



TRANSLATION

ING Bank Śląski S.A.
Capital Group

Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2005

KPMG Audyt Sp. z o.o.

Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2005

OPINION OF THE INDEPENDENT AUDITOR

To the General Shareholders' Meeting of ING Bank Śląski S.A.

We have audited the accompanying consolidated financial statements of ING Bank Śląski S.A. Capital Group seated in Katowice, ul. Sokolska 34, consisting of the consolidated balance sheet as at 31 December 2005, with total assets of and total liabilities and equity of PLN 42,126,914 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 566,446 thousand, the consolidated statement of changes in equity for the year then ended with an increase in equity of PLN 284,521 thousand, the consolidated cash flow statement for the year then ended with a decrease in cash amounting to PLN 424,685 thousand and supplementary notes, comprising of significant accounting policies and other explanatory notes.

The Management of the Parent Company is responsible for the preparation and true and fair presentation of the consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) and respective bylaws and regulations and the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market. Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994, the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain a reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence and consolidation documentation supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles applied in the Group and significant estimates made by the management of the Parent Company, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying consolidated financial statements of ING Bank Śląski S.A. Capital Group present fairly, in all material respects, the financial position of the Group as at 31 December 2005, the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 and respective bylaws and regulations and the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market and the provisions of law that apply to the consolidated financial statements, applicable to the Group.

As required under the Accounting Act dated 29 September 1994 we also report that the Report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Act and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the consolidated financial statements.

Signed on the Polish original

.....
Certified Auditor No. 9941/7390
Bożena Graczyk

Signed on the Polish original

.....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51; 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk
Member of the Management Board

Warsaw, 31 March 2006

ING Bank Śląski S.A.
Capital Group

Report supplementing
the auditor's opinion
on the consolidated financial
statements
Financial Year ended
31 December 2005

KPMG Audyt Sp. z o.o.

Report supplementing the auditor's opinion
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for the financial year ended
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1 General

1.1 Identification of the Group

1.1.1 Name of the Group

ING Bank Śląski S.A. Capital Group

1.1.2 Registered office of the Parent Company of the Group

ul. Sokolska 34
40-086 Katowice

1.1.3 Registration of the Parent Company in the National Court Register

Seat of the court: Regional Court in Katowice, Commercial Department

Date: 9th April 2001

Registration number: KRS 0000005459

1.1.4 Registration of the Parent Company in the Tax Office and Statistical Office

NIP: 634-013-54-75

REGON: 271514909

1.2 Information about companies included in the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2005 the following companies belonging to the Group were subject to consolidation:

Parent Company:

- ING Bank Śląski S.A.

Subsidiaries consolidated on the “full consolidation” basis:

- ING Securities S.A.
- Śląski Bank Hipoteczny S.A.
- ING BSK Development Sp. z o.o.
- Solver Sp. z o.o.
- Centrum Banku Śląskiego Sp. z o.o.

ING Services Sp. z o.o. was subject to consolidation until the date on which the Parent ceased the control over the subsidiary due to the sale, i.e. for the period from 1 January 2005 to 15 November 2005.

1.2.2 Entities excluded from consolidation

At 31 December 2005 there were no entities of ING Bank Śląski S.A. Capital Group, which were not included in the consolidated financial statement.

1.3 Auditor information

KPMG Audyt Sp. z o.o.
ul. Chłodna 51
00-867 Warsaw

KPMG Audyt Sp. z o.o. is registered as a company authorised to audit financial statements (number 458).

1.4 Legal status

1.4.1 Share capital

The Parent Company was established for an indefinite period under the terms of its Statute dated 8 October 1991.

The share capital of the Parent Company amounted to PLN 130,100,000 as at 31 December 2005 divided into 13,010,000 ordinary shares with a nominal value of PLN 10.00 each.

As at 31 December 2005, the shareholder structure was as follows:

Name of the Shareholder	Number of shares	Number of voting rights (%)	Nominal value of shares PLN thousand	Percentage of share capital (%)
ING BANK N.V.	9,757,500	75.0%	97,575,000	75.0%
Commercial Union Otwarty Fundusz Emerytalny BPH CU WBK	830,000	6.4%	8,300,000	6.4%
Others< 5%	2,422,500	18.6%	24,225,000	18.6%
	13,010,000	100.0%	130,100,000	100.0%

1.4.2 Management of the Parent Company

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

At 31 December 2005, the Management Board of the Parent Company was comprised of the following members:

- | | |
|--|---------------------------|
| • President of the Board of Directors | - Mr Brunon Bartkiewicz |
| • Vice-president of the Board of Directors | - Mr Krzysztof Brejda |
| • Vice-president of the Board of Directors | - Mr Ian Clyne |
| • Vice-president of the Board of Directors | - Mr Grzegorz Cywiński |
| • Vice-president of the Board of Directors | - Mr Donald Koch |
| • Vice-president of the Board of Directors | - Mr Michał Szczurek |
| • Vice-president of the Board of Directors | - Mr Maciej Węgrzyński |
| • Vice-president of the Board of Directors | - Mr Benjamin van de Vrie |

On 11 February 2005 the Supervisory Board of the Parent Company appointed Mr. Ian Clyne to a post of Vice-president of the Board of Directors of ING Bank Śląski S.A. as of 1 March 2005.

1.4.3 Scope of activities

The business activities listed in the Parent Company's Statute include the following:

- 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 in respect of loans;
- financial and operational participation in international projects and undertakings;
- placing and accepting money placements with domestic and foreign banks;
- custodian services;
- providing leasing, factoring, underwriting services;
- soliciting services as defined in the Act on Organisation and Activities of Pension Funds;
- other services as specified in the articles of association.

The business activities of the subsidiaries, included in the Group, according to their Statutes include the following:

- granting mortgage loans;
- trading mortgage-backed securities;
- brokerage services;
- financial consulting and intermediary;
- creation and management of pension funds;
- financial intermediary, market research and analysis;
- real estate rental services;
- real estate agency and related services.

1.5 Prior period consolidated financial statements

The consolidated financial statements for the period ended 31 December 2004 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Shareholders' Meeting on 9 June 2005.

The closing balances as at 31 December 2004 have been properly recorded prior to IFRS adjustments as the opening balances of the audited year.

Due to the changes in the applied accounting policies, resulting from the adoption of the accounting policies that are in compliance with International Financial Reporting Standards as adopted by the European Union the related corresponding figures for 31 December 2003 have been restated by the Parent Company together with the opening balances of the audited year. Furthermore, in accordance with IFRS 1, the Parent Company has elected not to restate the corresponding figures in order to comply with IAS 32, IAS 39. The adjustments resulting from changes in accounting policies, in order to comply with IAS 32, IAS 39 have been made to the opening balance of equity as at 1 January 2005.

The consolidated financial statements were submitted to the Registry Court on 15 June 2005 and were published in Monitor Polski B No. 10931 on 3 October 2005.

1.6 Audit scope and responsibilities

This report of the independent auditor was prepared for the General Shareholders' Meeting of ING Bank Śląski S.A. seated in Katowice, ul Sokolska 34, and relates to the consolidated financial statements comprising: the consolidated balance sheet as at 31 December 2005, with total assets of and total liabilities and equity of PLN 42,126,914 thousand, the consolidated profit and loss account for the year then ended with a net profit of PLN 566,446 thousand, the consolidated statement of changes in equity for the year then ended with an increase in equity of PLN 284,521 thousand, the consolidated cash flow statement for the year then ended with a decrease in cash amounting to PLN 424,685 thousand, and supplementary notes, comprising of significant accounting policies and other explanatory notes.

The consolidated financial statements have been audited on the basis of the decision of the Supervisory Board dated 29 April 2005 on the appointment of the auditor.

The consolidated financial statements have been audited in accordance with the contract dated 12 August 2005.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2002, no 76, item 694 with amendments), the professional standards established by the Polish National Council of Certified Auditors and International Standards on Auditing.

We have audited the consolidated financial statements in the Parent Company's head office and branches during the period from 9 January 2006 to 31 March 2006.

The Management of the Parent Company is responsible for the preparation and true and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 and respective bylaws and regulations and the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market.



Our responsibility is to express an opinion, with a supplementing report, on these financial statements.

On 31 March 2006, the Management Board of the Parent Company submitted a statement as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated 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 by the Management of the Parent Company.

KPMG Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of the consolidated financial statements fulfil independence requirements from the companies included in the Group. 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 Audyt Sp. z o.o.

1.7 Information on audits of the financial statements of consolidated companies

1.7.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2005 has been audited by KPMG Audyt Sp. z o.o., certified auditor number 458, and received an unqualified opinion.

1.7.2 Other consolidated entities

Entity's name	Authorised auditor	Financial year end	Type of the auditor's opinion
ING Securities S.A.	KPMG Audyt Sp. z o.o.	31 December 2005	Pending
Śląski Bank Hipoteczny S.A.	KPMG Audyt Sp. z o.o.	31 December 2005	Pending
Centrum Banku Śląskiego Sp. z o. o.	KPMG Audyt Sp. z o.o.	31 December 2005	Pending

The financial statements of other entities being part of the Group were exempt from the obligation to audit for the financial year ended 31 December 2005.



2 Financial analysis of the Group

2.1 Summary of the financial statements

2.1.1 Consolidated balance sheet

ASSETS

	31-12-2005		31-12-2004	
	PLN thousand	% of total	PLN thousand	% of total
Cash in hand and balances with the Central Bank	1,176,443	2.79	895,332	2.52
Deposits in other banks, loans and advances to other banks	12,573,648	29.85	11,077,785	31.23
Financial assets at fair value through profit and loss	6,155,240	14.61	5,122,066	14.44
Investment financial assets	10,922,919	25.93	6,539,378	18.43
Loans and advances to customers	9,902,860	23.51	10,407,872	29.34
Investments in subsidiaries	75,080	0.18	70,944	0.20
Property, plant, and equipment	600,851	1.43	663,879	1.87
Investments properties	140,547	0.33	121,415	0.34
Intangible assets	318,857	0.76	305,414	0.86
Non-current assets held for sale	5,969	0.01	-	-
Current tax assets	50,349	0.12	62,991	0.18
Deferred tax assets	78,125	0.19	79,483	0.22
Other assets	126,026	0.30	126,562	0.36
TOTAL ASSETS	42,126,914	100.00	35,473,121	100.00



EQUITY AND LIABILITIES

	31-12-2005		31-12-2004	
	PLN thousand	% of total	PLN thousand	% of total
Liabilities				
Liabilities due to the Central Bank	464,000	1.10	-	0.00
Liabilities due to other banks	865,301	2.05	2,505,041	7.06
Financial liabilities at fair value through profit and loss	3,685,789	8.75	1,270,042	3.58
Liabilities to customers	32,823,596	77.92	27,638,259	77.91
Provisions	80,519	0.19	288,208	0.81
Provisions for deferred tax	-	0.00	389	0.00
Other liabilities	646,621	1.53	601,063	1.69
Total liabilities	38,565,826	91.55	32,303,002	91.06
Equity				
Share capital	130,100	0.31	130,100	0.37
Supplementary capital - issuance of shares over nominal value	993,750	2.36	993,750	2.80
Revaluation reserve from financial assets available for sale	85,797	0.20	64,127	0.18
Revaluation reserve from fixed assets	38,055	0.09	59,551	0.17
Retained earnings	2,300,937	5.46	1,913,622	5.39
Total equity attributable to equity holders of the parent	3,548,639	8.42	3,161,150	8.91
Minority capital	12,449	0.03	8,969	0.03
Total equity	3,561,088	8.45	3,170,119	8.94
TOTAL EQUITY AND LIABILITIES	42,126,914	100.00	35,473,121	100.00

**2.1.2 Consolidated profit and loss account**

	1.01.2005 - 31.12.2005 PLN thousand	1.01.2004 - 31.12.2004 PLN thousand
Interest income	1,868,398	1,692,149
Interest expense	1,147,177	857,988
Net interest income	721,221	834,161
Fee and commission income	604,076	600,920
Fee and commission expense	76,398	91,771
Net fee and commission expense	527,678	509,149
Dividend income	1,711	763
Result on financial instruments at fair value through profit and loss	212,137	72,715
Net income on investment financial assets	3,684	4,305
Result on sale of subsidiaries	289	560
Result from adjustments of fair value in hedge accounting	-1,995	-
FX result	176,442	251,205
Other operating income	40,076	31,048
Other operating expenses	31,856	42,633
Result on operating activity	1,649,387	1,661,273
General administrative expenses	981,118	901,002
Depreciation and amortisation	128,269	124,219
Result from valuation of investment property at fair value	17,429	-19,062
Net income and disposals of assets other than held for sale	122	272
Impairment losses and provisions	-117,957	151,911
Result from non-current assets and disposals groups classified as held for sale	3,632	-
Share in net profit (loss) in associated entities	26,700	23,694
Profit / (Loss) before tax	705,840	489,045
Income tax	139,394	79,047
Net profit (loss)	566,446	409,998
Attributable to:		
Equity holders of the parent	549,462	399,041
Minority interest	16,984	10,957
Earnings per share (PLN)	42.23	30.67

2.2 Selected financial ratios

	31.12.2005	31.12.2004
	PLN thousand	PLN thousand
Total assets	42,126,914	35,473,121
Gross profit	705,840	489,045
Net profit	566,446	409,998
Shareholder's equity *	2,994,642	2,760,121
Return on equity	18.92%	14.85%
Capital adequacy ratio	18.60%	15.68%
Receivables to total asstes	53.35%	60.57%
Income generating assets to total assets	93.89%	93.44%
Interest bearing liabilities to total liabilities	89.82%	88.56%

* excluding current year net profit

Receivables – receivables due from customers and other banks;

Interest generating assets– receivables due from customers and other banks, financial assets at fair value trough profit and loss, financial investments;

Interest bearing liabilities – liabilities to Central Bank, other banks and customers, financial liabilities At fair value trough profit and loss;

2.3 Interpretation of selected financial ratios

The most significant changes in the consolidated balance sheet and the profit and loss account items are analysed below:

The total consolidated balance sheet increased by PLN 6,653,793 thousand, i.e. 18.76% during 2005. The main growth driver was an increase in deposits taken from customers and investment financial assets.

Gross consolidated profit before tax for the year ended 31 December 2005 amounted to PLN 705,840 thousand. It was higher than in the previous year by PLN 216,795 thousand.

The main factor for the increase in net income was lower charges to impairment provisions.

As a result, return on equity increased from 14.85% in prior year to 18.92% in 2005.

3 Detailed report

3.1 Accounting principles

The Parent Company maintains current documentation describing the accounting principles applied in the Group, approved by the Management Board of the Parent Company.

The accounting principles (policies) adopted are described in the supplementary notes, comprising of significant accounting policies and other explanatory notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Considering the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the same balance sheet date as the financial statements of the Parent Company.

3.2 Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the ING Bank Śląski S.A. Capital Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and in respect to matters that are not regulated by the above standards, in accordance with the accounting principles as set out in the Accounting Act dated 29 September 1994 (Official Journal from 2002, No. 76, item 694 with amendments) and respective bylaws and regulations and the requirements for issuers of securities admitted or sought to be admitted to trading on an official stock-exchange listing market.

The consolidated financial statements were based on consolidation documentation including in particular:

- financial statements of the related entities,
- consolidation adjustments and eliminations, necessary to prepare the consolidated financial statements,
- calculation of fair value of net assets of subordinated entities,
- calculation of goodwill and negative goodwill and their amortisation, including allowances,
- calculation of the minority interest.

3.3 Method of consolidation

The method of consolidation has been described in note (e) of the supplementary notes, comprising of significant accounting policies.

3.4 Consolidation goodwill and its amortisation

The method of calculating consolidation goodwill has been described in note (e) of the supplementary notes, comprising of significant accounting policies.

3.5 Consolidation of equity and calculation of minority interest

The share capital of the Group is equivalent to the share capital of the Parent Company.

Other equity items of the Group were determined by adding the equity balances of subsidiaries included in the consolidated financial statements, in the proportion reflecting the percentage share of the Parent Company in the subsidiaries' equity as at the balance sheet date to the corresponding positions of the equity of the Parent Company.

Only the portion of equity of the subsidiaries, resulting after control of the Parent Company, is included in the equity of the Group.

Minority interests in the subsidiaries included in the consolidated financial statements were determined as the percentage share of minority shareholders in subsidiaries' equity as at the balance sheet date.

3.6 Consolidation eliminations

Intercompany balances within the Group were eliminated in consolidation.

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

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

3.7 Compliance with banking regulations

Based on our audit we have not identified any significant deviations in the Capital Group's compliance with the banking regulatory norms pertaining among others to loan concentration, obligatory reserve and capital adequacy ratio.

3.8 Audit materiality

We have planned and applied an appropriate level of precision in conducting our audit procedures in order to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatements.

3.9 Supplementary notes, comprising of significant accounting policies and other explanatory notes

All information included in the supplementary notes, comprising of significant accounting policies and other explanatory notes is presented accurately and completely. This information should be read in conjunction with the consolidated financial statements taken as a whole.

3.10 Report of the Management Board of the Parent Company on the Group's activities

The Report of the Management Board of the Parent Company on the Group's activities includes, in all material aspects, the information required by Article 49 of the Accounting Act dated 29 September 1994 and by the Decree of the Ministry of Finance dated 19 October 2005 on current and periodic information provided by issuers of securities (Official Journal from 2005, No 209, item 1744) and the information is consistent with the consolidated financial statements.

3.11 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2005, we have issued an unqualified opinion.

Signed on the Polish original

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Certified Auditor No. 9941/7390
Bożena Graczyk

Signed on the Polish original

.....
For KPMG Audyt Sp. z o.o.
ul. Chłodna 51, 00-867 Warsaw
Certified Auditor No. 9941/7390
Bożena Graczyk
Member of the Management Board

Warsaw, 31 March 2006