



TRANSLATION

ING Bank Śląski S.A.

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 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 financial statements of ING Bank Śląski S.A. seated in Katowice, ul. Sokolska 34, consisting of the balance sheet as at 31 December 2005, with total assets of and total liabilities and equity of PLN 42,084,032 thousand, the profit and loss account for the year then ended with a net profit of PLN 506,784 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 258,610 thousand, the cash flow statement for the year then ended with an decrease in cash amounting to PLN 417,283 thousand, and supplementary notes, comprising of significant accounting policies and other explanatory notes.

The Management of the Bank is responsible for the accuracy of the accounting records and the preparation and true and fair presentation of the 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 requirements of 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 is to express an opinion on these financial statements, and whether the financial statements are derived from properly maintained accounting records and supporting documentation, based on our audit.

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 reasonable assurance about whether the financial statements are free of material misstatements. 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 of the Bank, 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 accompanying financial statements of ING Bank Śląski S.A. present fairly, in all material respects, the financial position of the Bank 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 requirements of 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, the provisions of the Bank's Statute that apply to the Bank's financial statements and have been prepared from accounting records, that in all material respects have been properly maintained, together with supporting documentation.

As required under the Polish Accounting Act dated 29 September 1994 we also report that the Report on the Bank's activities includes, in all material aspects, the information required by Art. 49 of the Accounting 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 financial statements.

Signed on the Polish original

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Certified Auditor No. 9941/7390
Bożena Graczyk

Signed on the Polish original

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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.

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

KPMG Audyt Sp. z o.o.

Report supplementing the auditor's opinion
on the financial statements
for the financial year ended
31 December 2005

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1 General

1.1 General information about the Bank

1.1.1 Bank name

ING Bank Śląski S.A.

1.1.2 Registered office

Ul. Sokolska 34
40-086 Katowice

1.1.3 Registration 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 Tax Office and Provincial Statistical Office registration

NIP: 634-013-54-75
REGON: 271514909

1.2 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).

1.3 Legal status

1.3.1 Share capital

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

The share capital of the Bank 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 Otworthy 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%

1.3.2 Related parties

The Bank is a member of the ING Bank Śląski S.A. Capital Group.

1.3.3 Management of the Bank

The Management Board is responsible for management of the Bank.

At 31 December 2005, the Management Board of the Bank 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 Bank 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.

1.3.4 Scope of activities

The business activities listed in the Bank'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 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.

1.4 Prior period financial statements

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

The financial statements were approved at the General Shareholders' Meeting on 9 June 2005 where it was resolved to allocate the profit for the prior financial year of 366,255,009.24 PLN thousand as follows:

• equity reserves	69,550,009.24 PLN
• general risk fund	30,000,000.00 PLN
• dividend for shareholders	266,705,000.00 PLN

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 Bank 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 financial statements were submitted to the Registry Court on 15 June 2005 and were published in Monitor Polski B No 10930 on 3 October 2005.

1.5 Audit scope and responsibilities

This report of the independent auditor was prepared for the Shareholders' Meeting of ING Bank Śląski S.A. seated in Katowice, ul. Sokolska 34, and relates to the financial statements comprising: the balance sheet as at 31 December 2005 with total assets of and total liabilities and equity of PLN 42,084,032 thousand, the profit and loss account for the year then ended with a net profit of PLN 506,784 thousand, the statement of changes in equity for the year then ended with an increase in equity of PLN 258,610 thousand, the cash flow statement for the year then ended with a decrease in cash amounting to PLN 417,283 thousand and supplementary notes, comprising of significant accounting policies and other explanatory notes.

The audited Bank prepares its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Shareholders' Meeting dated 23 December 2004.



The financial statements have been audited on the basis of the decision of Supervisory Board of ING Bank Śląski S.A. dated 29 April 2005 on the appointment of the auditor.

The 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 conducted the interim audit in the Bank's head office and branches during the period from 12 December 2005 to 23 December 2005. We have conducted the final audit of the financial statements in the Bank's head office and branches during the period from 9 January 2006 to 31 March 2006.

The Management of the Bank is responsible for the accuracy of the accounting records and the preparation and true and fair presentation of the 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 requirements of 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, and whether the financial statements are derived from properly maintained accounting records and supporting documentation, based on our audit.

On 31 March 2006, the Management Board of the Bank submitted a statement as to the true and fair presentation of the financial statements presented for audit which confirmed that there were no undisclosed matters which could significantly influence 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 Audyt Sp. z o.o., the members of its Management Board and Supervisory Board and other persons involved in the audit of financial statements of the Bank fulfil independence requirements. 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.



2 Financial analysis of the Bank

2.1 Summary of the financial statements

2.1.1 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	1,176,436	2.80	895,324	2.53
Deposits in other banks, loans and advances to other banks	12,626,500	30.00	11,155,605	31.48
Financial assets at fair value through profit and loss	6,165,686	14.65	5,133,327	14.49
Investments financial assets	10,952,027	26.02	6,565,207	18.53
Loans and advances to customers	10,026,137	23.82	10,519,540	29.69
Investments in subsidiaries	126,910	0.30	140,865	0.40
Property, plant, and equipment	443,093	1.05	460,365	1.30
Intangible assets	317,800	0.76	301,745	0.85
Non-current assets held for sale	5,969	0.01	-	-
Current tax assets	49,109	0.12	62,060	0.18
Deferred tax assets	71,645	0.17	76,035	0.21
Other assets	122,720	0.29	125,296	0.35
TOTAL ASSETS	42,084,032	100.00	35,435,369	100.00



ING Bank Śląski S.A.

Report supplementing the opinion on the financial statements
for the financial year ended 31 December 2005

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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	877,038	2.08	2,512,824	7.09
Financial liabilities at fair value through profit and loss	3,685,789	8.76	1,270,042	3.58
Liabilities to customers	32,878,020	78.12	27,676,402	78.10
Provisions	79,490	0.19	321,588	0.91
Other liabilities	634,506	1.51	593,496	1.67
Total liabilities	38,618,843	91.77	32,374,352	91.36
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	85,796	0.20	64,127	0.18
Revaluation reserve from fixed assets	31,725	0.08	32,967	0.09
Retained earnings	2,223,818	5.28	1,840,073	5.19
Total equity	3,465,189	8.23	3,061,017	8.64
TOTAL EQUITY AND LIABILITIES	42,084,032	100.00	35,435,369	100



2.1.1 Profit and loss account

	1.01.2005 - 31.12.2005 PLN thousand	1.01.2004 - 31.12.2004 PLN thousand
Interest income	1,870,269	1,686,170
Interest expense	1,155,628	864,467
Net interest income	714,641	821,703
Fee and commission income	524,701	551,566
Fee and commission expense	55,510	78,899
Net fee and commission expense	469,191	472,667
Dividend income	41,611	5,735
Net income on financial instruments at fair value through profit and loss	211,766	72,298
Net income on investment financial assets	3,674	2,961
Result on sale of subsidiaries	1,838	1,501
FX result	160,121	201,978
Other operating income	20,094	16,110
Other operating expenses	30,153	42,117
Result on operating activity	1,592,783	1,552,836
General administrative expenses	959,529	883,886
Depreciation and amortisation	120,430	116,076
Result from valuation of investment property at fair value	-	-
Net income and disposals of assets other than held for sale	120	272
Impairment losses and provisions	-120,207	160,338
Result from non-current assets and disposals groups classified as held for sale	3,632	-
Share in net profit (loss) in associated entities	-	-
Profit / (Loss) before tax	636,783	392,808
Income tax	129,999	62,703
Net profit (loss)	506,784	330,105
Earnings per ordinary share (PLN)	38.95	25.37

2.2 Selected financial ratios

	31.12.2005 PLN thousand	31.12.2004 PLN thousand
Total assets	42,084,032	35,435,369
Gross profit	636,783	392,808
Net profit	506,784	330,105
Shareholder's equity *	2,958,405	2,730,912
Return on equity	17.13%	12.09%
Capital adequacy ratio	17.96%	15.19%
Receivables to total assets	53.83%	61.17%
Income generating assets to total assets	94.50%	94.18%
Interest bearing liabilities to total liabilities	90.07%	88.78%

* 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 through profit and loss, financial investments;

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

2.3 Interpretation of selected financial ratios

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

The total balance sheet grew by PLN 6,648,663 thousand during the year, i.e. 18.76%. The main growth driver was an increase in deposits taken from customers and investment financial assets.

Gross profit before tax for the year ended 31 December 2005 amounted to PLN 636,783 thousand and was higher than in previous year by PLN 243,975 thousand.

The main factor for the increase in net income was higher result from financial instruments at fair value through profit and loss and lower charges to impairment provisions.

As a result, return on equity increased from 12.09% in prior year to 17.13% in 2005.

3 Detailed report

3.1 Accounting records and data protection

The Bank maintains current documentation describing the applied accounting principles, adopted by the Management Board and described in the supplementary notes and other explanatory notes to the financial statements, to the extent required by International Financial Reporting Standards as adopted by the European Union.

The financial statements were prepared from accounting records that, in all material respects, have been maintained in accordance with the requirements of section 2 "Maintenance of the accounting records" and section 8 "Data protection" of the Accounting Act dated 29 September 1994, together with supporting documentation.

3.2 Verification of assets and liabilities

The Bank performed a verification of assets and liabilities in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act and in compliance with the Decree of the Ministry of Finance dated 10 December 2001 regarding special accounting principles for banks (Official Journal No. 149 from 2001, item 1673 with amendments).

Differences have been recorded in the period covered by the financial statements.

3.3 Compliance with banking regulations

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

3.4 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 financial statements taken as a whole are free of material misstatements.

3.5 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. The significant accounting policies and other explanatory notes should be read in conjunction with the financial statements taken as a whole.



ING Bank Śląski S.A.

*Report supplementing the opinion on the financial statements
for the financial year ended 31 December 2005
TRANSLATION*

3.6 Report on the Bank's activities

The Report on the Bank'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 financial statements.

3.7 Information on the opinion of the independent auditor

Based on our audit of the financial statements 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

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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