State Budget (gross)	15 265 816	11 800 349

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET		
1. Normal	10 766 642	8 725 835
2. Watch	633 707	982 059
3. Irregular, in this:	3 470 116	1 822 723
- substandard	929 160	407 109
- doubtful	1 370 576	845 120
- loss	1 170 380	570 494
4. Accrued interest	395 351	269 732
a) receivable	74 387	83 777
b) overdue	320 964	185 955
- from normal and watch receivables	6 124	12 945
- from irregular receivables	314 840	173 010
Total due from customers and State Budget (gross)	15 265 816	11 800 349



	31.12.2001	31.12.2000
LEGAL COLLATERAL DIMINISHING BASIS FOR CALCULATION OF SPECIFIC PROVISION FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET		
a) normal	-	-
b) watch	379 854	485 635
c) irregular	2 028 319	876 076
- substandard	649 271	202 820
- doubtful	1 058 030	487 343
- loss	321 018	185 913
Total value of legal collateral diminishing basis for calculation of specific provision for non-performing receivables from customers and State Budget	2 408 173	1 361 711

	31.12.2001	31.12.2000
PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET		
a) normal	7 068	-
b) watch	7 087	8 237
c) irregular	1 332 630	675 550
- substandard	108 811	46 432
- doubtful	222 006	232 770
- loss	1 001 813	396 348
Provisions for amounts due from customers and State Budget	1 346 785	683 787

	31.12.2001	31.12.2000
MOVEMENTS IN PROVISIONS FOR NON-PERFORMING RECEIVABLES FROM CUSTOMERS AND STATE BUDGET		
Opening balance	683 787	384 789
a) increases (in respect of)	2 716 660	1 147 832
- charges to provisions	2 526 602	1 147 617
- increase in provisions due to takeover from ING Bank N.V. Warsaw Branch	47 276	-
- increase in provisions due to takeover from WBR	12 854	-
- reclassification of provisions due to adapting to accounting standards	129 758	-
- provision transfer	170	215
b) write-offs (in respect of)	36 746	11 968
- receivables written off	36 745	11 931
- provision transfer	1	37
c) release (in respect of)	2 016 916	836 866
- release of provisions	2 016 916	836 244
- reclassification of provisions	-	622
Provisions for non-performing receivables from customers and State Budget at the end of period	1 346 785	683 787

In connection with adapting the Polish Accounting Standards to the International Accounting Standards there was made the reclassification of provisions amounting to PLN 129 758 thousand from the own equity - according to Polish accounting standards to provisions for doubtful debtors - according to International Accounting Standards. This operation is described in additional information to the financial statements, point 23.

PLN 171,508 recorded in the general risk provisions was allocated to specific loan loss provisions, which in the financial statements reduce the gross amount of receivables from clients and State Budget.

	31.12.2001	31.12.2000
DUE FROM CUSTOMERS AND STATE BUDGET - GROSS		
a) due from entities consolidated on equity basis	-	-
b) due from other	15 265 816	11 800 349
Total due from customer and State Budget (gross)	15 265 816	11 800 349

Due from customers and State Budget include due from subsidiary and associated undertakings excluded from consolidation. Irregular receivables from customers and the state budgets exceed 10% of the total assets. The treatment of receivables classified as irregular is in accordance with the Bank's internal regulations. The Bank monitors debt service as well as the economic and financial standing of each borrower. Vindication procedures are commenced when the repayment of the loan is uncertain.



Note 4

	31.12.2001	31.12.2000
RECEIVABLES SUBJECT TO SECURITIES SALE AND REPURCHASE AGREEMENTS		
a) financial institutions	-	-
b) customers and State Budget	-	-
c) interest	-	-
Total receivables subject to securities sale and repurchase agreements	-	-

Note 5

	31.12.2001	31.12.2000
DEBT SECURITIES		
1. Issued by central banks, of which:	840 455	1 108 904
- bonds denominated in foreign currency	-	-
2. Issued by other banks, of which:	-	-
- denominated in foreign currency	-	-
3. Issued by other financial undertakings, of which:	-	-
- denominated in foreign currency	-	-
4. Issued by other non-financial undertakings, of which:	12 476	14 613
- denominated in foreign currency	-	-
5. Issued by the State Budget, of which:	1 281 387	1 032 346
- denominated in foreign currency	-	-
6. Issued by local authorities, of which:	2 116	5 434
- denominated in foreign currency	-	-
7. Repurchased own securities	-	-
Total debt securities	2 136 434	2 161 297

	31.12.2001	31.12.2000
DEBT SECURITIES by category		
1. Issued by State Budget, of which:	1 281 387	1 032 346
a) bonds	296 596	788 274
b) treasury bills	984 791	244 072
c) other	-	-
2. Issued by parent entity, of which:	-	-
a) bonds	-	-
b) other	-	-
3. Issued by subsidiary undertakings, of which:	-	-
a) bonds	-	-
b) other	-	-
4. Issued by associated undertakings, of which:	-	-
a) bonds	-	-
b) other	-	-
5. Issued by other entities, of which:	855 047	1 128 951
a) bonds	854 072	753 884
b) other.by type:	975	375 067
- NBP bills	-	365 731
- commercial papers	975	9 336
Total debt securities	2 136 434	2 161 297

	31.12.2001	31.12.2000
DEBT SECURITIES		
a) operational portfolio - of the brokerage house	-	-
b) trading portfolio	591 360	106 834
c) investment portfolio	1 545 074	2 054 463
Total debt securities	2 136 434	2 161 297



	31.12.2001	31.12.2000
MOVEMENTS IN DEBT SECURITIES		
a) opening balance	2 161 297	2 241 309
b) increases (in respect of)	32 014 724	22 443 569
- purchase of debt securities	31 099 288	21 410 777
- in-kind contribution of debt securities	610 037	-
- purchase of debt securities - conversion of receivables from State Budget	-	578 459
- increase in value	285 986	419 521
- release of provisions	19 413	34 812
c) decrease (in respect of)	32 039 587	22 523 581
- sale of debt securities	31 901 252	22 276 354
- decrease of value	137 754	206 861
- charges to provisions	581	40 366
d) closing balance	2 136 434	2 161 297

Legally binding charges to debt securities:

- as at 31 December 2001, treasury bills of PLN 80.60 million were held towards the Bank Guarantee Fund
- as at 31 December 2000, treasury bills of PLN 46.58 million were held towards the Bank Guarantee Fund

Note 6

	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS EXCLUDED FROM CONSOLIDATION		
a) in banks	-	-
b) in other financial institutions	-	20 813
c) in other non-financial institutions	55 075	55 075
Total investment in subsidiary and associated undertakings excluded from consolidation	55 075	75 888

	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS EXCLUDED FROM CONSOLIDATION		
a) subsidiary undertakings	-	-
b) associated undertakings	55 075	75 888
Total investment in subsidiary and associated undertakings excluded from consolidation	55 075	75 888

	31.12.2001	31.12.2000
MOVEMENTS IN INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS EXCLUDED FROM CONSOLIDATION		
Opening balance	75 888	75 261
a) increases (in respect of)	3 695	8 747
- purchases	-	5 000
- release of provisions	1 475	3 747
- increase in provisions in respect of reclassification of investments in associated undertakings	2 220	-
b) decreases (in respect of)	24 508	8 120
- sale	17 108	5 400
- reclassification of shares in associated undertakings	7 400	-
- charges to provisions	-	2 720
Total investment in subsidiary and associated undertakings excluded from consolidation	55 075	75 888



	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS EXCLUDED FROM CONSOLIDATION		
a) operational portfolio - of the brokerage house	-	-
b) trading portfolio	-	-
c) investment portfolio	55 075	75 888
Total investment in subsidiary and associated undertakings excluded from consolidation	55 075	75 888

Note 7

	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS CONSOLIDATED ON EQUITY BASIS		
a) in banks	-	-
b) in other financial institutions	27 316	17 595
c) in other non-financial institutions	-	-
Total investments in subsidiary and associated undertakings consolidated on equity basis	27 316	17 595

	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS CONSOLIDATED ON EQUITY BASIS		
a) subsidiary undertakings	-	-
b) associated undertakings	27 316	17 595
Total investments in subsidiary and associated undertakings consolidated on equity basis	27 316	17 595

	31.12.2001	31.12.2000
MOVEMENTS IN INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS CONSOLIDATED ON EQUITY BASIS		
Opening balance	17 595	30 000
a) increases (in respect of)	9 721	10 000
- purchase of shares in subsidiary and associated undertakings	-	10 000
- adjustments on valuation of equity in entities consolidated accordingly to equity method	9 721	-
b) decreases (in respect of)	0	22 405
- adjustments on valuation of equity in entities consolidated accordingly to equity method	-	22 405
Total investments in subsidiary and associated undertakings consolidated on equity basis	27 316	17 595

	31.12.2001	31.12.2000
INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS CONSOLIDATED ON EQUITY BASIS		
a) operational portfolio of brokerage house	-	-
b) trading portfolio	-	-
c) investment portfolio	27 316	17 595
Total investments in subsidiary and associated undertakings consolidated on equity basis	27 316	17 595



Note 8

INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (INVESTMENT PORTFOLIO)

a	b	c	d	e	f	g	h	i	j	k	l
name of entity (with legal form indicated)	location	Principal activity	Capital relationship	Method of consolidation	Date of acquisition	Value at cost of the shares	Adjustments	Book value of shares	Holding of share capital %	Voicing power at the General Meeting	Others Base of predomination [other than j) or k)]
1	Śląski Bank Hipoteczny S.A.	banking services	subsidiary	consolidation	12.2000	50 000		50 000	100	100%	
2	ING Securities S.A.	brokering activity	subsidiary	consolidation	12.1996 07.1997	26 000		26 000	100	100%	
3	ING BSK Leasing S.A.	leasing, factoring	subsidiary	consolidation	04.1996 12.1998 12.2000	15 000	15 000	0	100	100%	
4	Powszechnie Towarzystwo Emerytalne ING Nationale Nederlanden S.A.	establishing and management of pension funds	associated entity	consolidation on equity basis	08.1998 03.1999 05.2000	40 000		40 000	20	20%	
5	Centrum Banku Śląskiego Sp.z o.o.	construction services	associated entity	-	12.1997 06.1998 05.1999	55 075		55 075	60	50%	

INVESTMENTS IN SUBSIDIARY AND ASSOCIATED UNDERTAKINGS (INVESTMENT PORTFOLIO)

a	m	n	o	p	r	s	t	
name of entity	Equity capital	bank liabilities, of which	bank due from of which:	-long-term liabilities due from	Total asset	Income from banking activity	Share value not paid by the bank	Received or accrued dividends for the last year
1	Śląski Bank Hipoteczny S.A.	643	50 404	642	53 586	7 754		
2	ING Securities S.A.	89 161	141 363	-	163 576	29 057		7 746
3	ING BSK Leasing S.A.	310 613	137 103	86 288	421 725	155 135		
4	Powszechnie Towarzystwo Emerytalne ING Nationale Nederlanden S.A.	4 462	3 508	-	152 063	129 150		
5	Centrum Banku Śląskiego Sp. z o.o.	286 285	115	-	397 097	26 003		

other own capital, of which:

share capital	unpaid contribution to share capital (negative value)	equity reserves	undistribution profit (not covered loss) of prior years	net profit (loss)
50 000	-	-	969	
26 000	-	1 468	3 190	
15 000	-14 807	-	1 040	
33 000	-112 025	167 000	48 605	
91 791	-697	88	-14 632	

Note 9

	31.12.2001	31.12.2000
MINORITY INVESTMENTS		
a) in banks	143	156
b) in other financial institutions	464	1 786
c) in other non-financial institutions	18 620	13 677
Total minority investments	19 227	15 619

	31.12.2001	31.12.2000
MOVEMENTS IN MINORITY INVESTMENTS		
Opening balance	15 619	27 201
a) increases (in respect of)	40 977	36 131
- purchases	20 954	33 001
- repossession of minority investments for bad debts	7 347	-
- reclassification of shares in minority investments	5 180	-
- minority investments taken over from WBR - gross value	4 803	-
- capital injections - received dividends	-	4
- increase in value	552	2 295
- release of provisions	2 141	831
b) decreases (in respect of)	37 369	47 713
- sale	16 929	41 266
- decrease of value	546	2 046
- charges to provisions	15 091	4 401
- minority investments taken over from WBR - provision	4 803	-
Closing balance of minority investments	19 227	15 619

	31.12.2001	31.12.2000
MINORITY INVESTMENTS		
a) operational portfolio of brokerage house	293	238
b) trading portfolio	29	718
c) investment portfolio	18 905	14 663
Total minority investments	19 227	15 619





INVESTMENTS IN OTHER UNDERTAKINGS (INVESTMENT PORTFOLIO)

a	b	c	d	e	f	g	h
Name of entity (with legal form indicated)	Location	Principal activity	Book value of investment	Holding of share capital %	Voting power at the General Meeting %	Value of shares not paid by the Bank	Dividends received or receivable for the prior year
1 Polski Koncern Naftowy ORLEN S.A.	Plock	refinery and petrochemical industry	4 037	0.05	0.05		10.9
2 STALEXPORT S.A.	Katowice	investment, production and commercial activity	107	0.31	0.31		
3 Swarzędzkie Fabryki Mebli SWARZĘDZ S.A.	Swarzędz	production and sale of furniture	618	2.77	2.77		
4 Huta FERRUM S.A.	Katowice	manufacture and sale of steel products	4 399	28.50	28.50		
5 Górnośląskie Towarzystwo Lotnicze S.A.	Katowice	air transportation	3 596	8.69	8.69		
6 Fabryka Dywanów KOWARY S.A.	Kowary	production of carpets	2 331	23.40	23.40		
7 Gielda Papierów Wartościowych S.A.	Warszawa	stock exchange	38	0.05	0.05		
8 Centralna Tabela Ofert S.A.	Warszawa	running of the Central Table of Offers	28	0.65	0.05		
9 Krajowa Izba Rozliczeniowa S.A.	Warszawa	services for inter-bank settlements	313	5.74	5.74		187.5
10 Biuro Informacji Kredytowej S.A.	Warszawa	market research on banking loan services	1 400	9.00	9.00		
11 Centrum Zaufania i Certyfikacji CENTRAST SA	Warszawa	services for Electronic Data Processing of credit cards	1 050	5.00	5.00		
12 Międzynarodowa Szkoła Bankowości i Finansów Sp. z o.o.	Katowice	banking education	40	13.91	13.91		
13 Środkowoeuropejskie Centrum Ratingu i Analiz S.A.	Warszawa	analysis of financial market	10	2.52	2.52		
14 Society For Worldwide Interbank Financial Telecommunication S.C.	Belgia	telecommunication services	90	-	-		
15 Stocznia GDYNIA S.A.	Gdynia	designing, building and repairing of ships	240	0.36	0.36		
16 Legnicka Strefa Ekonomiczna S.A.	Legnica	management of economical special zone	100	0.32	0.32		
17 Huta Lucchini Sp. z o.o.	Warszawa	manufacture and sale of steel products	0	1.63	1.63		
18 Huta BATORY S.A.	Chorzów	manufacture and sale of steel products	0	10.19	10.19		
19 Huta Łaziska S.A.	Łaziska	manufacture and sale of steel products	0	0.78	0.78		
20 Huta Gliwice S.A.	Gliwice	manufacture and sale of steel products	0	0.29	0.29		
21 Huta JEDNOŚĆ Sp. z o.o.	Siemianowice Śląskie	manufacture and sale of steel products	0	6.10	6.10		

22	Zakłady Aparatury Chemicznej METALCHEM S.A.	Opole	production and sale of equipment and research activity	0	10.20	10.20
23	Zakłady Przemysłu Lniarskiego LEN S.A.	Kamienna Góra	production and sale of linen and cotton yarn and fabrics	0	0.91	0.91
24	Fabryka Obuwia BUTBĘDZIN S.A.	Będzin	production and sale of shoes	0	13.22	13.22
25	Walcownia Rur JEDNOŚĆ Sp. z o.o.	Siemianowice Śląskie	production of steel pipes	0	0.01	0.01
26	Zakopiańska Spółdzielnia Mieszaniowa	Zakopane	housing estate building	1	-	-
27	FINPLUS Sp. z o.o.	Warszawa	financial services	74	50.00	50.00
28	HATROL Sp. z o.o.	Kraków	processing and trading of agriculture products, law services, trading of estate, publishing	0	99.14	99.14
29	ASEKURACJA Sp. z o.o.	Sopot	financial services	0	18.70	18.70
30	Regionalna Agencja Rozwoju S.A.	Kalisz	timing of projects relating to restructuring of consulting services	0	0.34	0.34
31	Zakład Elektroniki S.A.	Tychy	mining electronics services	432	7.69	7.69

In year 2001 there was reclassification of participation in Finplus Sp. z o.o. from investments in associated undertakings to investments in other undertakings because of preparing to sale of it (the sale took place on 3. January 2002).

In connection with realisation of the Resolution 67/KNB/01 of the Banking Supervision Commission concerning the takeover of WBR S.A. by ING Bank Śląski S.A. from the date of 9. November 2001

- Hatrol Sp. z o.o. (holding of initial capital: 99.14%),
- Asekuracja Sp. z o.o. (holding of initial capital: 18.70%),
- Regionalna Agencja Rozwoju S.A. (holding of initial capital: 0.34%).

Considering that the Bank does not control / influence the companies above they are classified to investments in other undertakings.



Note 10

	31.12.2001	31.12.2000
OTHER SECURITIES AND PROPERTY RIGHTS (by type)		
a) units in mutual funds	16 028	355 549
b) right to purchase	-	-
c) derivative rights	-	-
d) other	-	-
Total other securities and property rights	16 028	355 549

	31.12.2001	31.12.2000
OTHER SECURITIES AND PROPERTY RIGHTS	31 Dec 2001	31 Dec 2000
a) operational portfolio of brokerage house	-	-
b) trading portfolio	-	-
c) investment portfolio	16 028	355 549
Total other securities and property rights	16 028	355 549

	31.12.2001	31.12.2000
MOVEMENTS IN OTHER SECURITIES AND PROPERTY RIGHTS		
Opening balance	355 549	15 587
a) increases (in respect of)	299 521	417 462
- purchases	299 521	417 021
- release of provisions	-	441
b) decreases (in respect of)	639 042	77 500
- sale	339 521	77 500
- amortisation of trust units	299 521	-
Closing balance of other securities and shares	16 028	355 549

Note 11

	31.12.2001	31.12.2000
SECURITIES, SHARES AND OTHER PROPERTY RIGHTS		
a) operational portfolio of brokerage house	293	238
b) trading portfolio	591 389	107 552
c) investment portfolio	1 662 398	2 518 158
Total securities, shares and other property rights	2 254 080	2 625 948

	31.12.2001	31.12.2000
MOVEMENTS IN SECURITIES, SHARES AND OTHER PROPERTY RIGHTS		
Opening balance	2 625 948	2 389 358
a) increases (in respect of)	32 361 238	22 915 909
- purchase of debt securities	31 099 288	21 410 777
- in-kind contribution of debt securities	610 037	-
- purchase of debt securities - conversion of State Treasury receivables	-	578 459
- purchase of shares and other rights	320 475	465 022
- repossession of minority investments for bad debts	7 347	-
- securities, shares and other property rights taken from WBR	4 803	-
- capital injections - received dividends	-	4
- increase in value	286 538	421 816
- release of provisions	23 029	39 831
- adjustments on valuation of equity in entities consolidated accordingly to equity method	9 721	-
b) decreases (in respect of)	32 733 106	22 679 319
- sale of debt securities	31 901 267	22 276 354
- sale of shares and other rights	373 543	124 166
- amortisation of trust units	299 521	-
- decrease of value	138 300	208 907
- charges to provisions	15 672	47 487
- adjustments on valuation of equity in entities consolidated accordingly to equity method	-	22 405
- other decreases	4 803	-
Closing balance of securities, shares and other property rights	2 254 080	2 625 948



	31.12.2001	31.12.2000
SECURITIES, SHARES AND OTHER PROPERTY RIGHTS (currency structure)		
a) in Polish zloty	2 253 990	2 625 850
b) in foreign currencies (in currency and converted into PLN)	90	98
b1. unit / currency 1000 / EUR	25	25
in thousand zloty	90	98
Total securities, shares and other property rights	2 254 080	2 625 948

	31.12.2001	31.12.2000
DEBT SECURITIES, INVESTMENTS AND TRUST UNITS - TRADING PORTFOLIO		
A. negotiable and quoted on the Stock Exchange (book value)	36 357	24 672
a) shares (book value)	322	941
- estimated market value	324	948
- value at cost	429	1 034
b) bonds (book value)	36 035	23 731
- estimated market value	35 363	23 819
- value at cost	35 847	22 754
c) other (book value)	-	-
B. Negotiable and quoted on the OTC market (book value)	-	-
a) shares (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
b) bonds (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
c) other (book value)	-	-
C. Negotiable and non-quoted on the Stock Exchange or OTC market (book value)	554 350	83 118
a) shares (book value)	-	15
- estimated market value	-	-
- value at cost	-	15
b) bonds (book value)	11 501	-
- estimated market value	11 576	-
- value at cost	11 471	-
c) other (book value)	542 849	83 103
c1) treasury bills	542 849	4 353
- estimated market value	545 024	4 358
- value at cost	542 570	4 335
c2) NBP bonds	-	69 414
- estimated market value	-	69 477
- value at cost	-	68 975
c3) commercial papers	975	9 336
- estimated market value	977	9 336
- value at cost	969	9 300
D. Non-negotiable (book value)	-	-
a) shares (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
b) bonds (book value)	-	-
- estimated market value	-	-
- value at cost	-	-
c) other	-	-
Total value at cost	591 286	106 413
Total adjustments	396	1 377
Total market value / estimated market value	592 287	107 938
Total book value	591 682	107 790



	31.12.2001	31.12.2000
SECURITIES, INVESTMENTS AND TRUST UNITS - INVESTMENT PORTFOLIO		
A. Negotiable and quoted on the Stock Exchange (book value)	270 153	770 965
a) shares (book value)	9 592	6 422
- value adjustments (balance)	-6 326	-2 149
- value at cost	15 918	8 571
b) bonds (book value)	260 561	764 543
- value adjustments (balance)	34 513	44 375
- value at cost	226 048	720 168
c) other	-	-
B. Negotiable and quoted on the OTC market (book value)	66	-
a) shares (book value)	66	-
- value adjustments (balance)	-	-
- value at cost	66	-
b) bonds (book value)	-	-
- value adjustments (balance)	-	-
- value at cost	-	-
c) other	-	-
C. Negotiable and non-quoted on Stock Exchange or OTC market (book value)	551 724	1 004 020
a) shares (book value)	91 638	101 724
- value adjustments (balance)	-40 711	-38 332
- value at cost	132 349	140 056
b) bonds (book value)	2 116	10 711
- value adjustments (balance)	176	771
- value at cost	1 940	9 940
c) other (book value)	457 970	891 585
c1) treasury bills	441 942	239 719
- value adjustments (balance)	33 223	15 452
- value at cost	408 719	224 267
c2) NBP bonds	-	296 317
- value adjustments (balance)	-	706
- value at cost	-	295 611
c3) trust units	16 028	355 549
- value adjustments (balance)	-	-
- value at cost	16 028	355 549
D. Non-negotiable (book value)	840 455	743 173
a) shares (book value)	-	-
- value adjustments (balance)	-	-
- value at cost	-	-
b) bonds (book value):	840 455	743 173
- value adjustments (balance)	9 451	12 840
- value at cost	831 004	730 333
c) other	-	-
Total value at cost	1 632 072	2 484 495
Total value adjustments	30 326	33 663
Total book value	1 662 398	2 518 158

Note 12

	31.12.2001	31.12.2000
INTANGIBLE FIXED ASSETS		
a) accrued cost of formation and further expansion of public limited company	72	1 316
b) research and development costs	-	-
c) goodwill	288 375	-
d) purchased patents, licences, of which:	17 434	14 975
- purchased computer software	16 280	14 494
e) long term lease of land	27 459	27 510
f) other intangible fixed assets	4 852	3 210
g) prepayments for intangible fixed assets	66	-
Total intangible fixed assets	338 258	47 011

MOVEMENTS IN INTANGIBLE FIXED ASSETS (in assets categories)

	a	b	c	d	e	f	g	TOTAL
	accrued cost of formation and further expansion of public limited company	research and development costs	goodwill	purchased licences, patents, etc. of which, purchased software	long term lease of land	other intangible fixed assets	advances for intangible fixed assets	
a) opening balance at cost	1 397	-	23 380	47 821	27 510	5 612	-	105 720
b) increases (in respect of)	56	-	293 214	10 681	48	2 886	66	306 951
- purchase	56	-	797	4 673	-	516	-	6 042
- transfer from assets under construction	-	-	-	3 252	-	478	-	3 730
- in-kind contribution of bank enterprise	-	-	-	776	-	-	-	776
- ING Bank N.V. Warsaw Branch	-	-	-	764	48	-	-	812
- takeover WBR	-	-	-	-	-	-	-	-
- goodwill from takeover of the bank enterprise	-	-	285 119	-	-	-	-	285 119
- ING Bank N.V. Warsaw Branch	-	-	7 298	-	-	-	-	7 298
- goodwill from takeover of WBR	-	-	-	-	-	-	-	-
- other	-	-	-	1 216	-	1 892	66	3 174
c) decreases (in respect of)	1 263	-	1	165	99	526	-	2 054
- sale and liquidation	-	-	-	165	99	526	-	790
- other	1 263	-	1	-	-	-	-	1 264
d) closing balance at cost	190	-	316 593	58 337	27 459	7 972	66	410 617
e) accumulated depreciation at the beginning of period	81	-	23 380	32 846	-	2 402	-	58 709
f) depreciation for the period (in respect of)	37	-	4 838	8 057	-	718	-	13 650
- depreciation charges	38	-	4 839	7 611	-	715	-	13 203
- sale and liquidation	-	-	-	-	-	-264	-	-264
- amortisation of intangible fixed assets contribution in kind - ING Bank N.V. Warsaw Branch	-	-	-	-	-	200	-	200
- amortisation of intangible fixed assets taken over from WBR	-	-	-	604	-	145	-	749
- other	-1	-	-1	-158	-	-78	-	-238
g) accumulated depreciation at the end of period	118	-	28 218	40 903	-	3,120	-	72 359
h) unscheduled depreciation charges	-	-	-	-	-	-	-	-
i) net book value at the end of period	72	-	288 375	17 434	27 459	4 852	66	338 258



Note 13

	31.12.2001	31.12.2000
GOODWILL FROM CONSOLIDATION		
a) goodwill from consolidation - subsidiary undertakings	-	-
b) goodwill from consolidation - associated undertakings	-	-
Total goodwill from consolidation	-	-

MOVEMENTS IN GOODWILL FROM CONSOLIDATION - SUBSIDIARY UNDERTAKINGS

1) Opening balance in gross value	-	-
a) increase	-	-
b) decrease	-	-
2) Closing balance at gross value	-	-
a) charges to goodwill at the beginning of period	-	-
b) charges to goodwill at the period	-	-
c) charges to goodwill at the end of period	-	-
3) Closing balance (net value)	-	-

31.12.2001 31.12.2000

**MOVEMENTS IN GOODWILL FROM CONSOLIDATION
- ASSOCIATED UNDERTAKINGS**

1) Opening balance in gross value	-	-
a) increase	-	-
b) decrease	-	-
2) Closing balance at gross value	-	-
a) charges to goodwill at the beginning of period	-	-
b) charges to goodwill at the period	-	-
c) charges to goodwill at the end of period	-	-
3) Closing balance (net value)	-	-

Note 14

	31.12.2001	31.12.2000
TANGIBLE FIXED ASSETS		
a) tangible fixed assets, of which:	807 067	852 898
- land and buildings used for the Bank's operational activities	371 338	371 533
- other land and buildings	92 487	89 190
- equipment	180 770	199 463
- means of transport	85 666	104 061
- other fixed assets	76 806	88 651
b) assets under construction	20 321	51 865
c) prepayments	234	6 411
Total tangible fixed assets	827 622	911 174





MOVEMENTS IN TANGIBLE FIXED ASSETS

	Land and buildings used for the Bank's operational activities	Other land and buildings	Equipment and other fixed assets	Means of transport	Assets under construction and prepayments
a) opening balance at cost	444 746	90 223	708 886	145 658	58 276
b) increase (in respect of)	37 841	12 053	87 401	17 026	78 775
- purchase	778	-	35 139	5 933	70 632
- transfer from assets under construction	34 827	11 138	43 848	9 174	-
- in-kind contribution of bank enterprise					
- ING Bank N.V. Warsaw Branch	52	-	5 554	1 743	-
- takeover of WBR	2 178	-	1 270	159	-
- other	6	915	1 590	17	8 143
c) decrease (in respect of)	15 390	1 374	98 181	17 489	116 496
- sale	13 301	-	67 806	17 151	12
- liquidation	2 089	-	24 041	338	-
- donations	-	-	5 993	-	-
- transfer from assets under construction	-	-	-	-	102 717
- other	-	1 374	341	-	13 767
d) closing balance at cost	467 197	100 902	698 106	145 195	20 555
e) accumulated depreciation at the beginning of period	73 213	1 033	420 772	41 597	-
f) depreciation for the period (in respect of)	22 646	7 382	19 758	17 932	-
- charge for the period	24 150	7 381	98 048	28 482	-
- sale and liquidation	-2 800	-	-75 675	-10 598	-
- amortisation of fixed assets contributed in kind					
- ING Bank N.V. Warsaw Branch	48	-	3 854	1 652	-
- amortisation of fixed assets taken over from WBR	1 510	-	1 041	52	-
- donations	-	-	-5 676	-	-
- other	-262	1	-1 834	-1 656	-
g) accumulated depreciation at the end of period	95 859	8 415	440 530	59 529	-
h) unscheduled depreciation charges	-	-	-	-	-
i) net closing balance	371 338	92 487	257 576	85 666	20 555
				31.12.2001	31.12.2000
ON-BALANCE SHEET FIXED ASSETS (OWNERSHIP STRUCTURE)					
a. owned				827 622	911 160
b. used under rental, lease or other agreement of a similar nature				-	-
Total balance sheet fixed assets				827 622	911 160
				31.12.2001	31.12.2000
OFF-BALANCE SHEET FIXED ASSETS					
Used under rental, lease or other agreement of similar nature, of which:				43 725	5 975
- long term leases of land				3 821	3 740
- fixed assets use on the ground of lease agreement				37 362	175
- means of transport				244	574
- equipment				126	126
Total off - balance sheet fixed assets				43 725	5 975

Note 15
ISSUER OWN SHARES

a	b	c	d	e
Number of shares	Value at cost	Book value	Purpose of acquisition	Destination

ISSUER SHARES OWNED BY SUBSIDIARY UNDERTAKINGS

a	b	c	d
Name of undertaking	Number of shares	Value at cost	Book value

Note 16

	31.12.2001	31.12.2000
OTHER ASSETS		
1. Repossessed assets	1 715	464
2. Other, of which:	901 010	279 834
- sundry debtors, of which:	69 256	32 696
- loans granted from the Social Fund	20 042	9 495
- interbank settlements	2 073	1 577
- interbranch settlements	870	-
- public settlements	74 458	31 994
- revaluation of financial instruments (marking to market)	530 473	163 377
- settlements with brokerage houses	223 674	49 620
- other	206	570
Total other assets (gross)	902 725	280 298
Provision for other assets	-18 445	-15 480
Total other assets (net)	884 280	264 818

	31.12.2001	31.12.2000
REPOSSESSED ASSETS		
1. Capital expenditures	-	37
2. Real estate	384	75
3. Inventories	176	190
4. Other	1 155	162
Total repossessed assets	1 715	464

	31.12.2001	31.12.2000
MOVEMENTS IN REPOSSESSED ASSETS		
Opening balance	464	236
a) increases (in respect of)	1 497	228
- repossession for bad debts	1 497	228
b) decreases (in respect of)	246	-
- sale	246	-
Closing balance	1 715	464

Note 17
CHANGE IN INTERPERIOD SETTLEMENTS IN RESPECT OF DEFERRED CORPORATE INCOME TAX

Opening balance	125 672	-
- change in opening balance due to changes in accounting principles	25 952	5 331
- deferred tax resulting from the of cost of issuing new shares decreasing the reserve capital	157	-
a) increases (in respect of)	26 225	120 341
- tax loss to settle in next years	2 442	-
- interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch	23 783	-
- increases according to Note 46	-	120 341
b) decreases (in respect of)	24 460	-
- decreases according to Note 46	24 347	-
- transfer	113	-
Closing balance	153 546	125 672

	31.12.2001	31.12.2000
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INTERPERIOD SETTLEMENTS

a) prepayments, of which:	44 411	13 136
- general expenses	1 238	1 555
- insurance expenses	1 649	1 527
- stock of materials	1 857	3 569
- renovation costs	366	403
- cost of lease agreement paid in advance	8 662	-
- cost to settle	1 904	-
- receivables from mutual funds	277	-
- other	28 458	6 082
b) other interperiod settlements, of which:	17 102	7 963
- income receivable	14 996	7 581
- other	2 106	382
Total interperiod settlements	61 513	21 099

SUBORDINATED LOANS

	1	2	3	4
Name of entity		Value of loan extended currency of loan PLN thousand	Interest terms	Date of maturity
Kredyt Bank SA		PLN 60 000	variable % quarterly base calculation	30.06.2004

Note 18

	31.12.2001	31.12.2000
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DUE TO OTHER FINANCIAL INSTITUTIONS (by type)

1. Current accounts and deposits	3 081 778	2 097 164
2. Loans and borrowings	848 677	1 023 937
3. Other, of which:	253 244	78 594
- liabilities in course of settlement	240 547	62 954
- stock exchange transactions	12 408	14 991
- due to affiliates and other brokerage houses	289	649
4. Accrued interest	31 558	23 548
Total due to other financial institutions	4 215 257	3 223 243



	31.12.2001	31.12.2000
DUE TO OTHER FINANCIAL INSTITUTIONS (by term to maturity)		
1. Current accounts	331 789	100 646
2. Term, with maturity from the balance sheet date:	3 851 910	3 099 049
a) up to 1 month	2 070 142	1 771 150
b) 1 month - 3 months	206 299	143 697
c) 3 months - 1 year	1 312 753	152 689
d) 1 year - 5 years	158 232	951 152
e) over 5 years	1 798	7 817
f) matured before balance sheet date	-	-
g) blocked	102 686	72 544
3. Accrued interest	31 558	23 548
Total due to other financial institutions	4 215 257	3 223 243

	31.12.2001	31.12.2000
DUE TO OTHER FINANCIAL INSTITUTIONS (by contractual maturity)		
1. Current accounts	331 789	100 646
2. Term, with duration:	3 851 910	3 099 049
a) up to 1 month	1 672 284	1 293 984
b) 1 month - 3 months	339 581	501 222
c) 3 months - 1 year	297 511	186 046
d) 1 year - 5 years	1 434 329	994 429
e) over 5 years	5 519	50 824
f) blocked	102 686	72 544
3. Accrued interest	31 558	23 548
Total due to other financial institutions	4 215 257	3 223 243

	31.12.2001	31.12.2000
DUE TO OTHER FINANCIAL INSTITUTIONS (currency structure)		
a) in Polish zloty	2 558 622	1 910 598
b) in foreign currencies (in currency and converted into PLN)	1 656 635	1 312 645
b1. unit/currency EUR '000	279 811	322 822
in thousand zloty	985 466	1 244 285
b2. unit/currency USD '000	111 855	11 245
in thousand zloty	445 888	46 589
b3. other	225 281	21 771
Total due to other financial institutions	4 215 257	3 223 243

	31.12.2001	31.12.2000
DUE TO OTHER FINANCIAL INSTITUTIONS		
a) due from entities consolidated on equity basis	24	33
b) due from other	4 215 233	3 223 210
Total due to other financial institutions	4 215 257	3 223 243

Due to other financial institutions include due to subsidiary and associated undertakings excluded from consolidation.

Note 18 "Due to other financial institutions" includes deposits amounting to PLN 102 287 thousand, representing collateral for the loans granted by ING Bank Śląski S.A to a subsidiary undertaking of the bank, which gave the deposits.

Note 19

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET (by type)		
1. Current accounts and deposits	17 561 184	13 370 088
2. Other liabilities (in respect of)	156 823	86 946
- liabilities in course of settlement	156 823	86 946
3. Accrued interest	134 895	207 632
Total due to customers and State Budget	17 852 902	13 664 666



	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - SAVINGS ACCOUNTS		
(by term to maturity)		
1. Current accounts	1 814 950	1 647 830
2. Term, with maturity from balance sheet date:	8 916 004	7 313 137
a) up to 1 month	3 369 867	2 793 573
b) 1 month - 3 months	1 973 527	2 460 808
c) 3 months - 1 year	2 259 418	1 563 549
d) 1 year - 5 years	965 506	302 872
e) over 5 years	184 399	85
f) matured before balance sheet date	-	-
g) blocked	163 287	192 250
3. Accrued interest	115 208	181 821
Total due to customers and State Budget - savings accounts	10 846 162	9 142 788

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - SAVINGS ACCOUNTS		
(by contractual maturity)		
1. Current accounts	1 814 950	1 647 830
2. Term, with duration:	8 916 004	7 313 137
a) up to 1 month	691 517	805 564
b) 1 month - 3 months	2 397 726	3 246 999
c) 3 months - 1 year	2 997 376	2 590 743
d) 1 year - 5 years	2 481 699	477 581
e) over 5 years	184 399	-
f) blocked	163 287	192 250
3. Accrued interest	115 208	181 821
Total due to customers and State Budget - savings accounts	10 846 162	9 142 788

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - OTHER (by term to maturity)		
1. Current accounts	2 800 040	1 940 417
2. Term, with maturity from balance sheet date:	4 187 013	2 555 650
a) up to 1 month	3 411 154	1 982 658
b) 1 month - 3 months	417 532	249 520
c) 3 months - 1 year	80 626	70 824
d) 1 year - 5 years	174 115	176 975
e) over 5 years	-	845
f) matured before balance sheet date	-	-
g) blocked	103 586	74 828
3. Accrued interest	19 687	25 811
Total due to customers and State Budget - other	7 006 740	4 521 878

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET - OTHER (by contractual maturity)		
1. Current accounts	2 800 040	1 940 417
2. Term, with duration:	4 187 013	2 555 650
a) up to 1 month	2 816 561	1 527 331
b) 1 month - 3 months	800 567	494 758
c) 3 months - 1 year	241 905	285 712
d) 1 year - 5 years	224 394	173 021
e) over 5 years	-	-
f) blocked	103 586	74 828
3. Accrued interest	19 687	25 811
Total due to customers and State Budget - other	7 006 740	4 521 878



	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET (currency structure)		
a) in PLN	15 023 152	12 195 416
b) in foreign currencies (in currency and converted into PLN)	2 829 750	1 469 250
b1. unit / currency 1000 / USD	370 267	210 442
in PLN thousand	1 475 996	871 903
b2. unit / currency 1000 / EUR	182 393	153 991
in PLN thousand	642 374	593 543
b3. other (in PLN thousand)	711 380	3 804
Total due to customers and State Budget	17 852 902	13 664 666

	31.12.2001	31.12.2000
DUE TO CUSTOMERS AND STATE BUDGET		
a) due from entities consolidated on equity basis	-	-
b) due from other	17 852 902	13 664 666
Total due to customer and State budget	17 852 902	13 664 666

Due to customers and State Budget include due to subsidiary and associated undertakings excluded from consolidation.

Note 20

	31.12.2001	31.12.2000
LIABILITIES IN RESPECT OF SECURITIES SUBJECT TO SALE AND REPURCHASE AGREEMENTS		
a) financial institutions	-	-
b) customers and State Budget	-	-
c) interest	-	-
Liabilities in respect of securities subject to sale and repurchase agreements	-	-

Note 21

	31.12.2001	31.12.2000
SECURITIES ISSUED		
1. bonds	-	-
2. certificates deposit	-	-
3. other	-	-
4. accrued interest	-	-
Total securities issued	-	-

	31.12.2001	31.12.2000
MOVEMENTS IN SECURITIES ISSUED		
Opening balance	-	-
a) increases	-	-
b) decreases	-	-
Closing balance	-	-



Note 22

	31.12.2001	31.12.2000
FUNDS FOR STAFF BENEFITS AND OTHER LIABILITIES		
1. Funds for staff benefits, of which:	24 202	20 240
- Social Fund	24 177	20 215
- bonus fund	25	25
2. Other liabilities, of which:	902 015	246 655
- interbank settlements	347 530	146 223
- interbranch settlements	8 060	-
- public settlements	22 601	40 493
- sundry creditors	152 071	52 705
- settlements of revaluation of financial instruments	128 506	-
- liabilities on prepayments for purchase of investments participation units	284	40
- other, of which:	242 963	7 194
- commitments in respect of money collaterals	242 136	6 164
- settlement of securities	19	52
Total funds for staff benefits and other liabilities	926 217	266 895

Note 23

	31.12.2001	31.12.2000
ACCRUALS AND DEFERRED INCOME		
a) interperiod settlements, of which:	55 820	35 850
- general expenses	45 151	30 917
- commission payable	196	2 426
- other	10 473	2 507
b) deferred income, of which:	89 857	110 367
- unrealised foreign exchange differences	16 044	9 388
- surplus of goodwill to the subsidiary contribution in kind (Centrum Banku Śląskiego Sp. z o.o.)	12 247	12 247
- income received in advance:	14 949	14 004
- on factoring	1 928	6 435
- on discount of bills of exchange	1 669	4 464
- on lombard loans	11	18
- on instalment loans given	2 141	-
- from operational leasing	9 200	9 522
- from financial leasing	43 690	73 609
- other	2 927	1 119
c) deferred income on irregular receivables, of which:	349 389	195 701
- deferred interest income	346 959	193 458
- capitalised interest based on agreements	1 258	1 527
- commission accrued	-	281
- other	1 172	435
Total accruals and deferred income	495 066	341 918

Note 24

	31.12.2001	31.12.2000
MOVEMENTS IN PROVISIONS FOR DEFERRED INCOME TAX		
Opening balance	321	62 927
a) increases (in respect of)	260	52
- charges to provision (Note 46)	260	52
b) decreases (in respect of)	124	62 658
- release of provision (Note 46)	11	62 658
- transfer	113	-
Closing balance	457	321
<hr/>		
OTHER PROVISIONS by type		
- provision for off-balance sheet commitments	37 390	14 625
- provision for general risk	93 444	135 800
- provisions for loan receivables	12 156	-
- provision for claims of customers	1 457	1 457
- provision for leasing receivables risk	8 839	13 482
Total other provisions	153 286	165 364



	31.12.2001	31.12.2000
MOVEMENTS IN OTHER PROVISIONS		
Opening balance	165 364	78 028
a) increase (in respect of)	181 616	132 149
- charges to other provisions	108 864	131 376
- provisions taken over from ING Bank N.V. Warsaw Branch	70 106	-
- provisions taken over from WBR	2 429	-
- provision transfer	217	773
b) write-offs (in respect of)	285	-
- use of provision for general risk taken over from WBR	285	-
c) release (in respect of)	193 409	44 813
- release of provisions	193 409	44 813
Closing balance	153 286	165 364

Note 25

	31.12.2001	31.12.2000
MOVEMENTS IN SUBORDINATED LOANS		
Opening balance	-	-
a) increases	-	-
b) decreases	-	-
Closing balance	-	-

Note 26

	31.12.2001	31.12.2000
MOVEMENTS IN MINORITY EQUITY		
Opening balance	-	-
a) increase	-	-
b) decrease	-	-
Closing balance	-	-

Note 27

	31.12.2001	31.12.2000
EQUITY RESERVE FROM CONSOLIDATION		
a) Equity reserve from consolidation - subsidiary undertakings	-	-
b) Equity reserve from consolidation - associated undertakings	-	-
Total equity reserve from consolidation	-	-

	31.12.2001	31.12.2000
MOVEMENTS IN EQUITY PROVISION FROM CONSOLIDATION - SUBSIDIARY UNDERTAKINGS		
1) opening balance in gross value	-	-
a) increase	-	-
b) decrease	-	-
2) closing balance at gross value	-	-
a) charges to equity provision at the beginning of period	-	-
b) charges to equity provision for the period	-	-
c) charges to equity provision at the end of period	-	-
3) closing balance in net value	-	-

	31.12.2001	31.12.2000
MOVEMENTS IN EQUITY PROVISION FROM CONSOLIDATION - ASSOCIATED UNDERTAKINGS		
a) increase	-	-
b) decrease	-	-
2) closing balance at gross value	-	-
a) charges to equity provision at the beginning of period	-	-
b) charges to equity provision for the period	-	-
c) charges to equity provision at the end of period	-	-
3) closing balance in net value	-	-

**Note 28****SHARE CAPITAL**

Series/ issue	Type of shares	Type of preference	Number of shares	Value of series/issue	Method of capital injection	Date of registration	Eligibility of dividend
seria A	bearer shares	ordinary shares	9 260 000	92 600 000		18.10.1991	18.10.1991
seria B	bearer shares	ordinary shares	3 750 000	37 500 000	contribution in kind	17.09.2001	17.09.2001
Total number of shares			13 010 000				
Total share capital				130 100 000			

On 17. September 2001 the District Court in Katowice Economic Section of the National Court Register registered increase of PLN 37 500 000 in initial capital of ING Bank Śląski S.A. After that, the initial capital of ING Bank Śląski S.A. amounts to PLN 130 100 000 and it is divided to 13 010 000 ordinary bearer shares of nominal value of PLN 10,00. On 1. October 2001 ING Bank N.V. seated in Amsterdam contributed in kind the ING Bank N.V. Warsaw Branch in exchange of shares taken-up in an increased initial capital. The issue price of shares taken-up amounted to PLN 265.00.

LIST OF SHAREHOLDERS

Shareholder's name	Number of shares	Holding of share	Number of shares	Holding of share
	31.12.2001	capital	31.12.2000	capital
State Treasury	-	-	463 000	5.00%
ING Bank N.V.	11 418 641	87.77%	5 091 112	54.98%
Franklin Resources, Inc	-	-	473 515	5.11%
Emerging Markets Growth Fund. Inc.	-	-	463 911	5.01%
Other shareholders	1 591 359	12.23%	2 768 462	29.90%
TOTAL	13 010 000	100.00%	9 260 000	100.00%

Note 29

	31.12.2001	31.12.2000
EQUITY RESERVES		
a) surplus capital	955 746	-
b) mandatory reserve	43 824	36 752
c) statutory	-	-
d) contribution of shareholders	-	-
e) other	-	-
Total equity reserves	999 570	36 752

Note 30

	31.12.2001	31.12.2000
OTHER RESERVES		
- General risk fund	212 000	162 000
- Other, of which:	1 246 016	1 204 898
- equity reserves	1 246 016	1 204 898
Total other reserves	1 458 016	1 366 898

Note 31

	31.12.2001	31.12.2000
UNDISTRIBUTED PROFIT (NOT COVERED LOSS) OF PRIOR YEAR		
a) undistributed profit (positive)	-	-
b) not covered loss (negative)	-116 816	-38 354
Undistributed profit or not covered loss of prior year	-116 816	-38 354

Note 32

	31.12.2001	31.12.2000
SOLVENCY RATIO OF PARENT ENTITY		
1. Own equity		
a) Share capital	130 100	92 600
b) Equity reserves	998 102	35 985
c) General Risk Fund	212 000	162 000
d) Revaluation reserve	33 810	40 181
e) Other reserves	1 240 433	1 199 315
f) Decreases of equity in respect of investments in financial institutions	-76 074	-70 813
g) Decreases of equity in respect of intangible fixed assets	-30 657	-
h) Undistributed profit or not covered loss of prior year	-103 806	-13 390
Total	2 403 908	1 445 878



2. Risk weighted assets		
- risk weighted assets with risk rate 20%	1 261 047	626 653
- risk weighted assets with risk rate 50%	597 436	283 052
- risk weighted assets with risk rate 100%	13 442 478	11 881 732
3. Risk weighted contingent liabilities granted:		
- risk weighted contingent liabilities granted with risk rate 0.2%	3 870	-
- risk weighted contingent liabilities granted with risk rate 0.4%	224 082	10 652
- risk weighted contingent liabilities granted with risk rate 0.5%	525	-
- risk weighted contingent liabilities granted with risk rate 0.8%	73 302	-
- risk weighted contingent liabilities granted with risk rate 1%	475 614	11 377
- risk weighted contingent liabilities granted with risk rate 1.2%	9 312	-
- risk weighted contingent liabilities granted with risk rate 1.6%	15 222	-
- risk weighted contingent liabilities granted with risk rate 2%	523 170	-
- risk weighted contingent liabilities granted with risk rate 2.4%	1 464	-
- risk weighted contingent liabilities granted with risk rate 2.5%	50 704	5 147
- risk weighted contingent liabilities granted with risk rate 2.8%	868	-
- risk weighted contingent liabilities granted with risk rate 3%	7 089	-
- risk weighted contingent liabilities granted with risk rate 4%	24 298	-
- risk weighted contingent liabilities granted with risk rate 5%	93 519	32
- risk weighted contingent liabilities granted with risk rate 5.6%	2 209	-
- risk weighted contingent liabilities granted with risk rate 6%	1 417	-
- risk weighted contingent liabilities granted with risk rate 7%	23 106	-
- risk weighted contingent liabilities granted with risk rate 7.5%	34	-
- risk weighted contingent liabilities granted with risk rate 10%	31 166	10
- risk weighted contingent liabilities granted with risk rate 14%	6 020	-
- risk weighted contingent liabilities granted with risk rate 20%	43 953	27 597
- risk weighted contingent liabilities granted with risk rate 50%	391 877	115 686
- risk weighted contingent liabilities granted with risk rate 100%	1 921 984	549 092
4. Risk weighted assets and contingent liabilities granted	19 225 766	13 511 030
5. Solvency ratio	12.50	10.70

	31.12.2001	31.12.2000
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DATA FOR CALCULATION OF THE BOOK AND DILUTED BOOK VALUE PER SHARE

TIER 1 CAPITAL	2 587 686	1 489 900
1. Share capital	130 100	92 600
2. Equity reserves	999 570	35 985
3. General Risk reserve	212 000	162 000
4. Other reserves	1 246 016	1 199 315
TIER 2 CAPITAL	33 810	40 181
1. Revaluation reserve	33 810	40 181
Undistributed profit or not covered loss of prior year	-116 816	-13 390
Net profit	102 750	138 287
Total	2 607 430	1 654 978
Number of shares	13 010 000	9 260 000
Book value per share in zloty	200.42	178.72
Assumed number of shares	-	-
Diluted book value per share in zloty	-	-

Note 33

	31.12.2001	31.12.2000
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OFF-BALANCE SHEET COMMITMENTS, GUARANTEES AND ASSETS PLEDGED AS COLLATERAL SECURITY

Guarantees and assets pledged in favour of:

a. subsidiary undertakings	10	-
b. associated undertakings	-	377
c. parent undertakings	2 938	-
d. other undertakings	1 298 361	650 924
Total guarantees and assets pledged as collateral	1 301 309	651 301

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Note 34

	31.12.2001	31.12.2000
INTEREST INCOME		
1. Interest income from financial institutions	278 548	194 361
2. Interest income from customers and State Budget	1 833 567	1 656 187
3. Interest income on securities	284 702	418 475
a) fixed income securities	284 702	418 475
b) non-fixed income securities variable-yield	-	-
4. Other	10 578	11 875
Total interest income	2 407 395	2 280 898

Note 35

	31.12.2001	31.12.2000
INTEREST EXPENSE		
1. Interest expense on transactions with financial institutions	406 706	298 101
2. Interest expense on transactions with customers and State Budget	1 514 604	1 269 849
3. Other	-	1 897
Total interest expense	1 921 310	1 569 847

Note 36

	31.12.2001	31.12.2000
FEE AND COMMISSION INCOME		
1. Fee and commission income on banking operations	461 127	405 308
2. Fee and commission income on brokerage activity	18 583	25 916
Total fee and commission income	479 710	431 224

Note 37

	31.12.2001	31.12.2000
INCOME ON SHARES AND OTHER SECURITIES		
1. Income from subsidiary undertakings	-	-
2. Income from associated undertakings	-	1 137
3. Income on investments in other undertakings	-	10
Total income from shares and other securities	-	1 147

Note 38

	31.12.2001	31.12.2000
NET PROFIT ON FINANCIAL OPERATIONS		
1. Profit/loss on financial transactions	51 710	5 417
a) income from securities	66 622	39 447
b) expense relating to transactions in securities	14 912	34 030
2. Profit/loss on other financial operations	7 728	-11 539
Net profit on financial operations	59 438	-6 122

Note 39

	31.12.2001	31.12.2000
OTHER OPERATING INCOME		
a) professional asset management services	15	19
b) in respect of sales, liquidation of fixed assets and assets for sale	30 873	73 107
c) in respect of recovered loss loans	50	134
d) received compensations, penalties, fines	40	737
e) received donations	-	-
f) other (in respect of)	94 691	68 073
- income on sale of intangible fixed assets	295	1
- sales of goods and services	7 975	7 383
- income in respect of recovery of borne court fees	4 524	1 813
- release of provision for general expenses created in previous years	2 464	5 802
- other	29 861	6 720
- other in ING BSK Leasing S.A.	49 572	46 354
Total other operating income	125 669	142 070



Note 40

	31.12.2001	31.12.2000
OTHER OPERATING EXPENSES		
a) professional asset management services	43	-
b) in respect of sales, liquidation of fixed assets and assets for sale	36 318	72 125
c) in respect of amounts written off	514	7 358
d) paid compensations, penalties, fines	288	433
e) donations made	318	96
f) in respect of unscheduled depreciation	74	-
g) other (in respect of)	52 258	8 102
- obsolete investment expenditures	118	-
- expense in respect of sale of intangible fixed assets	361	-
- charges to provisions for retirement bonuses and past-due holiday leaves	5 874	57
- expense in respect of court fees	8 242	2 862
- other	37 663	5 183
Total other operating expenses	89 813	88 114

Note 41

	31.12.2001	31.12.2000
GENERAL EXPENSES		
1. Salaries	356 641	300 319
2. Employee benefits	66 741	55 443
Total salaries and employee benefits	423 382	355 762
3. General expenses	72 500	57 530
4. Taxes and levies	7 872	4 138
5. Bank Guarantee Fund charges	9 897	34 557
6. Other, of which:	296 507	246 630
- accommodation and rent	93 348	99 031
- communication services	63 084	45 995
- leasing services	12 562	4 366
- renovation services	34 695	29 882
- licences and patents	6 853	6 984
- other services	85 965	60 372
Total general expenses	810 158	698 617

Note 42

	31.12.2001	31.12.2000
CHARGES TO PROVISIONS AND REVALUATION		
1. Charges to provisions for:	2 613 239	1 278 813
- normal receivables	44 450	16 825
- watch receivables	20 838	49 062
- non-performing receivables	2 420 791	1 076 329
- off-balance sheet commitments	78 702	44 198
- general risk fund	3 900	73 800
- other assets/sundry debtors	3 386	5 151
- provision for expected losses on operational leasing	15 000	13 357
- other	26 172	91
2. In respect of revaluation:	15 798	48 747
- depreciation of financial assets	15 673	47 462
- depreciation of tangible fixed assets	125	1 285
Total charges to provisions and revaluation	2 629 037	1 327 560



Note 43

	31.12.2001	31.12.2000
RELEASE OF PROVISIONS AND DECREASE IN RESPECT OF REVALUATION		
1. Release of provisions for:	2 181 957	867 507
- normal receivables	35 185	21 892
- watch receivables	29 127	62 282
- non-performing receivables	1 908 671	737 102
- off-balance sheet commitments	71 213	41 527
- general risk fund	48 400	-
- other assets/sundry debtors	701	3 603
- provision for expected losses on operational leasing	26 860	1 100
- other	61 800	1
2. Decrease in respect of revaluation	23 510	39 808
- depreciation of financial assets	23 510	39 808
- other	-	-
Total release of provisions and decrease in respect of revaluation	2 205 467	907 315

Note 44

	31.12.2001	31.12.2000
EXTRAORDINARY GAINS		
a) contingent	328	667
b) income from sale of subsidiary undertakings	-	-
c) income from sale of associated undertakings	-	-
d) other	-	-
Total extraordinary gains	328	667

Note 45

	31.12.2001	31.12.2000
EXTRAORDINARY LOSSES		
a) contingent	45	102
b) loss from sale of subsidiary undertakings	-	-
c) loss from sale of associated undertakings	-	-
d) other	-	1
Total extraordinary losses	45	103

Note 46

	31.12.2001	31.12.2000
CORPORATE INCOME TAX		
1. Gross profit before taxation (consolidated)	117 097	147 050
2. Permanent differences between gross profit (loss) before taxation and taxable income	-46 545	-224 128
3. Temporary differences between gross profit (loss) before taxation and taxable income	-89 224	684 472
4. Other differences between profit before taxation and taxable income	-	-
- losses from previous years	-	-
5. Taxable income	-18 672	591 344
5a. Negative taxable income	-	-1 715
6. Corporate income tax at the rate 28% in 2001 and 30% in 2000	1 913	177 405
7. Deductions and decreases	-	3 811
8. Corporate income tax payable	1 913	173 594
9. Tax loss to settle in next years	-2 442	-
10. Provision for deferred tax	249	-62 606
- opening balance	321	62 927
- increase	260	52
- decrease	-11	-62 658
- transfer	-113	-
- closing balance	457	321
11. Interperiod settlements in respect of deferred tax	-21 905	120 341
- opening balance	125 672	-
- change in the opening balance due to changes in accounting principles	25 952	5 331
- deferred tax resulting from the of cost of issuing new shares decreasing the reserve capital	157	-
- tax loss to settle in next years	2 442	-
- increase	-	120 341
- decrease	-24 347	-

- transfer	-113	-
- interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch	23 783	-
- closing balance	153 546	125 672
12. Corporate income tax presented in profit and loss account	24 067	-5 542

31.12.2001 31.12.2000

MAIN DIFFERENCE BETWEEN TAXABLE INCOME AND THE PROFIT OR LOSS BEFORE TAXATION

1. Profit before taxation	117 097	147 050
2. Non tax-deductible expenses (not recognised under tax regulations as tax deductible costs)	2 337 465	1 492 068
- accrued interest payable	-119 801	100 298
- charges to provisions not recognised as tax deductible expenses	2 172 759	1 162 279
- donations	222	256
- depreciation expenses in respect of investment tax allowance	14 793	25 561
- National Fund for Rehabilitation of Disabled People	163	347
- unrealised interest on derivative transactions	168 038	-
- provision for staff bonuses	19 128	15 848
- non tax-deductible cost of advertising	1 987	2 649
- increase in provisions in foreign currencies due to foreign exchange differences	57 952	-
- provision for general expenses	3 305	108
- foreign exchange losses	6 985	173 929
- decreases in securities value	506	1 991
- costs of unrealised interest income	1 321	524
- other	10 107	8 278
3. Income deductible from taxable amount under the tax regulations	2 459 481	996 806
- accrued interest receivable	-69 323	-92 085
- dividend	7 953	19 049
- release of provisions not recognised as tax deductible expenses	1 904 940	868 983
- unrealised interest on derivative transactions	332 871	125 039
- foreign exchange gains	192 206	-
- settlement of capitalised interest recognised as taxable income in previous year	-	35 929
- decrease of provisions for foreign exchange loans due to foreign exchange differences	48 488	13 999
- release of provision for retirement bonuses and past-due holiday leaves	488	5 802
- release of provision for development projects	-	2 000
- release of provision for securities	488	2 336
- other	41 370	15 754
4. Other changes in taxable income as provided for in the tax regulations	-13 754	-30 786
- income received in advance	2 319	4 104
- capitalised interest	-266	-755
- provisions for bonuses and remuneration in respect of previous year and donations	-13 585	-17 870
- realised interest on derivative transactions related to previous year	-	-3 214
- premium on investment tax allowance	-	-2 412
- other	-	-14 974
- other	-2 222	4 335
5. Taxable income	-18 673	589 629
6. Corporate income tax - 28% in 2001	-529	-
- 30% in 2000	-	177 405
7. Tax paid on dividends received	1	3 811
8. Corporate income tax - amount due to the State Budget	1 912	173 594
9. Tax loss to settle in next years	-2 442	-

31.12.2001 31.12.2000

MAIN DIFFERENCES BETWEEN CORPORATE INCOME TAX PRESENTED IN THE PROFIT AND LOSS ACCOUNT AND CORPORATE INCOME TAX CALCULATED BASED ON TAXABLE INCOME

1. Corporate income tax - amount payable to the State Budget	1 912	173 594
2. Tax loss to settle in next years	-2 442	-
3. Tax paid on dividends received	1	3 811
4. Deferred tax provisions	24 596	-182 947
Total charges to gross profit	24 067	-5 542



	31.12.2001	31.12.2000
DIFFERENCES BETWEEN INCOME TAX PRESENTED IN PROFIT AND LOSS STATEMENT AND TAXABLE INCOME		
1. Premium on investment tax allowance	-	14 974
2. Donations	-	3 214
3. Deductions from tax - tax paid on dividends received	1	3 811
4. Future income tax payable (positive temporary differences)	781 708	516 395
4.1 accrued interest receivable	120 216	190 969
4.2 unamortised balance of fixed assets purchased under investment tax allowance	115 570	131 122
4.3 unrealised income on derivative transactions	497 448	163 448
4.4 settlement of difference between the amounts of depreciation calculated for balance sheet and corporate income tax purposes	48 070	20 531
4.5 interest paid in advance	404	-
4.6 other	-	10 325
5. Future income tax receivables (negative temporary differences)	1 141 303	961 692
5.1 accrued interest payable	111 297	231 603
5.2 provisions for receivables	783 486	478 375
5.3 interest collected in advance	8 944	19 364
5.4 provisions for salaries and bonuses	19 111	15 848
5.5 unrealised foreign exchange losses	9 183	196 666
5.6 provision for retirement bonuses and past-due holiday leaves	18 692	12 903
5.7 unrealised cost of revaluation of derivatives transactions	169 052	103
5.8 provision for general expenses	3 376	11
5.9 other	18 162	6 819
6. Base of calculation of provision for deferred income tax	-359 595	-445 297
7. Provisions for deferred income tax - 28%	-100 755	-120 020
- change in the opening balance due to changes in accounting principles	-25 952	-5 331
- deferred tax resulting from the of cost of issuing new shares decreasing the reserve capital	-157	-
- tax loss to settle in next years	-2 442	-
- interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch	-23 783	-
- closing balance	-153 089	-125 351
8. The impact of changed taxation rates on charges to the financial result	-	4 118
9. Income tax on the result from extraordinary operations	72	148

Income tax to be paid was calculated on basis of total profit before tax of the holding company and subsidiaries, consolidated by full method before consolidations adjustments. Since the Group of ING Bank Śląski S.A. does not represent a tax group calculation of tax to be paid is prepared separately in every company.

As at 31. December 2001 the Bank included in deferred tax all specific loan loss provisions which can be recognised as tax deductible expenses in future periods, valuation adjustments made to debt securities in the trading portfolio and provisions created for the permanent diminution of securities in the investment portfolio. As at 31. December 2001 the negative temporary difference resulting from including in calculation of deferred income tax the provisions for doubtful debtors (considering interperiod settlements in respect of deferred corporate income tax took over from ING Bank N.V. Warsaw Branch) amounted to PLN 234 739 thousand and reduced the obligatory charges to profit. The negative temporary difference in respect of including in calculation of provision for deferred income tax the permanent diminution of securities and shares amounted to PLN 8 528 thousand. Due to tax loss, the Bank did not deduct the tax paid on dividends received in year 2001 amounting to PLN 1 191.7 thousand. According to the paragraph 23 point 2 of the Corporate Income Tax Act the tax paid on dividends received is tax-deductible in next tax years.

Note 47

	31.12.2001	31.12.2000
OTHER OBLIGATORY CHARGES REDUCING PROFIT (INCREASING LOSS)		
- tax paid on dividends received	1	3 811
Total other obligatory charges reducing profit (increasing loss)	1	3 811

Note 48

	31.12.2001	31.12.2000
PROFIT (LOSS) NET		
a) profit (loss) of parent entity (after consolidation adjustments)	97 320	138 287
b) profit (loss) of subsidiary undertakings (after consolidation adjustments)	5 199	-3 460
c) profit (loss) of associated undertakings (after consolidation adjustments)	9 721	-1 652
d) consolidation adjustments	-9 490	17 765
Profit (loss) net	102 750	150 940



	31.12.2001	31.12.2000
SEGMENTATION OF PROFIT (LOSS) NET		
a) banking activity	90 542	156 482
b) brokerage activity	3 190	8 787
c) easing activity	-703	-12 677
d) establishing and management of pension funds	9 721	-1 652
Profit (loss) net	102 750	150 940

Note 49

	31.12.2001	31.12.2000
DATA FOR CALCULATION OF PROFIT PER SHARE		
1. Net profit	102 750	150 940
2. Number of shares	10 605 890	9 260 000
3. Net profit per share (in PLN)	9.69	16.30
4. Diluted number of shares	-	-
5. Net profit per 1 diluted share (in PLN)	-	-

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**Note 50**

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON OPERATING ACTIVITIES - OTHER ITEMS		
1. Change in other assets	-113 729	-142 527
2. Change in other liabilities, including:	-29 502	40 334
- change in interbank settlements	199 750	53 816
- change in interbranch settlements	8 060	-10 014
- other	-237 312	-3 468
3. Unrealised accrued interest on securities held in investment portfolio	17 840	-34 900
4. Unrealised accrued interest on long term loans taken from banks	4 091	5 957
5. Profit distribution to Social Fund	-3 000	-3 000
6. Cash donations for public interest	-	3 210
7. Change in repossessed assets for sale	-1 251	-228
8. Other	-3 838	11 434
Cash flow statements on operating activities - other items	-129 389	-126 720

Note 51

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON INVESTMENT ACTIVITIES - OTHER INFLOWS		
1. Inflows due to the takeover of the bank enterprise - ING Bank N.V. Warsaw Branch	232 806	-
2. Inflows due to the takeover of the bank enterprise - WBR	3 427	-
3. Interest on securities held in investment portfolio	142 142	175 220
4. Interest purchased in the purchase price of debt securities held in investment portfolio	9 988	48 295
5. Dividends from investment activity	-	19 025
Cash flow statement on investment activities - other inflows	388 363	242 540

Note 52

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON INVESTMENT ACTIVITIES - OTHER OUTFLOWS		
1. Prepayments on investments	-300	-6 411
Cash flow statement on investment activities - other outflows	-300	-6 411

Note 53

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON FINANCIAL ACTIVITIES - OTHER INFLOWS		
1. ...	-	-
Cash flow statement on financial activities - other inflows	-	-

Note 54

	31.12.2001	31.12.2000
CASH FLOW STATEMENT ON FINANCIAL ACTIVITIES - OTHER OUTFLOWS		
1. Interest on long term loans taken from banks	-41 207	-38 296
2. Interest on lombard loans	-446	-1 231
3. Realised discount from issued own securities	-	-1 778
Cash flow statement on financial activities - other outflows	-41 653	-41 305

Note 55

	31.12.2001	31.12.2000
CASH AT THE BEGINNING OF PERIOD		
1. Cash, of which:	361 240	498 045
- cash on hand	358 942	496 049
- coupons	1 716	1 239
- bank cheques	330	517
- traveller's cheques	252	240
2. Current account with the NBP	557 708	453 921
3. Current accounts in other banks	110 271	151 024
4. Current account in guarantee fund for stock exchange transactions	2 996	1 871
Total cash at the beginning of period	1 032 215	1 104 861

	31.12.2001	31.12.2000
CASH AT THE END OF PERIOD		
1. Cash, of which:	480 847	361 240
- cash on hand	478 627	358 942
- coupons	2 019	1 716
- bank cheques	147	330
- traveller's cheques	54	252
2. Current account with the NBP	1 412 794	557 708
3. Current accounts in other banks	58 101	110 271
4. Current account in guarantee fund for stock exchange transactions	5 319	2 996
Total cash at the beginning of period	1 957 061	1 032 215

Explanations to the division of operations into operational, investment and financial activities in the cash flow statement

Operational activity relates to the principal operations of the Bank excluding investment and financial activity.

Investment activity includes the purchase and sale of tangible and intangible fixed assets, shares in associates, subsidiary and other undertakings as well as other rights and securities (including debt securities held in the investment portfolio).

Financial activity relates to long term (over 1 year) financial operations with financial institutions. Inflows from financial operations represent sources of funding for the Bank received in the form of long term loans taken and borrowings from banks and other financial institutions.

Outflows from financial activity relate to repayment of long term liabilities (e.g. repayment of loans and borrowings), cost of expanding of the company, obligations to shareholders (dividend payments) as well as expenses for public benefits.

Differences between balance sheet movements and the changes presented in the cash flow statement
Change in debt securities

The item represents changes in debt securities held in the trading portfolio and changes in provisions for debt securities. Cash inflows and outflows relating to debt securities held in the investment portfolio are presented as a cash flow from investment activity.

Change in amounts due from other financial institutions

The item does not include a portion of amounts due from operations with NBP and other banks, which was presented in the item Total net cash flow (change in cash).

Change in amounts due from customers and State budget

The item include the increase of provisions caused by reclassification the portion of own capital to provision for doubtful debtors.

Change in other investments

The item represents changes in provisions for shares, units and other securities and increase/decrease in value of shares, units and other securities held in the investment portfolio. Cash inflows and outflows relating to shares, units and other securities held in the investment portfolio are presented as a cash flow from investment activity.

*Change in amounts due to other financial institutions*

The item does not include the changes in respect of taking and repayment of long-term (over 1 year) loans from banks and other financial institutions. These amounts are presented as a cash flow from financial activity. The item does not include also the change in amounts due to financial institutions caused by foreign exchange differences, which are presented in the point A.II.2 'Foreign exchange gains (losses)'.

Change in interperiod settlements

Change in interperiod settlements was presented excluding adjustment for the change in interperiod settlements in respect of deferred corporate income tax which is presented in the point A.II.7 'Corporate income tax paid'.

*Change in other provisions**Change in debt securities**Change in amounts due from other financial institutions**Change in amounts due from customers and State budget**Change in amounts due to other financial institutions**Change in amounts due to customers and State budget**Change in interperiod settlements**Change in deferred income*

The items above do not include the increases in the elements of assets and liabilities, which are the result of in-kind contribution of the bank enterprise (ING Bank N.V. Warsaw Branch) and takeover of WBR. Cash inflow connected with in-kind contribution of the ING Bank N.V. Warsaw Branch and takeover of WBR is presented in the point B.I.7 'Other inflows from investment activity'.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31. DECEMBER 2001

1. Information regarding concentration of ING Bank Śląski S.A. Group commitments by single customers, groups of affiliated undertakings and sectors of the economy

According to Banking Law, effective 1. January 1998, the total exposure, including: credit lines, cash loans granted, bonds and securities purchased other than shares, extended guarantees, letters of credit as well as other amounts receivable from one or more capital and organisationally related entities which jointly share business risk may not exceed 25% of the Bank's equity, i.e. PLN 599 538 thousand.

According to Banking Law, the total equity investments of ING Bank Śląski S.A. (including securities, shares and participation in trust funds) may not exceed 15% of equity for a single entity, i.e. PLN 359 723 thousand.

The on-balance sheet exposure of ING Bank Śląski S.A. Group by sector of the economy, based on individual commitments exceeding PLN 500 thousand, is as follows:

Sector of the economy (according to European Industry Classification)	Total commitment (on-balance sheet) in PLN thousand		Structure %	
	31.12.2000	31.12.2001	2000	2001
Agriculture, forestry and fishing	86 349	155 024	0.90	1.30
Coal mining	141 768	130 389	1.48	1.09
Other mining	147 168	89 708	1.53	0.75
Foodstuff and beverages	1 038 060	1 87 480	10.81	9.09
Textiles	35 389	39 224	0.37	0.33
Clothing and leather	74 129	85 841	0.77	0.72
Paper and cellulose	120 876	164 993	1.26	1.38
Publishing	28 375	83 370	0.30	0.70
Fuel industry	226 315	231 533	2.36	1.93
Chemicals	349 879	418 997	3.64	3.50
Rubber industry	89 244	113 297	0.93	0.95
Non-ferrous metals	120 530	195 607	1.26	1.63
Production of metals	650 278	663 129	6.77	5.54
Metal finished goods	228 170	202 192	2.38	1.69
Machinery	113 988	197 226	1.19	1.65
Electronics	153 941	206 002	1.19	1.72
Precision equipment	31 720	37 062	0.33	0.31
Motor vehicles and trailers	353 649	535 241	3.68	4.47
Furniture	73 796	98 481	0.77	0.82
Recycled goods	14 350	17 075	0.15	0.14
Energy	760 713	935 092	7.92	7.81
Water supply	18 173	41 140	0.19	0.34
Construction	368 341	401 612	3.84	3.36
Car trading and service and gas stations	305 104	362 775	3.18	3.03
Trade	1 518 015	2 070 191	15.81	17.30
Hotels and restaurants	21 580	51 830	0.22	0.43
Transport	143 157	699 638	1.49	5.85
Mail and telecommunication	395 937	379 573	4.12	3.17
Financial intermediary services	1 106 112	993 441	11.53	8.30
Administration and rental of equipment	469 816	729 969	4.89	6.10
Research and development	7 741	5 316	0.08	0.04
Other business activities	58 537	199 408	0.61	1.67
Administration and defence	227 764	235 313	2.37	1.97
Education	431	35 200	0.00	0.29
Health and social care	44 465	13 354	0.46	0.11
Other social and municipal services	5 738	17 536	0.06	0.15
Entertainment services	10 327	22 743	0.11	0.19
Other	60 418	21 360	0.64	0.18
Total	9 600 343	11 967 362	100.00	100.00



The risk assessment of specific commitments and the systematic assessment that results from them is reflected in their classification to specific risk categories and the amounts of related provisions.

According to the Bank's credit policy, collateral is taken for loans in the form of the borrowers' accounts and property.

For the purpose of estimating specific provisions against irregular amounts due, only collateral specified in Resolution 8/99 of the Banking Supervisory Commission dated 22. December 1999 on principles of provisioning against banking activity is recognised. As at 31. December 2001, such collateral amounted to PLN 2 486 877 thousand, compared to PLN 1 362 358 thousand at 31. December 2000.

2. Information on financial instruments operations

Transactions with derivative financial instruments are carried out for speculative. Additionally, the Group offers these instruments to its clients.

2.1 Foreign currency transactions

Foreign Currency Term Contracts such as forward and spot contracts are contracts exchanging a specific currency at an agreed future exchange rate specified on the day of transaction. The nominal value of foreign exchange contracts is the amount of foreign currency purchased or sold under the contracts and does not represent the actual market or credit risk associated with these contracts. Credit risk is limited by entering into contracts only with approved counter parties within approved limits. Market risk is limited by closing open positions, establishing open position maturity limits and the current monitoring of open positions. Foreign exchange contracts are used for closing daily open foreign currency positions and for speculative purposes.

Foreign exchange swap transactions represent a combination of foreign exchange spot and forward transactions, where currency is exchanged at a spot rate and, at the same time, the same currencies are subject to exchange at a forward rate on a specified date in the future.

2.1.1 Foreign currency SPOT transactions

Foreign currency spot transactions are agreements to exchange specific amounts of currency at a specified spot exchange rate with settlement usually occurring within two days from the trading date.

A spot current forex transaction is a tradable foreign currency transaction.

The forex spot leg of foreign exchange cross currency swaps is included as foreign currency spots. According to accounting principles adopted by the Group, these transactions are market to market.

2.1.2 Foreign currency transactions - FORWARD

Foreign currency forward transactions are agreements to exchange specific amounts of currency at a specified exchange rate at a forward fixed date where the settlement occurs later than the spot date.

There are three types of forward transactions as follows:

- Speculative forex forward type operations (the forward leg of swap transaction);
- Forex forward transactions offered to the Bank's clients in order to hedge future foreign currency obligations (also called Term Currency Transactions) with an actual delivery of the foreign currency;
- Non-delivery forward transactions, offered to the Group's clients to be used as a hedging tool for future foreign currency obligations of the client, where there is no actual transfer of the hedging instruments, but settlement is conducted on maturity with the payment of only the difference occurring on the nominal value of transaction between the set settlement exchange rate and the agreed exchange rate (also called Foreign Currency Risk Hedging).

Foreign exchange transactions are arranged for original periods ranging from 14 days to 2 years. The settlement of transactions takes place in individually agreed periods (over 48 hours). The minimal nominal value of a transaction is USD 100 000 thousand or equivalent in other currency.

According to the accounting principles applied by the Group, these transactions are valued based on the discounted cash flows, and the valuation result is recorded in the foreign exchange position.

2.1.3 Currency Options

Option transactions give the right, but not obligation to buy or sell foreign currencies at a fixed exchange rate and date. The holder pays a premium for the right to buy or sell the options, which do not change, regardless of whether the option was settled or not.

The Group offers 'European Options', which means there is no possibility to settle the option before the maturity date. It is possible to settle the option only on the closing day.

Foreign Exchange options are valued on the market bases (German-Kohlhangen Model).

Foreign exchange options are arranged for original periods ranging from 3 months to 2 years. The options may be on currencies such as: EURO, GBP, CHE, USD/PLN. Nominal value: over USD 50 000 thousand or equivalent. The Group can act both as the issuer and as the buyer.

Foreign Currency Transactions

Instrument	PLN thousand			
	Purchase		Sale	
Date	31.12.2000	31.12.2001	31.12.2000	31.12.2001
Forex spot	736 922	1 480 954	737 084	1 553 577
Forex forward	4 806 795	48 025 923	4 621 109	47 800 437
Currency options		906 468		981 883

Fair value of the Foreign Exchange transactions

	PLN thousand
Type of instrument	Net fair value as at 31.12.2001
Forex spot	181 862
Forex forward	-50 147
Currency options	-2 692

2.2 Interest Rate Transactions

2.2.1 Interest swap transactions (IRS)

Interest rate swap transactions are agreements in which one party agrees to exchange periodic interest rate payments in exchange for counter party interest payments that are calculated based on an agreed nominal amount. There are two types of swap transactions: one is the interest rate swap (IRS), of which the nominal value of both sides of the transaction are determined in the same currency, and the second is the Currency Interest Rate Swap (CIRS), where every side of the transaction is denominated in a different currency.

The nominal value is only used to determine the scale of the transaction, but for transactions in which the Bank is a party, an actual exchange does not occur. Market risk associated with interest rate swap transactions relates solely to the interest rates applied. Credit risk is limited by entering into contracts only with approved counter parties within approved credit limits.

Interest rate swap transactions are arranged for the original periods ranging from 3 months to 15 years.

2.2.1.1 IRS

The minimal nominal value of the contract is PLN 3 million. The payments are made every 1, 3, 6, 9 or 12 months for the fixed interest rates sides and every 1, 3 or 6 months for the flexible interest rates. As the reference interest rate the 1, 2 or 3 months WIBOR is taken.

2.2.1.2 CIRS

The minimal nominal value of the contract is PLN 3 million. The payments are made every 1, 3, 6, 9 or 12 months for the fixed interest rates sides and every 1, 3 or 6 months for the flexible interest rates. As the reference interest rate the 1, 2 or 3 months WIBOR, LIBOR etc. are taken.

Unsettled IRC and CIRC contracts are valued to the market on the base of discounted cash flow (NPV).

2.2.2 Forward Rate Agreements (FRA)

Forward rate agreements are used to hedge (by the buyer or seller) changes in interest rates in the future. FRAs can be treated as hedging instruments or as speculative tradable instruments. The premium of the FRA is settled on maturity and at that time, the actual payment of the FRA is made. The settlement price is based on the market reference rate (minimum money market intervention rate) on the date of setting up the reference rate. The transfer of the agreed amount does not occur either on settlement day, or on maturity.

Forward rate agreements are arranged for initial periods ranging from 14 days to 2 years. The payments are made every 1, 3, 6, 9 or 12 months. The minimal nominal value of the contract is PLN 0.5 million.

Unsettled Forward Rate Agreements are valued to the market based on discounted cash flows (NPV)

Interest Rate Transactions

Instrument	Purchase		Sale	
	31.12.2000	31.12.2001	31.12.2000	31.12.2001
Interest Rate Swap	-	20 591 580	-	20 591 445
Forward Rate Agreement	-	23 306 780	-	24 059 383

Fair value for interest rate swap transactions.

Type of instrument	Net fair values as at 31.12.2001
Interest Rate Swap and Currency interest Rate Swap	294 692
Forward Rate Agreement	-21 816

2.3 Derivative instruments risk

Every type of derivative transactions carries various types of risk. It is not only the external risk of the Group (market risk, legal risk etc.) but also internal risk of the Bank.

2.3.1 Market risk

This type of risk includes the interest rates risk and the foreign exchange risk. Changes in the market interest rates are directly connected with the changes of the profit and loss account, through the positions in IRS, CIRIS and FRA.

Changes in the foreign exchange prices are directly connected with the changes of the profit and loss account through the positions in FX Forwards, FX Swaps and FX Options.

2.3.2 Risk of weakening reputation

The Group follows the policy of not co-operating with clients who do not understand the products and with the clients who do not recognise the economical necessity of hedging with the use of derivatives contracts. The rules are implied towards corporate clients because banks are assumed to have suitable enough level of knowledge.

2.3.3 Legal risk

This type of risk is connected to the potential losses, which could appear as the result of decisions inconsistent with the law. The documentation of derivatives transactions must be consistent with the Polish currency regulations, adequacy limit as well as the Polish Banking Law. The best way to minimise this type of risk is to keep the documentation according to the International Standards (ISDA) as much as it is possible.

2.3.4 Operation risk

The most significant operational risk is connected to the transactions, which might be not registered in the books or might be recorded incorrectly.

2.3.5 Counterparty risk

Counterparty risk relates to the possibility that the counterparty will not follow the agreed conditions of the derivative contract at the moment of maturity. This may occur in the case of bankruptcy of the counterparty or when the counterparty, for other reasons, will not be able to settle the future commitments.

3. Information about guarantees granted to other issuers

Issuer	Type of security	Value Agreement		Underwriting
		date	value	commitment as at 31.12.2001
Browary Żywiec S.A.	Bonds	18.03.2002	150 000	50 000

4. Information on other off-balance sheet commitments

As at 31. December 2001, conditional liability commitments granted by the Bank amounted to PLN 8 811 717 thousand including:

- financial commitments of PLN 7 510 408 thousand which include open credit lines, unused facilities, as well as open or confirmed letters of credit;
- guarantees of PLN 1 301 309 thousand.

Specific provisions for off-balance sheet commitments of PLN 37 390 thousand were created.

Off-balance sheet commitments granted by the Group to its associates and subsidiaries are presented in Note 9.2.

As at 31. December 2001, the Group received conditional guarantee commitments of PLN 4 061 808 thousand, and those regarding financing of PLN 156 938 thousand.

5. Amounts due to the State Budget or local authorities arising from the acquisition of buildings and structures.

As at 31 December 2001, the ING Bank Śląski S.A. Group had no such liabilities.

6. Discontinuance of operations

During the period from 1. January 2001 to 31 December 2001, the Group did not terminate any significant area of activity.

7. Costs of producing new investments under construction, transportation equipment and development costs for own purposes

As at 31. December 2001, the ING Bank Śląski S.A. Group had no such costs.

8. Information on investment expenditures

Investment expenditures include all purchases of tangible and intangible assets during the year ended 31. December 2001.

In the ING Bank Śląski Group S.A. investment expenditure during the year ended 31. December 2001 amounted to PLN 161 126 thousand, whereas the budgeted investment expenditures amounted to PLN 248 934 thousand.

The budgeted investment expenditure for the year 2002 amounts to PLN 216,908 thousand.

9.1 Information on transactions with related parties

During the year ended 31. December 2001, the entities of the ING Bank Śląski S.A. Group concluded the following mutual transactions:

ING Securities S.A.

On 7 September 2001 the Supervisory Board of ING Bank Śląski S.A. approved the decision to increase the share capital of the Brokerage House of ING Bank Śląski S.A. (currently ING Securities S.A.) in the form of a contribution in kind of shares in entities in which ING Bank Śląski S.A. has equity interest. ING Bank Śląski S.A. purchased shares of these entities as long-term investments or in the course of Banking Conciliatory Agreement. Up to 31. December the transaction was not finalised.

The Bank holds current accounts and accepts short-term deposits (overnight and short-term) to be placed by the Brokerage House. The number of these transactions is very large and the amounts deposited during 2001 ranged from PLN 33 thousand to PLN 103 344 thousand.

The Brokerage House also purchases and sells debt securities through ING Bank Śląski S.A. (unregulated market transactions).

From 1. January 2001 to 31. December, 2001 the following transactions were concluded:

- 11 sales of treasury bills for a total of PLN 24 863 thousand and 8 purchases of T-bills for a total of PLN 17 597 thousand,
- 70 sales of commercial papers for a total of PLN 81 297 thousand and one purchase of commercial paper for PLN 1,000 thousand,
- 71 repurchases of commercial papers by the issuer through the Bank for a total of 90,943 thousand,
- 1 sale of State Treasury bonds for PLN 1 007 thousand,
- 1 purchase of State Treasury bonds for PLN 1 000 thousand,

During 2001 ING Securities S.A. acted as an intermediary in 912 securities trading transactions conducted by ING Bank Śląski S.A. (acting as the depository) for a total of PLN 10 327 thousand,

ING Bank Śląski S.A. granted to ING Securities S.A. a guarantee with a total value as at 31. December 2001 of PLN 10 thousand.

On 16. July 2001 the Brokerage House BSK S.A. and Bank Śląski S.A. in Katowice extended the rent agreement of the Bank's office space for a 10-year period starting on 23. October 2000. The rent expense for the period between 1. January 2001 and 31. December 2001 amounted to PLN 1 861 thousand.

ING BSK Leasing S.A.

The Bank has established a credit facility for ING BSK Leasing S.A. As at 31. December 2001, the unutilised limit amounted to PLN 24,921 thousand. In the period between 1. January 2001 and 31. December 2001, the Bank has continued to finance loan agreements from the previous period with a total exposure as at 31 December 2001 of PLN 276 016 thousand. During 2001, the Bank did not sign any other new leasing agreements with ING BSK Leasing S.A.

ING BSK Leasing S.A. and ING Bank Śląski S.A. continue the rent agreement of the Bank's headquarters in Katowice signed on 23. October 2000 for a 10-year period. The payments during 2001 amounted to PLN 29 281 thousand.

During 2001 BSK Leasing S.A. has entered into an agreement with ING Bank Śląski S.A. to sell its receivables from one of the major clients with the value not exceeding PLN 50 million.

Centrum Banku Śląskiego Sp. z o.o.

From 1. January 2001 to 31. December 2001, the Bank continued all granted credit agreements to Centrum Banku Śląskiego Sp. z o.o. As at 31. December 2001, the value of these loans was PLN 285 041 thousand.

Centrum Banku Śląskiego Sp. z o.o. continued in 2001 an agreement with ING BSK Leasing S.A. for rent of office space in Katowice at Sokolska 34. Total rent and energy costs paid in 2001 by ING BSK leasing S.A. to Centrum Banku Śląskiego Sp. z o.o. amounted to PLN 22 540 thousand.

ING

The Bank has various inter-bank transactions with banks within the ING Group. The volume of transactions is significant. Transactions concluded consist mainly of short-term PLN deposits and placements (from overnight to 3-month) ranging in value from several PLN million to several PLN billion. There are also significant transactions with financial instruments, such as forex spot, forex forward, currency options, and swap transactions ranging in value from tens of PLN thousand to several PLN billion, mostly with ING Amsterdam.

From 1. January 2001 to 31. December 2001, the Bank had two active loan agreements with ING Amsterdam for loans granted in EUR:

- for the period between 16. June 1998 and 21. October 2002 for EUR 45 million at a floating interest rate, for which the actual interest rate is set semi-annually (i.e. on 23. April and 22 October).
- for the period between 13. July 1999 and 17. June 2002 for EUR 5 million at a floating interest rate, for which the actual interest rate is set quarterly.

ING Bank N.V., according to the agreement signed on the 31. January 1997, provides financial advisory services to the ING Bank Śląski S.A.

The management agreement dated 25. November 1998, according to which ING Bank N.V. acts as member of the Management Board of ING Bank Śląski S.A. in the range stated in resolutions of appropriate bodies of the Bank.

On 14. September 2001 ING Bank Śląski S.A. and ING Financial Services S.A. entered into a co-operation agreement, to prepare and carry out training courses by ING Financial Services S.A. for ING Bank Śląski S.A. The agreement was signed for an indefinite period.

On 22. August 2001, members of the ING Group, including ING Bank Śląski S.A., entered into an agreement with NN Services Sp. z o.o., in which a number of advertising, promoting and public relation projects will be undertaken in order to promote the parties, especially highlighting their capital relationship. The agreement is valid until 30. June 2002.

In connection with the acquisition of the Warsaw Branch of ING Bank N.V. the guarantees obtained by the ING Bank N.V. Warsaw Branch from other members of the ING Group have been extended in favour of ING Bank Śląski S.A.

Additionally, ING Bank Śląski S.A. took over leasing agreements from the ING Bank N.V. Warsaw Branch.

The Bank holds current and term accounts as well as investment fund accounts for ING Investment Management (Polska) S.A. being managed by the pension fund, as well as acts as the distributor of participation units for funds, Transfer Agent and Custodian Bank.

As at 31. December 2001 Bank had equity investments in the funds listed below:

ING OFI Akcji (opened shares investment fund)	PLN 7 000 thousand
ING OFI Gotówkowy (opened cash investment fund)	PLN 2 014 thousand
ING OFI Obligacji (opened bonds investment fund)	PLN 2 014 thousand
ING OFI Zrównowazony (opened balanced investment fund)	PLN 5 000 thousand

On 9. January 2001, the Bank entered an agreement with ING Towarzystwo Funduszy Inwestycyjnych, according to which the latter acts as the distributor, as defined in the Funds Statutes.

The agreement has been signed for indefinite period.

ING Lease (Polska)

The Bank continues a 'General Leasing Agreement' concluded with ING Lease (Polska) Sp. z o.o. with an upper contract limit of PLN 48 000 thousand. The disbursed amount in accordance with this agreement as at 31. December 2001 is PLN 15 814 thousand.

In addition, the leasing agreement of office space and office equipment in building at Plac Trzech Krzyży in Warsaw is continuing.

Powszechne Towarzystwo Emerytalne ING Nationale-Nederlanden SA (Nationale-Nederlanden Pension Fund)

The Bank continued contract with PTE ING NN for rendering intermediary services for approaching potential clients and offering of the Bank's services by the PTE ING NN.

Śląski Bank Hipoteczny Spółka Akcyjna

On 6. December 2001 ING Bank Śląski S.A. and Śląski Bank Hipoteczny S.A. entered into an agreement for the credit line in PLN denominated in EUR and USD with the value equivalent to USD 3 000 thousand. As at 31. December 2001 the exposure regarding this agreement amounted to PLN 643 thousand.

As at 31. December 2001 Śląski Bank Hipoteczny hold 3 term placements: for the amounts of PLN 46 000 thousand with maturity on 14. January 2002, PLN 1 200 thousand with maturity on 3. January 2002, and PLN 2 100 thousand with maturity on 7. January 2002.

9.2 Data for ING Bank Śląski S.A. Group entities

Receivables and Liabilities

Name of undertaking	Capital relationship	Holding of share capital as at 31.12.2001 (%)	PLN thousand			
			Bank's receivables		Bank's payables	
			31.12.2000	31.12.2001	31.12.2000	31.12.2001
ING	parent company	87.77	1 101 189	4 422 036	218 429	1 053 040
ING BSK Leasing S.A.	subsidiary undertaking	100.00	268 903	276 016	32 465	56 734
ING Securities S.A.	subsidiary undertaking	100.00	276	0	37 065	115 725
Centrum BSK Sp.z o.o.	associated undertaking	60.00	228 352	285 041	21 266	17 398
ING PTE NN SA	associated undertaking	20.00	0	0	33	24
Śląski Bank Hipoteczny S.A.	subsidiary undertaking	100.00	0	643	50 000	49 759

Income and profits, costs and losses

Name of undertaking	Capital	Holding of share capital as at 31.12.2001 (%)	PLN thousand			
			Income and profits of ING Bank Śląski S.A.		Costs and losses of ING Bank Śląski S.A.	
			31.12.2000	31.12.2001	31.12.2000	31.12.2001
ING	parent company	87.77	50 480	59 860	17 681	86 328
ING BSK Leasing S.A.	subsidiary undertaking	100.00	8 905	28 553	15 502	22 598
ING Securities S.A.	subsidiary undertaking	100.00	8 257	6 262	2 551	3 604
Centrum BSK Sp.z o.o.	associated undertaking	60.00	10 868	16 171	431	604
ING PTE NN SA	associated undertaking	20.00	1 092	341	9	0
Śląski Bank Hipoteczny S.A.	subsidiary undertaking	100.00	0	7 742	0	616

The financial data related to revenues and expenses from / to ING in 2000 and 2001 are not comparable due to an increase in the level of transactions conducted with entities from the ING Group. In particular, there is increase in financial instrument transactions after the merger with ING Bank N.V. Warsaw Branch.

Off-balance sheet commitments and contingencies

Name of undertaking	Capital relationship	Holding of share capital as at 31.12.2001 (%)	PLN thousand	
			Commitments granted by the Bank	
			31.12.2000	31.12.2001
ING	parent company	87.77	1 060 476	21 040 573
ING BSK Leasing SA	subsidiary undertaking	100.00	14 168	24 921
ING Securities S.A.	subsidiary undertaking	100.00	0	10
Centrum BSK Sp. z o.o.	associated undertaking	60.00	44 710	17 987
PTE ING NN S.A.	associated undertaking	20.00	0	0
Śląski Bank Hipoteczny SA	subsidiary undertaking	100.00	0	11 317

9.3 Consolidation eliminations and consolidation adjustments

Operation name	PLN thousand	
	31.12.2001	31.12.2000
Consolidation eliminations		
Elimination of current accounts	59,431	54,641
Elimination of term accounts	108,426	115,083
Elimination of capital	91,000	91,000
Elimination of interests on current and term accounts	329	49
Elimination of loans granted	276,334	268,486
Elimination of credit lines	36,238	64,168
Elimination of interests on loan granted	326	466
Elimination of other settlements	373	731
Elimination of guarantees	10	-
Elimination of interperiod settlement	1,508	-
Elimination of mutual transactions of purchase/sale of securities between entities in the Capital Group	217,706	168,417
Elimination of general expenses and other operating income	27,558	10,080
Elimination of interest income and expense in the profit and loss account	40,044	24,399

Consolidation adjustments

Title of adjustment	PLN thousand	
	31.12.2001	31.12.2000
1. Adjustments of contribution in kind made by ING Bank Śląski S.A. to ING Securities S.A.		
- deferred income	1 619 DR	1 619 DR
- undistributed profit of prior years	1 619 CR	1 619 CR
2. Adjustment of sales of investment shares		
- investment shares	17 CR	17 CR
- undistributed profit of prior years	17 DR	17 DR
3. Adjustments of non-paid commission in ING Securities S.A.		
- deferred income	185 CR	281 CR
- fee and commission income	96 CR	184 CR
- undistributed profit of prior years		24 DR
- income and costs on bad debts provisions	96 DR	160 DR
- bad debts provisions	185 DR	281 DR
4. Adjustment of unrealised foreign exchange differences related to loans		
- net result on foreign exchange	1 538 DR	10 456 CR
- undistributed profit of prior years	144 CR	3 542 DR
- prepayments		6 770 DR
- deferred income	1 394 CR	144 DR
5. Adjustment of provision created for ING BSK Leasing S.A.		
- investment in shares of ING BSK Leasing S.A.	15 000 DR	15 000 DR
- undistributed profit of prior years	15 000 CR	874 CR
- costs of provisions for securities		14 126 CR
6. Adjustment to PTE ING NN S.A. consolidated according to the equity method		
- shares of PTE ING NN S.A.	12 684 CR	22 405 CR
- undistributed profits from prior years	22 405 DR	20 754 DR
- value of share in profit of associated undertakings	9 721 CR	1 651 DR
7. Adjustment of income on interest notes in ING BSK Leasing S.A.		
- provisions	4 DR	
- accruals		91 DR
- income in suspense	646 CR	382 CR
- undistributed profits from prior years	291 DR	218 DR
- income on provisions	87 DR	91 CR
- interest income	264 DR	164 DR
8. Adjustment of provision for interest in ING BSK Leasing S.A.		
- provisions	3 267 DR	2 843 DR
- income on provisions	424 CR	2 843 CR
- income in suspense	3 267 CR	2 843 CR
- interest income	424 DR	2 843 CR
10. Adjustment of dividend paid by ING Securities S.A.		
- undistributed profits from prior years	7 746 CR	
- income on shares and interest	7 746 DR	

10. Information on the common projects not mentioned in the consolidated report

During the period between 1. January 2001 and 31. December 2001 the members of the group had no common projects not mentioned in the consolidated financial statement.

11. Information on average employment

As at 31. December 2001, the ING Bank Śląski S.A. Group had a total of 8 049 employees, which makes 7 931.4 full-time equivalent employees.

- employment in banking - 7 782 employees, i.e. 7 667.7 full-time employees equivalent
- employment in brokerage activities - 192 employees, i.e. 191.2 full-time employees equivalent
- employment in leasing activities - 35 employees, i.e. 35 full-time employees equivalent
- employment in mortgage banking - 40 employees, i.e. 37.5 full-time employees equivalent

The average number of employees, calculated for the 12 months period, amounted to 7 668 as at 31. December 2001 compared to 7 364 as at 31. December 2000.

12. Remuneration, including bonuses from retained profit of the Management Board and Supervisory Board of ING Bank Śląski S.A.

Disbursed gross remuneration of the Management Boards and Supervisory Boards in ING Bank Śląski S.A. entities:

Gross remuneration:	PLN thousand					
	ING Bank Śląski S.A.		ING BSK Leasing SA		ING Securities S.A.	
	31.12.2001r	31.12.2000r	31.12.2001r	31.12.2000r	31.12.2001r	31.12.2000r
Management Board	8 364	6 398	767	1 318	1 355	1 272
Supervisory Board	991	1 098	-	-	-	-

According to Regulation No. 161/99 of the President of the Bank dated 28. October 1999, employees representing the Bank in supervisory bodies of corporate entities do not receive any additional remuneration for their functions. They are entitled only to the salary defined by their contracts and per diems. Any additional remuneration is to be decided by the President of the Board of Directors.

Members of the Board of Directors do not receive any additional remuneration for functions performed in the supervisory bodies of entities of which the Bank is a shareholder.

13. Loans and guarantees granted to the employees, members of the Management Board and Supervisory Board.

Employees of the ING Bank Śląski S.A. are granted credit facilities at the same conditions as other customers of the Bank (no preferential loans to employees are available). Employee loans are reported in amounts due from customers and amount to PLN 62 749 thousand.

Granting loans and guarantees for members of the Board of Directors is governed and monitored by a regulation of the President of ING Bank Śląski S.A.

The financial statements as at 31. December 2001, include information about loans and guarantees to the management of the Bank (article 79 of the Banking Law) for PLN 10 152 thousand.

The Bank's employees may be entitled to any form of social help within the Zakładowy Fundusz Świadczeń Socjalnych (the Bank's Social Fund), which include:

- loans for refurbishing and modernisation of flats or houses,
- loans for the purchase and installation of equipment for house or flat
- loans for development of a house or flat
- adaptation work of a house or flat for disabled purposes
- loans for the purchase of construction of a house or flat
- help in funding advances for house purchase

These loans bear interest from 1 - 4% per year depending on the repayment period. As at 31. December 2001, loans granted from the Social Fund amounted to PLN 20 042 thousand.

14. Shares of ING Bank Śląski S.A. held by Management Board and Supervisory Board

On 31. December 2001 shares of the Bank were held only by the President of the Board of Directors - Marian Czakański. He possessed 3 shares with the face value PLN 30.

15. Changes in the Board of Directors in 2001

ING Bank Śląski S.A.

At the Board meeting held on 20. April 2001, the Supervisory Board dismissed Mr. Edward Foppema as Vice-President of ING Bank Śląski S.A. effective on 1. July 2001.

On 28. June 2001, the Bank's Supervisory Board appointed Mr. Anthonius Johannes Maria Roozen and Mr. Maciej Węgrzyński to Vice-Presidents of the Board of Directors, effective 1. September 2001.

On 7. September 2001 the Supervisory Board of ING Bank Śląski S.A. accepted the resignation presented on 26. July 2001 of Mr. Maciej Węgrzyński, Vice-President of the Board of Directors.



In addition, the Supervisory Board dismissed Mr. Jacek Bartkiewicz from Vice-President of the Board of Directors, effective on 31. October 2001.

As at 31. December 2001, the Board of Directors was as follows:

Marian Czakański	President of the Board of Directors
Frederik van Etten	I Vice-President of the Board of Directors
Krzysztof Brejda	Vice-President of the Board of Directors
Grzegorz Cywiński	Vice-President of the Board of Directors
Anthonius Johanes Maria Roozen	Vice-President of the Board of Directors
Cornelis Theodor Tuijnman	Vice-President of the Board of Directors

At the Extraordinary Shareholders Meeting of ING Bank Śląski S.A. on 23. May 2001, the numbers of member of the Supervisory Board of the Bank was limited to five. Due to this fact, the following members of the Board have been dismissed from their positions:

Piet van Zanten,
Maciej Urmanowski,
Tomasz Szapiro,
Piotr Kukurba,
Brunon Bartkiewicz

At the Shareholders Meeting held on 14. September 2001, Mr. Bogusław Maklakiewicz was appointed as a member of the Supervisory Board.

On 18. October 2001, in relation to becoming a member of the Polish Parliament, Mr. Kazimierz Zarzycki resigned from being a the Supervisory Board member.

As at 31. December 2001 the Supervisory Board was as follows:

Andrzej Wróblewski	President of the Supervisory Board
Jan Nijssen	Vice-President of the Supervisory Board
Jerzy Rokita	Secretary of the Supervisory Board
Ralf Hartmut Fiedler	Member of the Supervisory Board
Bogusław Maklakiewicz	Member of the Supervisory Board

ING Securities S.A.

As at 1. January 2001 the Supervisory Board of Brokerage House BSK S.A. was as follows:

Jacek Bartkiewicz	President of the Supervisory Board
Grzegorz Cywiński	Vice-President of the Supervisory Board
Jerzy Rokita	Member of the Supervisory Board
Sławomir Stawczyk	Member of the Supervisory Board
Zbigniew Hojka	Member of the Supervisory Board

At the Ordinary Shareholders Meeting held on 8. May 2001 of the Brokerage House of Bank Śląski Spółka Akcyjna in Katowice, Mrs. Eugenia Sikora, Mr. Sławomir Stawczyk and Krzysztof Stecz were appointed as the Third Term Supervisory Board members.

At the Supervisory Board Meeting held on 10. May 2001 members of the Board had chosen among themselves Mrs. Eugenia Sikora as a President and Mr. Sławomir Stawczyk as the Vice-President of the Supervisory Board.

On 15. November 2001 at the Extraordinary Shareholders Meeting, further changes to the Supervisory Board were made. Mr. Sławomir Stawczyk and Mr. Krzysztof Stecz were dismissed from the Board. At the same time three new members, Mr. Anthonius Roozen, Mr. Frederik van Etten and Mr. Mark Holdsworth, were appointed to the Supervisory Board.

As at 31. December 2001 the Supervisory Board was as follows:

Eugenia Sikora	President of the Supervisory Board
Anthonius Roozen	Member of the Supervisory Board
Frederik van Etten	Member of the Supervisory Board
Mark Holdsworth	Member of the Supervisory Board



As at 1. January 2001 the Board of Directors of Brokerage House BSK S.A. was as follows:

Marek Słomski	President of the Board of Directors
Marek Kempny	Vice-President of the Board of Directors
Urszula Sikora	Member of the Board of Directors

In relation to resignation of Mr. Marek Kempny from the Vice-President of the Board of Directors, the Supervisory Board based on the motion of the President of the Board of Directors had accepted this resignation. Based on the Regulation No. 11/2001 of the Supervisory Board Mr. Marek Kempny was dismissed from Vice-President of the Board of Directors, effective on 31. October 2001 and Mr. Dariusz Chrzęstowski was appointed in exchange effective on 1. November 2001.

On 19. December 2001 at the Supervisory Board meeting Mrs. Mariola Skrzypczak was appointed as member of the Board of Directors, based on Regulation No. 14/2001.

Current Management Board of ING Securities S.A. is as follows:

Marek Słomski	President of the Board of Directors
Dariusz Chrzęstowski	Vice-President of the Board of Directors
Urszula Sikora	Member of the Board of Directors
Mariola Skrzypczak	Member of the Board of Directors

ING BSK Leasing S.A.

Mr Andrzej Kosecki is President of the Board of Directors.

On 27. April 2001, the General Shareholders Meeting of ING BSK leasing S.A. approved the resignation of Mr. Kazimierz Zarzycki from the member of the Supervisory Board.

As at 31. December 2001 the Supervisory Board was as follows:

Krzysztof Brejda
Grzegorz Cywiński
Witold Okarma
Tomasz Ślęzak

Śląski Bank Hipoteczny S.A.

On 8. October 2001, the Supervisory Board of Śląski Bank Hipoteczny S.A. dismissed Mr. Lech Gajewski from the position of the President of the Management Board, and at the same time it appointed the Vice-President Mr. Gabryel Główka to act as the President of the Management Board.

On 1. November 2001, Mr. Marek Kempny was assigned to act as a member of the Management Board. On 31 December 2001, Ms. Jadwiga Jasińska - Ścisłowska was dismissed from the position of Vice - President of the Management Board.

As at 31. December 2001 the Board of Directors of Śląski Bank Hipoteczny S.A. was as follows:

Gabryel Główka	President of the Board of Directors
Marek Kempny	Member of the Board of Directors

As at 31. December 2001 the Supervisory Board of Śląski Bank Hipoteczny S.A. was as follows:

Frederik van Etten	President of the Supervisory Board
Jacek Bartkiewicz	Vice - President of the Supervisory Board
Krzysztof Brejda	Member of the Supervisory Board
Zbigniew Hojka	Member of the Supervisory Board
Sławomir Stawczyk	Secretary of the Supervisory Board

In 2001 there were no changes in the Supervisory Board of Śląski Bank Hipoteczny S.A.

16. Registration of the new entity (Bank's name)

On 6. September 2001 based on a decision of the VII Register Department at the District Court the new name of the Bank was registered in the National Court Register.

As a result, the following name is now legally binding:

"ING Bank Śląski Spółka Akcyjna"

or short

"ING Bank Śląski S.A."



17. Information about changes in Shareholding

On 23. August 2001, ING Bank N.V. and ING Bank Śląski S.A. entered into an agreement to acquire shares of Bank Śląski S.A., with respect to acquisition of 3 750 000 'B' type shares by ING Bank N.V. with a nominal value of PLN 10 and an issuing value of PLN 265 each.

Currently ING Bank N.V. holds 11 418 641 shares and votes at the General Shareholders' Meeting of ING Bank Śląski S.A., which represents 87.77% of the share equity and votes at the General Shareholders' Meeting of the Bank.

On 17. September 2001 the Economic Department of the National Court Register at the District Court in Katowice registered the increase in share equity of ING Bank Śląski S.A. by PLN 37 500 000. After the increase, the share equity of the ING Bank Śląski S.A. amounted to PLN 130 100 000, or 13 010 000 ordinary shares with a nominal value of PLN 10 each.

18. Integration of ING Bank Śląski S.A. with ING Bank N.V. Warsaw Branch

On 1. October 2001 ING Bank Śląski S.A. signed an agreement with ING Bank N.V. seated in Amsterdam (ING Bank N.V.) to contribute in kind the Warsaw Branch of ING Bank N.V. to ING Bank Śląski S.A. in exchange for shares of the increased share capital. The Warsaw Branch of ING Bank N.V., seated in Warsaw, at 10/14 Plac Trzech Krzyży, is registered in the commercial register maintained by the XIX Economic Department of the National Court Register in the District Court for Warsaw, number KRS 0000024014 and is valued at PLN 993 750 000. ING Bank N.V. contributed this entity in a non-cash contribution in exchange for 3 750 000 'B' type shares, acquired from the increased equity capital of ING Bank Śląski S.A. All shares have a nominal value of PLN 10 each and an issuing value of PLN 265. The Warsaw Branch of the ING Bank N.V. was brought in as a contribution in kind as a whole, without any exemptions as at the agreement date.

19. Sale agreement of ING Barings S.A. in Warsaw (prior Brokerage House of BSK S.A.)

On 21. December 2001 ING Securities S.A. in Warsaw - formerly the Brokerage House of Bank Śląski Spółka Akcyjna in Katowice (with a change of name registered on 19. December 2001 at Economic Department of National Court Register at the District Court in Katowice) being a subsidiary entity of ING Bank Śląski S.A. signed an agreement with ING Baring Securities (Poland) S.A., associated entity of ING Bank Śląski S.A. "Entity's Sale Agreement", regarding the purchase of the brokerage company ING Baring Securities (Poland) S.A.

ING Securities S.A. in Warsaw intends to continue brokerage activity by using the acquired assets of ING Baring Securities (Poland) S.A. The value of this transaction amounted to PLN 29 900 000.

The acquisition took place on the day of agreement. This transaction was financed from own funds of ING Securities S.A. in Warsaw.

20. Acquisition of Wielkopolski Bank Rolnicz S.A. in Kalisz

On 8. August 2001 the Management of Bank Śląski S.A. received Regulation No. 67/KNB/01 of Banking Supervisory Commission dated 6. August 2001. Based on this Regulation, Bank Śląski S.A. was to acquire all assets of Wielkopolski Bank Rolniczy S.A. in Kalisz on 9. August 2001.

The acquisition of Wielkopolski Bank Rolniczy S.A. in Kalisz by BSK S.A. should have occurred based on the balance sheet as at the acquisition date (i.e. 24. August 2001). The Supervisory Board of Wielkopolski Bank Rolniczy S.A. in Kalisz filled a claim against this Regulation to the General Administration Court.

On 9 November 2001, the General Administration Court dismissed the claim of the Supervisory Board of Wielkopolski Bank Rolniczy S.A. in Kalisz with regard to the Regulation No. 67/KNB/01 of Banking Supervisory Commission dated on 6 August 2001 in relation to the acquisition of WBR S.A. by ING Bank Śląski S.A. As a result, the execution of the Banking Supervisory Commission Regulation occurred on 9 November 2001 and ING Bank Śląski S.A. acquired WBR S.A. in Kalisz. According to the balance sheet at the acquisition date reviewed by a qualified auditor, general information about the equity of the acquired bank as at the day of acquisition is as follows:

Equity capital	PLN 19 694 thousand
Loss carried over from previous years	PLN -17 664 thousand
Current year's loss	PLN -9 328 thousand
Total net equity	PLN -7 298 thousand

Together with the acquisition of assets and liabilities of Wielkopolski Bank Rolniczy S.A. ING Bank Śląski acquired shares and interests in the following subsidiary and associated entities:

- Hatrol Sp. z o.o. (99.14% interest in equity)
- Asekuracja Sp. z o.o. (18.70% interest in equity)
- Regionalna Agencja Rozwoju S.A. (0.34% interest in equity)

The balance sheet value of all acquired entities is equal to '0'.

21. Post balance sheet events

ING Bank Śląski S.A.

On the 3. January 2002, ING Bank Śląski S.A. signed an agreement to sell all the shares of Finplus Sp. z o.o. to COFINOGA Société Anonyme, a company registered under the French commercial code and seated in Paris.

The total price for the 74 000 shares was PLN 74 000 and was equal to the book value stated in the financial records of ING Bank Śląski S.A.

On 11. January 2002 in Warsaw, ING Bank Śląski S.A. signed an agreement with Finplus Sp. z o.o. The agreement provides for the cooperation relating to operational and financial services as well as services related to the organisation and management of electronic payment networks which allow payments by means of cards, granting and managing of credits related to the use of cards, and granting and managing of credits for the purchase of goods and services. The credit risk and the risk of default by Finplus secured with banking guarantees.

The agreement is valid from the date of signing until 31. December 2003.

ING BSK Leasing S.A.

On 24. January 2002, according to the Supervisory Board resolution no 34/24/01/2002, Mr Andrzej Kosecki resigned from the position of President of the Board of Directors, effective from 28. February 2002. At the same time Ms. Bożena Kurasz was appointed as the President of the Board of Directors effective 1. March 2001.

Śląski Bank Hipoteczny S.A.

On 24. January 2002, Mr. Jacek Bartkiewicz and Mr. Zbigniew Hojka were dismissed from the positions of members of the Supervisory Board, and at the same time Ms. Anna Przybysz and Mr. Bogdan Mierzwiński were assigned as the members of the Supervisory Board.

Changes in the Polish Accounting Standards

Based on estimates performed to date the equity of the Capital Group will not significantly change as a result of changes in the Polish Accounting Standards, implemented by the Act dated 9. November 2000 regarding changes in the Accounting Act and specific standards issued.

22. Differences between the data presented in the financial report and reports previously prepared

Differences between the quarterly consolidated report for the fourth quarter of 2001 in comparison with the data presented in the financial report for the year ended 31. December 2001 are insignificant and do not materially affect the result and financial position of the ING Bank Śląski S.A. Group.

23 Changes in accounting policies in 2001

In accordance with the Banking Law dated 31. January 1989, the parent company created the General Risk Fund by both charges to the profit and loss account and distributions of net profit within equity. As at 31. December 1997 the General Risk Fund totalled PLN 265 696 thousand, from which PLN 135 938 thousand was appropriated from net profit and PLN 129 758 thousand was expensed in the profit and loss account.

In accordance with the Banking Law, PLN 239 745 thousand was allocated as Capital Reserves. During the next three years, due to this operation, the parent company paid income tax of PLN 25 952 thousand.

In the process of reconciling net assets and net profit to the requirements of International Accounting Standards, which the parent company has included in the financial statements since 1998, it identified that PLN 129 758 of the General Risk Fund was created from charges to the profit and loss account. This amount was treated as provisions that reduced receivables due from customers and the State Budget. In this way, a permanent difference appeared in the presentation of equity disclosed according to Polish Accounting Law and that disclosed according to the International Accounting Standards. This is due to the fact that according to International Accounting Standards charges to the General Risk Fund from the profit and loss account cannot be treated as part of equity.

In order to eliminate the differences, the parent company has transferred the General Risk Fund, which was charged to profit and loss account before 1998, from other equity reserves to provisions related to credit activity (reducing the value of due from clients and the State Budget). The amount transferred was PLN 129 758 thousand including a reserve for deferred tax of PLN 25 952 thousand. In accordance with International Accounting Standards, the adjustment of PLN 103 806 thousand was charged to 'undistributed result of the previous years'.

24. Changes in the preparation of the financial statements

The financial statements for the year ended 31. December 2001 were prepared in accordance with Ministry Council Resolution dated 16. October 2001 regarding conditions that should be met by prospectus, prospectus extracts, in accordance with Ministry Council Resolution dated 16. October 2001 regarding providing current and periodical information provided by the issuer of securities, as well as in accordance with Bank's present internal accounting regulations. The financial statements meet the recommendations of the Banking Supervisory Commission and Securities and Exchanges Commission.

Comparing the statements as at 31. December 2000, changes were implemented in respect to the balance sheet by separating blocked funds, previously classified according to the maturity dates.

25. Corrections of the general mistakes

In the period from 1. January 2001 to 31. December 2001 there were no general mistakes.

26. Sources of funding and use of funds by major geographic region of the country

Sources of funding (due to customers and State Budget):

Province	31.12.2000	PLN thousand
		31.12.2001
dolnośląskie	388 015	538 924
kujawsko-pomorskie	61 80	91 492
lubelskie	25	29 879
lubuskie	32 243	57 809
łódzkie	247 206	395 499
małopolskie	856 539	1 012 152
mazowieckie	1 587 614	3 643 916
opolskie	737 214	855 357
podkarpackie	66 017	133 571
podlaskie	69 143	113 112
pomorskie	255 184	198 566
śląskie	8 390 552	9 487 477
świętokrzyskie	463 524	640 644
warmińsko-mazurskie	40 772	30 150
wielkopolskie	382 658	482 153
zachodnio-pomorskie	86 380	142 201
Total	13 664 666	17 852 902

Utilization of funds (due from customers and State budget - gross loans and receivables from debt securities eligible for refinancing with the NBP):

Province	31.12.2000	PLN thousand
		31.12.2001
dolnośląskie	115 982	365 375
kujawsko-pomorskie	36 038	73 082
lubelskie	228	27 380
lubuskie	37 915	65 177
łódzkie	106 013	319 678
małopolskie	846 691	818 978
mazowieckie	1 611 353	3 817 984
opolskie	1 012 169	468 599
podkarpackie	43 681	71 576
podlaskie	64 138	35 871
pomorskie	285 164	508 682
śląskie *	6 602 609	7 351 887
świętokrzyskie	121 173	375 548
warmińsko-mazurskie	37 515	45 797
wielkopolskie	629 268	725 986
zachodnio-pomorskie	324 100	266 568
Total	11 874 037	15 338 168

*) In the Śląskie region, the amount of PLN 7 351 887 thousand includes PLN 1 123 381 thousand that relates to loans to individuals recorded in the head office and PLN 1 193 195 thousand that relates to restructuring loans, recorded in the head office.



27. Foreign currency position (regarding of the parent company)

In order to reduce currency risk, the Bank applies limits imposed by Resolution No. 2/2000 of the Banking Supervisory Commission dated 8. November 2000 concerning the establishment of limits of acceptable currency risk in banking activity.

The total convertible foreign currency position at 31. December 2001 amounted to PLN 251 290 thousand.

Capital level requirements in respect of foreign exchange risk calculated in accordance with Resolution No. 2/2000 amounted to PLN 32 537 was included in the surplus equity capital used to cover different types of risks in the Bank (the limit was used in 36%)

The main currency positions were as follows:

Currency	Assets and off-balance sheet balances		Liabilities and off-balance sheet balances		Long + Short - position	
	31.12.2000	31.12.2001	31.12.2000	31.12.2001	31.12.2000	31.12.2001
USD	5 732 176	29 647 850	5 738 386	29 420 485	-6 210	227 365
EUR	4 423 695	8 938 936	4 452 209	8 976 596	-28 514	-38 660
Other	437 636	1 322 850	435 557	1 300 108	2 079	22 742
TOTAL	10 593 507	39 908 635	10 626 152	39 697 189	- 34 724	211 447

28. "Pro forma" financial statements of ING Bank Śląski S.A. as of 31. December 2000 including balances of ING Bank N.V. Warsaw Branch at that date

The pro forma financial statements were prepared by adding the balance sheet, off-balance sheet and profit and loss statement items and netting receivables and payables.

CONSOLIDATED BALANCE SHEET

		as at	31.12.2000
ASSETS			
I.	Cash and due from NBP		1 050 697
II.	Treasury bills and other bills eligible for refinancing with NBP		73 688
III.	Due from other financial institutions		6 346 609
	1. Current		276 210
	2. Term		6 070 399
IV.	Due from customers and State budget		12 691 594
	1. Current		1 623 363
	2. Term		11 068 231
V.	Due from non-consolidated subsidiary and associated undertakings		238 372
VI.	Due from subsidiary undertakings and associated undertakings consolidated by equity method		-
VI.	Receivables subject to securities sale and repurchase agreements		-
VIII.	Debt securities		2 509 195
IX.	Investments in non-consolidated subsidiary and associated undertakings		75 888
X.	Investments in subsidiary undertakings and associated undertakings consolidated by equity method		17 595
XI.	Minority investments		15 619
XII.	Other securities and property rights		355 549
XIII.	Intangible fixed assets		47 184
XIV.	Goodwill from consolidation		-
XV.	Tangible fixed assets		913 170
XVI.	Own shares for sale		-
XVII.	Other assets		612 168
	1. Repossessed assets		464
	2. Other		611 704
XVIII.	Interperiod settlements		159 234
	1. Deferred tax		125 672
	2. Other interperiod settlements		33 562
TOTAL ASSETS			25 106 562

as at

31.12.2000



175

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LIABILITIES

I.	Due to NBP	-
II.	Due to other financial institutions	6 414 311
	1. Current	198 140
	2. Term	6 216 171
III.	Due to customers and State budget	15 096 602
	1. Saving deposits	9 142 788
	a) Current	1 647 830
	b) Term	7 494 958
	2. Other	5 953 814
	a) Current	2 410 330
	b) Term	3 543 484
IV.	Due to non-consolidated subsidiary and associated undertakings	22 691
V.	Due to subsidiary and associated undertakings consolidated by equity method	33
VI.	Liabilities in respect of securities subject to sale and repurchase agreements	-
VII.	Securities issued	93 837
VIII.	Funds for staff benefit and other liabilities	565 188
IX.	Accruals and deferred income or suspended items	387 760
X.	Provisions	241 276
	1. Provisions for deferred tax	34 866
	2. Other provisions	206 410
XI.	Subordinated debt	-
XII.	Minority equity	-
XIII.	Capital reserve from consolidation	-
XIV.	Share capital	289 210
XV.	Unpaid contribution to share capital (negative value)	-
XVI.	Equity reserves	36 752
XVII.	Revaluation reserve	41 609
XVIII.	Other reserves	1 563 727
XIX.	FX differences from recalculation of foreign branches	-
XX.	FX differences from consolidation	-
XXI.	Undistributed profit (not covered loss) of prior years	92 159
XXII.	Net profit (loss)	261 407
	TOTAL LIABILITIES	25 106 562

OFF-BALANCE SHEET ITEMS

as at

31.12.2000

I.	Contingent liabilities granted and received	11 246 556
	1. Contingent liabilities granted	8 171 136
	a) lending commitments	7 022 493
	b) guarantees	1 148 643
	2. Contingent liabilities received	3 075 420
	a) lending commitments	149 889
	b) guarantees	2 925 531
II.	Commitments resulting from sale/purchase transactions	48 323 908
III.	Other, including	51 437 657
	- liabilities due to exchange transactions - deposits transactions	51 022 930
	- liabilities due to transactions on securities	414 727
	- liabilities due to underwriting	-
	OFF-BALANCE TOTAL	111 008 121

PROFIT AND LOSS ACCOUNT

	for the period	31.12.2000
I. Interest income		2 848 169
II. Interest expense		2 079 740
III. Net interest income (I-II)		768 429
IV. Fee and commission income		486 364
V. Fee and commission expense		54 605
VI. Net fee and commission income (IV-V)		431 759
VII. Income from shares and other securities		1 147
VIII. Net profit on financial operations		40 042
IX. Net profit on foreign exchange		480 068
X. Profit (loss) on banking activity		1 721 445
XI. Other operating income		145 475
XII. Other operating expenses		93 402
XIII. General expenses		837 517
XIV. Depreciation		160 652
XV. Charges to provisions and revaluation		1 444 549
XVI. Release of provisions and decrease in respect of revaluation		983 318
XVII. Net charges to / release of provisions and decrease in respect of revaluation (XV-XVI)		461 231
XVIII. Operating profit		314 118
XIX. Extraordinary losses / gains		571
1. Extraordinary gains		674
2. Extraordinary losses		103
XX. Charges to goodwill from consolidation		-
XXI. Charges to equity provisions from consolidation		-
XXII. Profit before taxation		314 689
XXIII. Corporate income tax		47 819
XXIV. Other obligatory charges to profit / (loss)		3 811
XXV. Holdings in profit (loss) entities included in consolidation made by equity method		-1 652
XXVI. (Profit) loss of minority investments		-
XXVII. Net profit (loss)		261 407

29. "Pro forma" financial statements as of 1 October 2001 - the date of contribution of the Branch, including balances of ING Bank N.V. Warsaw Branch at that date

BALANCE SHEET

	as at	01.10.2000
ASSETS		
I. Cash and due from NBP		124 289
II. Treasury bills and other bills eligible for refinancing with NBP		-
III. Due from other financial institutions		3 723 463
IV. Due from customers and State budget		1 854 137
V. Receivables subject to securities sale and repurchase agreements		-
VI. Debt securities		609 556
VII. Investments in subsidiary undertakings		-
VIII. Investments in associated undertakings		-
IX. Minority investments		-
X. Other securities and property rights		-
XI. Intangible fixed assets		576
XII. Tangible fixed assets		1 794
XIII. Own shares for sale		-
XIV. Other assets		461 998
XV. Interperiod settlements		35 594
TOTAL ASSETS		6 811 407

as at

01.10.2000

LIABILITIES

I.	Due to NBP	-
II.	Due to other financial institutions	3 525 838
III.	Due to customers and State budget	1 865 543
IV.	Liabilities in respect of securities subject to sale and repurchase agreements	-
V.	Securities issued	-
VI.	Funds for staff benefit and other liabilities	617 073
VII.	Accruals and deferred income	24 184
VIII.	Provisions	70 106
IX.	Subordinated debt	-
	Fair value of net assets	708 663
	LIABILITIES TOTAL	6 811 407

30. Information about the financial statements of subsidiaries and associated undertakings not consolidated

The financial statements of Centrum Banku Śląskiego Sp. z o.o., which was excluded from the consolidation, has been attached to the consolidated financial statements of ING Bank Śląski S.A. Group.

Data relating to Centrum Banku Śląskiego Sp. z o.o., presented in the Introduction to the Consolidated Financial Statements shows that the conditions to exclude this entity from the Consolidation were fulfilled, and are consistent with the Accounting Act, Resolution No. 2/98 of the Banking Supervisory Commission dated 3. June 1998, regarding the preparation of consolidated financial statements by banks, and with Resolution of the Minister of Finance dated 19. November 1999, on establishing requirements stricter than defined in the Accounting Act, regarding the issuers of securities or issuers of securities who applied for public trading of their securities. These conditions are:

- the total assets are less than 5% of the parent company's total assets;
- the income of the excluded company is less than 5% of the income of parent company.



BALANCE SHEET

PLN

as at 31.12.2001
year

ASSETS		previous	current
		31.12.2000	31.12.2001
0		1	2
A.	Fixed asstes (02+08+16+21)	349 679 833.41	377 820 901.75
I.	Intangible fixed asstes (03 to 07)	13 520 078.06	13 519 334.18
1.	Formation and further expansion cost of public limited company		
2.	Research and development cost	0.00	0.00
3.	Goodwill		
4.	Other intangible fixed assets	13 520 078.06	13 519 334.18
5.	Prepayments for intangible fixed assets		
II.	Tangible fixed assets (09 to 15)	336 159 755.35	364 301 567.57
1.	Land		
2.	Buildings	134 349 743.09	293 319 682.03
3.	Equipments	39 963 319.25	70 851 809.97
4.	Means of transport	27 777.43	3 123.75
5.	Other fixed assets	38 134.06	94 351.82
6.	Assets under construction	150 888 832.19	32 600.00
7.	Prepayments	10 891 949.33	
III.	Financial tangible assets (17 to 20)	0.00	0.00
1.	Investments		
2.	Securities		
3.	Given long-term loans		
4.	Other financial tangible assets		
IV.	Long term receivables		
B.	Current assets (23+29+35+38)	25 186 093.52	18 994 006.50
I.	Stock (24 to 28)	0.00	466 743.34
1.	Stock of materials		
2.	Half-processed products and work-in-progress		
3.	Products		
4.	Goods		466 743.34
5.	Prepayments		
II.	Receivables and claims (30 to 34)	3 920 467.72	1 121 618.57
1.	Due from deliveries and services	1 412 996.95	115 024.57
2.	Due from public settlements	2 507 426.77	1 005 094.00
3.	Due from internal settlements	0.00	
4.	Other receivables	44.00	1 500.00
5.	Claims		
III.	Securities held in trading potrfolio (36+37)	0.00	0.00
1.	Issuer own shares		
2.	Other securities		
IV.	Current placement (39 to 41)	21 265 625.80	17 405 644.59
1.	Cash	3 910.59	9 031.52
2.	Amounts in the bank	21 261 715.21	17 396 613.07
3.	Other (bills cheques)		0.00
C.	Interperiod settlements (43+44)	49 096.67	281 983.85
1.	Prepayments	0.00	281 983.85
2.	Other interperiod settlements	49 096.67	0.00
	TOTAL ASSETS (A+B+C) (01+22+42)	374 915 023.60	397 096 892.10

BALANCE SHEET

PLN

LIABILITIES	0	as at 31.12.2001	
		previous year 31.12.2000	current 31.12.2001
		1	2
A. Equity (47+48+49+55+56+57+60)	46	91 182 000.96	76 550 260.89
I. Share capital	47	91 791 000.00	91 791 000.00
II. Unpaid contribution to share capital (negative value)	48		
III. Equity reserves (50 to 54)	49	87 526.12	87 526.12
1. Surplus capital	50	87 526.12	87 526.12
2. Mandatory reserve	51		
3. Statutory	52		
4. Contribution of shareholders	53		
5. Other	54		
IV. Revaluation reserve	55		
V. Other reserves	56		
VI. Undistributed result of last year (+ -) (58 or 59)	57	-1 235 128.45	-696 525.16
1. Profit (positive value)	58		
2. Loss (negative value)	59	-1 235 128.45	-696 525.16
VII. Net financial result of current year (+ -) (61 to 63)	60	538 603.29	-14 631 740.07
1. Net profit (positive value)	61	538 603.29	-14 631 740.07
2. Net loss (negative value)	62		
3. Charges to net profit of current year	63		
B. Provision (65+66)	64	0.00	0.00
1. Provision for deferred income tax	65		0.00
2. Other provision	66		
C. Long-term liabilities (68 to 70)	67	263 760 895.43	282 632 457.01
1. Long-term loans bonds and other securities	68	263 760 895.43	282 632 457.01
2. Long-term loans taken from banks	69		
3. Other long-term liabilities	70		
D. Short-term liabilities and funds (72 + 82)	71	13 428 112.40	3 652 763.06
I. Short-term liabilities (73 do 81)	72	13 428 112.40	3 652 763.06
1. Loans bonds and other securities	73		
2. Loans taken form banks	74	3 305 650.18	2 358 824.72
3. Prepayments	75		
4. Due to deliveries and services	76	9 964 700.84	942 042.63
5. Due to bills	77		
6. Due to public settlements	78	28 853.03	259 677.24
7. Due to salaries	79		0.00
8. Due to internal settlements	80		
9. Other short-term liabilities	81	128 908.35	92 218.47
II. Funds	82		
E. Interperiod settlements and deferred income (84+85)	83	6 544 014.81	34 261 411.14
1. Interperiod settlements	84	245 135.37	419 891.23
2. Deferred income	85	6 298 879.44	33 841 519.91
TOTAL LIABILITIES (A+B+C+D+E) (46+64+67+71+83)	86	374 915 023.60	397 096 892.10

w PLN

EXPENSES AND LOSSES		The amount for year		
		previous	current	
1		2	3	
A.	Cost of operating activities (02 to 09)	01	11 828 799.39	22 058 195.67
I.	The amount of sold goods and materials	02	0.00	16 769.08
II.	Materials and energy consumption	03	289 064.91	2 036 702.04
III.	External services	04	9 920 359.14	4 712 645.16
VI.	Taxes and levies	05	37 300.26	648 614.06
V.	Salaries	06	195 242.98	708 281.40
VI.	Employee benefits	07	10 316.67	102 166.22
VII.	Depreciation	08	1 261 407.17	12 972 898.65
VIII.	Other	09	115 108.26	860 119.06
B.	Profit on sale (27-01)>0	10	3 122 071.53	2 172 065.63
C.	Other operating expenses (12+13)	11	92 952.32	1 008 889.01
I.	The amount of sold tangible assets	12	0.00	384 047.51
II.	Other operating expenses	13	92 952.32	624 841.50
D.	Profit on operating activity (27-01+33-11)>0	14	3 029 719.29	1 374 288.38
E.	Financial costs (16+17+19)	15	1 901 326.18	17 778 897.86
I.	Revaluation of financial fixed assets and short-term securities	16	0.00	
II.	Interests paid	17	0.00	49 580.55
	of which from subsidiary and associated undertakings	18		49 580.55
III.	Other	19	1 901 326.18	17 729 317.31
F.	Gross profit on activity (27-01+33-11+38-15)>0	20	1 563 144.29	0.00
G.	Extraordinary loss	21	0.00	
H.	Profit before taxation (27-01+33-11+38-15+44-21)>0	22	1 563 144.29	0.00
I.	Obligatory charges to net result (24+25)	23	1 024 541.00	0.00
I.	Income tax	24	1 024 541.00	
II.	Other obligatory charges to profit (loss)	25	0.00	
J.	Net profit (22-23) >0	26	538 603.29	0.00

w PLN

INCOME AND GAINS		The amount for year		
		previous	current	
1		2	3	
A.	Income on sale and similar (28 to 31)	27	14 950 870.92	24 230 261.30
I.	Income on sale of products	28	14 950 870.92	24 218 725.31
II.	Change in inventories of product (increase - positive value decrease - negative value)	29		
III.	Income on sale goods and materials	30		11 535.99
IV.	Cost of producing of services for own needs	31		
B.	Loss on sale (27-01)<0	32	0.00	0.00
C.	Other operating income (34 to 36)	33	600.08	211 111.76
I.	Income on sale of fixed assets	34		197 962.64
II.	Dotation	35		0.00
III.	Other operating income	36	600.08	13 149.12
D.	Loss on operating activities (27-01+33-11)<0	37	0.00	0.00
E.	Financial income (39+41+42)	38	434 751.18	1 772 869.41
I.	Dividends	39		
	of which from subsidiary and associated undertakings	40		
II.	Interests received	41	434 751.18	611 450.01
III.	Other	42		1 161 419.40
F.	Gross loss on activity (27-01+33-11+38-15)<0	43	0.00	-14 631 740.07
G.	Extraordinary gains	44		-14 631 740.07
H.	Loss before taxation (27-01+33-11+38-15+44-21)<0	45	0.00	-14 631 740.07
I.	Net loss (45+23) or (22-23)<0	46	0.00	14 631 740.07

Financial statement as at 31 December 2000

Signatures of the Management Board Members of Bank Śląski S.A.

Marian Czakański
President



Frederik Van Etten
I Vice-President



Krzysztof Brejda
Vice-President



Grzegorz Cywiński
Vice-President



Anthonius Roozen
Vice-President



Cornelis Theodor Tuijnman
Vice-President



Signature of the person responsible for book-keeping:

Eugenia Sikora
Director of the Bank
Accounting Department Chief Accountant



Katowice, 18 March 2002



**AUDITOR'S OPINION
ON CONSOLIDATED FINANCIAL STATEMENTS
OF THE CAPITAL GROUP OF ING BANK ŚLĄSKI S.A.**

For the shareholders of ING Bank Śląski S.A.

We have audited the accompanying consolidated financial statements of the of the Capital Group of ING Bank Śląski S.A. ("the Capital Group"). These consolidated financial statements consist of: introduction, the consolidated balance sheet as at 31 December 2001, with total assets and total liabilities amounting to PLN 26 250 615 thousand, the consolidated statement of contingencies and commitments granted as at 31. December 2001 amounting to PLN 8 811 717 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 102, 750 thousand, a consolidated statement of changes in equity with a balance amounting to PLN 2 607 430 thousand as at 31. December 2001, the consolidated cash flow statement for the year then ended with a net cash inflow amounting to PLN 924 846 thousand and the notes to the financial statements as at and for the period ended 31. December 2001.

These consolidated financial statements are the responsibility of the ING Bank Śląski S.A.- holding entity management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted the audit in accordance with International Standards on Auditing, section 7 of the Polish Accounting Act dated 29. September 1994 (Official Journal no.121, item 591 with subsequent amendments) and the professional norms established by the Polish National Council of the Certified Auditors. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these consolidated financial statements of the Capital Group of ING Bank Śląski S.A. have been prepared from properly maintained accounting books and present fairly, in all material respects, the financial position of the Capital Group as at 31. December 2001 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with the accounting standards applied in Poland as set out in the Polish Accounting Act dated 29. September 1994 (Official Journal no.121, item 591 with subsequent amendments) as well as other regulations issued on this basis and along with requirements for issuers of securities admitted to public trading, which have been applied on a consistent basis.

As required under the Polish Accounting Act dated 29. September 1994 we also report that the information given in the Directors Report on Capital Group activity prepared by management of the holding entity is consistent with the consolidated financial statements.

signed on the Polish original



Certified Auditor No. 4979/2575
Hanna Fludra

signed on the Polish original



For KPMG Polska Audyt Sp. z o.o.
Certified Auditor No. 796/1670
Bogdan Dębicki,
Member of the Board of Directors

signed on the Polish original



For KPMG Polska Audyt Sp. z o.o.
Richard Cysarz, Proxy

Warsaw, 20 March 2002

CAPITAL GROUP OF ING BANK ŚLĄSKI S.A.
AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31. DECEMBER 2001



1. General

1.1 General information on the Bank

1.1.1 Holding entity name

ING Bank Śląski S.A. (formerly Bank Śląski w Katowicach S.A.).

The Bank's name change was registered in Regional Court seated in Katowice on 6 September 2001

1.1.2 Registered office

ul. Sokolska 34
40-086 Katowice

1.1.3 Commercial registration

Seat of the court: Katowice
Date: 18 October 1991
Registration number: KRS 0000005459

1.1.4 Tax Office and Provincial Statistical Office registration

NIP: 634-013-5475
REGON: 271514909

1.2 Structure of the Capital Group

In the audited year the structure of the Capital Group of ING Bank Śląski S.A. was as follows:

Holding entity:

- ING Bank Śląski S.A.

Subsidiaries:

- ING Securities S.A.
- ING BSK Leasing S.A.
- Śląski Bank Hipoteczny S.A.

Associates:

Powszechnie Towarzystwo Emerytalne Nationale Nederlanden S.A.
Entities excluded from the consolidation.

Subsidiaries:

- BSK Konsulting S.A. (subsidiary of BSK Leasing S.A.)
- Finplus Sp. z o.o.
- Hatrol Sp. z o.o.
- Asekuracja Sp. z o.o.

Associated entities:

- Centrum Banku Śląskiego Sp. z o.o.
- Huta Ferrum S.A.

Subsidiaries and associated entities from the Capital Group of ING Bank Śląski S.A. were excluded from consolidated financial statements on the basis of par. 56 art. 2 of the Accounting Act dated 29 September 1994 r.

1.3 Auditor information

KPMG Polska Audyt Sp. z o.o.
Ul. Chłodna 51, XVI p.
00-867 Warszawa

KPMG Polska Audyt Sp. z o.o. is registered as an authorised company to audit financial statements (number 458).



1.4 Legal status

1.4.1 Share capital

Holding entity - ING Bank Śląski S.A. was established for undefined period by a decision of Banking Supervisory Commission dated 18. October 1991 for undefined period.

The share capital of the Bank as at 31. December 2001 amounted to PLN 130 100.00 thousand divided into 9 260 000 'A' type ordinary shares and 3 750 000 'B' type ordinary shares. All shares have nominal value of PLN 10 each.

1.4.2 Board of Directors of holding entity.

At 31. December 2001, the Management Board of the holding entity - ING Bank Śląski S.A. comprised of the following members:

President of the Management Board	Mr Marian Czakański
I Vice-president of the Management Board	Mr Frederik Van Etten
Vice-president of the Management Board	Mr Cornelis Theodor Tuijnman
Vice-president of the Management Board	Mr Anthonius Roozen
Vice-president of the Management Board	Mr Grzegorz Cywiński
Vice-president of the Management Board	Mr Krzysztof Brejdek

On 1. July 2001 the Supervisory Board of ING Bank Śląski S.A. approved Mr Cornelis Theodor Tuijnman for the position of Vice-president of the Management Board.

On 1. July 2001 the Supervisory Board of ING Bank Śląski S.A. approved resignation of Mr Edward Foppema from the post of Vice President of the Bank.

On 1. September 2001 the Supervisory Board of ING Bank Śląski S.A. approved Mr Anthonius Roozen for the position of Vice-president of the Management Board.

1.5 Prior period financial statements

The consolidated financial statements of the Capital Group of ING Bank Śląski S.A. (formerly Capital Group of Bank Śląski w Katowicach S.A.) for the period between 1. January 2000 and 31. December 2000 were audited by KPMG Polska Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements of the Capital Group for the year ended 31. December 2000 were approved at the Shareholders Meeting on 28. June 2001, published in the "National Journal B" No. 478 and were submitted to the District Court for Katowice on 12. September 2001.

1.6 Audit scope responsibilities

This consolidated report of financial statements of the ING Bank Śląski S.A. Capital Group, consist of: introduction, consolidated balance sheet as at 31. December 2001 with the total assets and liabilities of PLN 26 250 615 thousand, consolidated statement of contingencies and commitments granted amounting to PLN 8 811 717 thousand, consolidated profit and loss account for the year ended 31. December 2001 with the net profit of PLN 102 750 thousand, consolidated statement of movements in equity with a balance amounting to PLN 2 607 430 thousand as at 31. December 2001, consolidated cash flow statement for the year with net cash inflow amounting to 924 846 and additional notes to financial statements.

The audit of the consolidated financial statements was carried out on the basis of the engagement letter dated 19. November 2001 for the audit of the annual financial statements.

In accordance with article 52 of above-mentioned Act, the Management of the holding entity - ING Bank Śląski S.A. is responsible for preparation of the consolidated financial statements. We have conducted an independent audit of these consolidated financial statements in order to express an opinion thereon and present it, together with a written auditors' report, to the Bank's Supervisory Board, and to the Shareholders.

We conducted the audit in accordance with International Accounting Standards on Auditing as issued by the International Federation of Accountants, section 7 of the Polish Accounting Act dated 29. September 1994 (Official Journal no.121, item 591 with subsequent amendments) and the professional norms established by the Polish National Council of Certified Auditors.

On 19. March 2002, the Holding entity's directors submitted a representation letter as to the completeness, fairness and accuracy of the financial statements presented for audit which, amongst other things, confirmed that there were no undisclosed matters significantly influencing the information presented in the financial statements for the audited year.

All our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

KPMG Polska Audyt Sp. z o.o. is independent of the entities forming the Capital Group and 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 at KPMG Polska Audyt Sp. z o.o. premises.

1.7 Information about audits of financial statements of entities included in consolidated financial statements.

The financial statements of the Group entities for the period ended 31 December 2001 were audited by KPMG Polska Audyt Sp. z o.o., with the exception for Powszechne Towarzystwo Emerytalne Nationale-Nederlanden S.A., which were audited by Ernst & Young Audit Sp. z o.o.

2. Financial analysis of the Capital Group of ING Bank Śląski S.A.

2.1 Summary of the consolidated financial statements

Detailed information relating to consolidated balance sheet, consolidated profit and loss and consolidated cash flow items are included in consolidated financial statements of the Capital Group.

2.1.1 Consolidated balance sheet

ASSETS

	31.12.2001 PLN'000	31.12.2000 PLN'000
Cash and due from NBP	1,893,641	918,948
Debt securities eligible for rediscounting with NBP	72,352	73,688
Due from financial sector	5,846,292	3,205,528
Due from customers and State budget	13,633,990	10,885,601
Due from entities excluded from consolidation	285,041	238,372
Debt securities	2,136,434	2,161,297
Investments in subsidiary and associated undertakings excluded from consolidation	55,075	75,888
Investments in subsidiary and associated undertakings consolidated using the equity method	27,316	17,595
Investments in other undertakings	19,227	15,619
Other investments	16,028	355,549
Intangible fixed assets	338,258	47,011
Tangible fixed assets	827,622	911,174
Other assets	884,280	264,818
Interperiod settlements	215,059	146,771
Total assets	26,250,615	19,317,859

LIABILITIES AND EQUITY

	31.12.2001 PLN'000	31.12.2000 PLN'000
Due to NPB	-	-
Due to other financial institutions	4,214,590	3,223,171
Due to customers and State budget	17,836,147	13,642,014
Due to subsidiaries and associates excluded from consolidation	17,398	22,691
Due to subsidiaries and associates consolidated using equity method	24	33
Own securities issued	-	-
Special funds and other liabilities	926,217	266,895
Interperiod settlements and deferred income	495,066	348,353
Provisions	153,743	165,685
Share capital	130,100	92,600
Capital reserve	999,570	36,752
Reserve capital	33,810	40,181
Other reserve capital	1,458,016	1,366,898
Undistributed profit / not covered losses from prior years	(116,816)	(38,354)
Net profit for the year	102,750	150,940
Total liabilities and equity	26,250,615	19,317,859

**Consolidated Off-balance sheet items**

	31.12.2001 PLN'000	31.12.2000 PLN'000
Commitments granted	8,811,717	3,358,323
Commitments received	4,218,746	210,421
Commitments due to sale/purchase operations	94,456,043	5,681,437
Other off-balance sheet items	2,172,262	912,723
Total	109,658,768	10,162,904

2.1.2 Consolidated profit and loss account

	01.01.2001 31.12.2001 PLN'000	01.01.2000 31.12.2000 PLN'000
Interest income	2,407,395	2,280,898
Interest expense	(1,921,310)	(1,569,847)
Net interest income	486,085	711,051
Fee and commission income	479,710	431,224
Fee and commission expense	(38,039)	(35,139)
Net fee and commission income	441,671	396,085
Income from shares and other securities	-	1,147
Net profit/loss on financial operations	59,438	(6,122)
Net profit on foreign exchange	498,756	269,049
Profit on banking activity	1,485,950	1,371,210
Other operating income	125,669	142,070
Other operating expenses	(89,813)	(88,114)
General expenses	(810,158)	(698,617)
Depreciation	(171,264)	(159,818)
Charges to provisions	(2,629,037)	(1,327,560)
Release of provisions	2,205,467	907,315
Net charges to provisions	(423,570)	(420,245)
Profit on operations	116,814	146,486
Extraordinary gains/(losses)	283	564
Profit before taxation	117,097	147,050
Corporate income tax	(24,067)	9,353
Other gross profit charges	(1)	(3,811)
Share of profit (or loss) in entities consolidated using the equity method	9,721	(1,652)
Net profit after taxation	102,750	150,940

2.2 Selected financial ratios for the Capital Group of ING Bank Śląski S.A.

	31.12.2001 PLN'000	31.12.2000 PLN'000
Total assets	26,252.2	19,317.9
Gross profit before taxation	117.1	147.1
Net profit after taxation	102.8	150.9
Equity (excluding current year net profit)	2,504.6	1,498.1
Return on equity (based on average value of equity)	5.8%	10.1%
Capital adequacy ratio (the Bank)	12.5%	10.7%
Receivables to total assets	74.2%	74.2%
Income earning assets to total assets	82.6%	85.7%
Cost bearing liabilities to total liabilities	84.0%	87.4%

2.3 Interpretation of selected financial ratios

In interpreting these figures, it should be borne in mind that general inflation in 2001 was 3.6% (inflation in 2000 and 1999 was 8.5% and 9.8% respectively).

Changes in the most significant items of the consolidated balance sheet and the consolidated profit and loss account are described below.

The total consolidated balance sheet grew by 35.9% during the year. The main reason for the increase in 2001 was a contribution of the ING Bank N.V. Branch in Warsaw, which was made on 1. October 2001 by the Bank's main shareholder in exchange for the B series share issue. On the date of the transaction the balance sheet figure of the ING Bank N.V. Warsaw Branch had amounted to PLN 6,809 million.

As at 31. December 2001 gross consolidated profit before tax amounted to PLN 117 097 thousand, which was a decrease of PLN 29 935 thousand, compared to the previous year. The following factors impacted the level of gross income:

- net increase in provisions amounting to PLN 424 million;
- foreign exchange result, which amounted to PLN 499 million, which was 18,6% higher than the previous year;
- general expenses, which amounted to PLN 810 million in 2001 and were higher by PLN 112 million or 16% in comparison with the previous year;

In 2001 the holding entity ING Bank Śląski S.A. has used as specific loan loss reserves PLN 129.8 million of General Risk Fund, classified in prior years under equity and built up by charges to profit and loss account before 1. January 1998 based on regulations of the former Banking Law. This fund should be classified as specific loan loss provision under IAS, which state that changes in the equity should be made by appropriation of profits rather than charges to profit and loss account.

3. Detailed report

3.1 Accounting principles

Entities forming the capital group use accounting policies in accordance with the Accounting Act dated 29. September 1994 (Official Journal No. 121, item 591 with amendments), the Banking Supervision Commission Regulation No 1/98 dated 3. June 1998 regarding the specific policies of bank accounting and preparing the notes to the financial statements (NBP Official Journal No. 14, item 27), the Banking Supervision Commission Regulation No 2/98 dated 3. June 1998 regarding the specific policies of bank preparing consolidated financial statements (NBP Official Journal No. 14, item 28), the Ministry of Finance Regulation dated 15. June 2000 regarding specific accounting policies, including presentation of the financial statements by entities carrying out brokerage activities (Official Journal No. 52, item 624).

In order to prepare consolidated financial statements of the capital group, financial statements of entities forming the group have been appropriately transformed.

Financial statements of the entities forming the capital group have been prepared on the same balance sheet date as the financial statements of the holding entity.

3.2 Basis for preparation consolidated financial statements.

The consolidated financial statements of the ING Bank Śląski S.A. Capital Group were prepared in accordance with regulations for financial statements of capital groups in the Accounting Act, chapter 6, dated 29. September 1994 and the other regulations issued on this basis, as well regulations relating to entities issuing securities accepted for public quotation.

The basis for preparing consolidated financial statements was documentation, which complied with the resolution No. 2/98 of Banking Supervision Commission dated 3. June 1998 regarding the preparation of consolidated financial statements for banks.

The method of consolidation of subsidiaries and associates has been presented in details in chapters III and IV of the "Introduction" to consolidated financial statements of Capital Group of ING Bank Śląski S.A.

3.3 Notes to the consolidated financial statements

All information included in the notes to the consolidated financial statements is presented accurately and completely.

3.4 Consolidated cash flow statement

The consolidated cash flow statement has been properly prepared and is consistent with the consolidated balance sheet and consolidated profit and loss account.

3.5 Directors' report on the Bank's activities

The information presented in the Directors' report on the Bank's activities is consistent with the financial statements.

3.6 Information on auditor's opinion

Based on our audit of the consolidated financial statements of Capital Group of ING Bank Śląski S.A. as at 31. December 2001 we have issued unqualified opinion.



Certified Auditor No. 4979/2575
Hanna Fludra



For KPMG Polska Audyt Sp. z o.o.
Certified Auditor No. 796/1670
Bogdan Dębicki,
Management Board Member



For KPMG Polska Audyt Sp. z o.o.
Richard Cysarz, Partner

Warsaw, 20. March 2002



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