

**Interim Financial Reporting
of ING Bank Śląski Group
for the first quarter 2005**

ING 

ING  BANK ŚLĄSKI

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I. Basic Details of Issuer

1. Informational Details of the Bank and the Capital Group

ING Bank Śląski Spółka Akcyjna
40-086 Katowice, ul. Sokolska 34
NIP 634-013-54-75
REGON 271514909

Entity authorised to audit financial statements: KPMG Audyt Sp. z o.o.

By the decision of the Commercial Section of the District Court in Katowice of 9 April 2001 Bank Śląski S.A. of Katowice was registered in the National Court Register under the no. KRS-5459.

The share capital of ING Bank Śląski S.A. totals PLN 130,100,000, and is sub-divided into 13,010,000 ordinary bearer's share with face value of PLN 10.00 each.

ING Bank Śląski S.A. is the parent entity of the Capital Group of ING Bank Śląski S.A., comprising:

- ING Securities S.A. - a subsidiary, 100% of equity,
- Śląski Bank Hipoteczny S.A. - a subsidiary, 100% of equity,
- ING Services Sp. z o.o. - a subsidiary 100% of equity,
- ING BSK Development Sp. z o.o. - a subsidiary, 100% of equity,
- Solver Sp. z o.o. – a subsidiary, 79.79% of equity,
- Centrum Banku Śląskiego Sp. z o.o. - a subsidiary, 50% of the total number of votes at GSM, 60% of the initial capital,
- PTE ING Nationale-Nederlanden S.A. - an associated company, 20% of equity.

2. Compliance with International Financial Reporting Standards

The present report for 1 quarter of 2005 meets the requirements of the IAS 34 (International Accounting Standards) in regard to interim financial statements, and IFRS 1 (International Financial Reporting Standards) defining the requirements for statements drafted under IFRS for the first time. This is the abbreviated version of the statement.

3. Selected Financial Data from the Financial Statements

Item	PLN thousands		EUR thousands	
	31.03.2005	31.03.2004	31.03.2005	31.03.2004
Interest income	515 835	364 018	128 467	75 935
Commission revenue	145 326	145 604	36 193	30 373
Result on banking activity	416 042	384 612	103 614	80 231
Gross profit (loss)	173 396	69 508	43 184	14 500
Net profit (loss)	135 662	53 046	33 786	11 066
Net cashflow	4 787 308	517 032	1 192 267	107 854
Earnings (loss) per 1 ordinary share (in PLN/EUR)	34.53	5.80	7.99	1.27
Profitability ratio (%)	27.5	13.6	x	X
Return on assets (%)	1.5	0.7	x	X
Return on equity (%)	16.8	7.8	X	X
Cost / Income ratio (%)	63.6	63.4	X	X

Item	PLN thousands		EUR thousands	
	31.03.2005	31.03.2004	31.03.2005	31.03.2004
Total assets	36 392 989	34 985 553	8 911 768	8 576 993
Equity	3 357 990	3 127 707	822 291	766 783
Initial capital	130 100	130 100	31 858	31 895
Number of shares	13 010 000	13 010 000	X	X
Book value per 1 share (in PLN/EUR)	258.11	240.41	63.20	58.94
Solvency ratio (%)	13.85	15.41	X	X

Profitability ratio – gross profit ¹to total costs.

Cost to Income ratio (C/I) – total overhead costs of to the result on banking activity on an analytical basis.

Return on assets (ROA) – net profit to total assets.

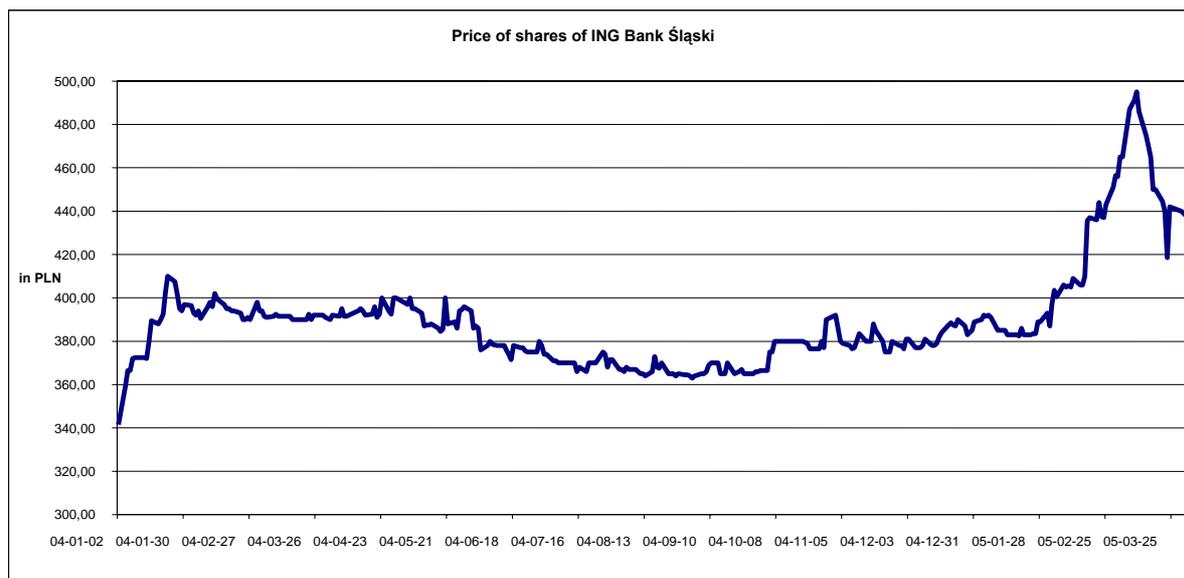
Return on equity (ROE) – net profit to equity.

Solvency ratio – net equity to off-balance sheet assets and liabilities including risk weights.

In order to determine the basic values in EUR, the following exchange rates were applied:

- for balance-sheet items – PLN 4.0837 - NBP exchange rate of 31.03.2005, 4.0790 - NBP exchange rate of 31.12.2004,
- for P&L items for 1Q – PLN 4.0153, exchange rate calculated as the average of NBP exchange rates as at the last day of each month in first quarter of 2005; PLN 4.7938 exchange rate calculated as the average of NBP exchange rates as at the last day of each month in first quarter of 2004.

4. Price of ING Bank Śląski S.A. Shares



¹Upon adjustment of share in net profits (loss) of subsidiaries valued by equity method.

II. Commentary on Activity of the Capital Group of ING Bank Śląski in 1st Quarter of 2005

1. Economic situation in 1st quarter 2005, including factors that may affect operations in the quarters to come

After a period of high growth in 2004, in first quarter of 2005 the rate of growth of the Polish economy showed signs of a slow-down. Production figures were considerably weaker than in the previous quarters; retail sales went down as a result of weaker internal demand.

Industrial output in March 2005 was down by 3.7% on a year-to-year basis, and the decrease took place in 22 out of 29 sectors. In the period January to March 2005, the industrial output increased by 0.7%, compared with the same period a year ago. By comparison, last year's growth rate of production in the individual quarters amounted to: 19.0%, 16.4%, 9.2% and 6.2%, respectively.

The construction and assembly output in March 2005 went down by 3.8% from the same period last year. Despite the weaker result for March, the construction output during the first quarter was 5.7% higher than a year earlier. Retail sales in 1Q 2005 went down by 0.4% compared with the same period of the last year. According to estimates, the economic growth in 1Q 2005 may total approximately 3% (vs. 3.9% in Q4 2004). High growth a year ago when Poland joined the European Union had adverse effect on the first quarter results, which were weaker in comparison to the results for 1Q 2004. Also, there has been continued weak consumer demand from the beginning of this year.

In 1Q 2005 we observed slight improvement on the job market. During the first three months of 2005 employment in the enterprise sector was 1.7% higher than a year earlier. The unemployment rate in March 2005 amounted to 19.3%. Despite a gradual decrease of the registered unemployed, at the end of March 2005 more than 3 million people remained jobless.

In March 2005, the prices of consumer goods and services went up by 0.1% over the previous month; however, in the period from January to March 2005 their growth was lower than a year earlier (0.2% versus 0.8%). In view of the low inflation dynamics, the Monetary Policy Council decided to change its approach in terms of the monetary policy, and lowered the interest rate by 0.5 p.p. on 30 March 2005. The second cut in the interest rates – also by 0.5 p.p. – took place on 27 April 2005.

Over the first quarter of 2005, we observed slow increase of monetary aggregates. Household deposits, whose value at the end of March 2005 was 5.0% higher than at the 2004 year-end, were the main driver of growth in the total deposits of the banking sector. In regard to corporate deposits the growth observed in the year 2004 was stopped and in first quarter we recorded 0.5% growth versus the end of December 2004.

The credit receivables of the banking sector grew for the major part due to the expansion of lending addressed to households. The credit receivables of the banking sector from households increased by 4.8% over the first three months of 2005. At the end of March 2005, the credit receivables from corporate customers were higher by 1.2% compared to the end of December 2004.

The beginning of the year on the FX-market showed strong seasonal appreciation of PLN against EUR. At the end of December 2004 the PLN exchange rate to EUR amounted to 4.0790, then it went down to 3.8839 as at 07.03.2005. At the end of March 2005, the exchange rate went up to 4.0837.

The slow-down of economic growth, the drop of interest rates and increasing fluctuations in foreign exchange rates can be listed among the most important macroeconomic factors affecting the results in the subsequent quarters.

2. Analysis of Financial Results

PROFIT AND LOSS ACCOUNT OF ING BANK ŚLAŃKI (analytical, consolidated)

PLN mio	PAS 3M 2004	PAS 12M 2004	IAS/IFRS 3M 2005	IAS/PAS 3M2005/3M2004		Impact of application selected IFRS/IAS		3M 2005 as compared	PAS/PAS 3M '05 / 3M '04	
						Settlement of commission s	Change in interest accruals			
Retail	209,8	835,7	206,4	-3,4	98,4%	5,6	-10,7	211,5	1,6	100,8%
Wholesale	141,3	609,0	158,3	17,0	112,1%	-3,0	-6,2	167,5	26,2	118,5%
<i>Core banking</i>	109,1	469,5	111,0	1,9	101,7%	-3,0	-6,2	120,2	11,1	110,1%
<i>FM products sales</i>	28,5	118,3	36,2	7,7	127,1%			36,2	7,7	127,1%
<i>Equity markets</i>	3,7	21,2	11,1	7,4	301,2%			11,1	7,4	301,2%
Financial Markets (proprietary)	24,3	122,3	39,3	15,0	161,6%			39,3	15,0	161,6%
ALCO and other	13,2	123,0	28,2	15,0	213,0%			28,2	15,0	213,0%
Revenue total	388,7	1 690,0	432,3	43,6	111,2%	2,6	-16,8	446,5	57,8	114,9%
Operational expenses, of which:	246,4	1 045,8	275,0	28,6	111,6%					
Personal	116,0	464,3	133,6	17,7	115,2%					
Marketing	3,1	37,2	10,7	7,6	343,3%					
Depreciation	39,0	145,6	31,4	-7,6	80,6%					
Other expenses	88,3	398,7	99,2	11,0	112,4%					
Result before risk cost	142,3	644,2	157,3	14,9	110,5%					
Risk cost	-72,4	-201,8	12,6	85,0	-17,4%					
Result before tax	70,0	442,4	169,9	99,9	242,9%					
CIT	-16,9	-93,3	-32,5	-15,5	191,8%					
Net result	53,0	349,1	137,5	84,4	259,1%					
CIT rate recalculation 27% to 19%	0,0									
Tax adjustment (FPU Act)		17,2	-1,8							
Result after tax adjusted	53,0	366,3	135,7	82,6	255,7%					

The financial results generated by the Capital Group of ING Bank ŚłaŃki in the first quarter of 2005 were significantly better than a year ago. The result on banking activity amounted to PLN 432.3 million, up by PLN 43,6 million, or 11.2%, on the year-earlier period. Changes resulting from the transition to the International Accounting Standards decreased the result on banking activity for the first quarter 2005 by PLN 14.2 million. The commission income went up by PLN 2.6 million, and the decrease by PLN 16.8 million results from the recognition of valuation allowance when calculating interest income on the current value of receivables. Such settlement of interest results in decrease of risk costs. Without providing for the changes arising from IAS, the result on banking activity went up by PLN 57.8 million, or 14.9%, from the 1Q 2004.

According to the standards used to date all interest income received and interest income accrued, remaining past-due no longer than 90 days, increased the Bank's revenue. Therefore, the Bank used to obtain interest income on working loans (also partially provisioned). Lack of income on non-working loan was in major part compensated by the income generated by investing the provisions for those loans.

According to the international accounting standards, the basis for calculation of revenue is the current value of receivables, i.e. the amount of receivables (principal + interest + unsettled commissions) minus the revaluation write-off due to loss of value. Effectively, it results in lowering the income on working loans for which provisions were established. This is partially compensated by the settlement of the discount on future cashflows. In the periods between the verification of the level of write-offs due to loss of value, the repayments which are even bigger

than the expected ones do not increase the income, but they cause decrease in exposure which indirectly leads to reducing the risk costs. In the opinion of the Bank, given the current portfolio structure, this mechanism causes diminishing the Bank's income when reducing at the same time the risk costs.

The income of retail banking generated in 1Q 2005 amounted to PLN 206.4 million, down by PLN 3,4 million vs. the same period last year. Exclusive of the IAS-related changes, growth of retail banking income versus 1Q 2004 is PLN 1.6 million. The said growth is the result of the congruous commercial policy, focusing mainly on offering of comprehensive savings products and clearing services. In the first quarter 2005, the volume of deposits of individual customers went up and we also recorded growth of margins. Income generated by retail loans diminished in connection with the decrease of the portfolio.

The income of wholesale banking generated in 1Q 2005 amounted to PLN 158.3 million, up by PLN 17.0 million as compared to the same period of last year. Exclusive of the IAS-related changes, growth of wholesale banking income versus 1Q 2004 is PLN 26.2 million. The first quarter also reported growth of income from both sales of financial markets products in that segment and of capital markets. The loans of corporate customers increased compared to the end of 2004. After an exceptional growth in the year 2004, the corporate deposits went down insignificantly in the first quarter.

The income of financial markets generated in 1Q 2005 amounted to PLN 39.3 million, up by PLN 15.0 million as compared to the same period of last year. Upon including sales to the wholesale segment, the income of financial markets was PLN 75.5 million as at the end of March 2005 versus PLN 52.8 million in the same period of last year. The impact of IFRS / IAS application was marginal in the area of financial markets.

The income generated on proprietary operations (ALCO) was PLN 28.2 million after 1Q 2005, up by PLN 15.0 million compared to the same period of last year. Increase of results was also the consequence of higher income being generated from investment of own funds and favourable change in the valuation of Centrum Banku Śląskiego company, following appreciation of the Polish zloty in the period of January-February 2005. Implementation at the beginning of March 2005 of the accounting of hedging will significantly reduce the fluctuations due to the FX position related to CBS.

Total costs for the first quarter of 2005 were up by PLN 28.6 million, i.e. 11.6% compared to 1Q 2004. Personnel costs as at the end of March 2005 totalled PLN 133.6 million, up by PLN 17.7 million, or 15.2%, from the year-earlier period. The rise of personnel costs was caused by higher costs of remuneration (the incentive system is correlated with the Bank's performance) and growth of headcount in the sales network and the units actively supporting sales of products. The increase of marketing costs from PLN 3.1 million as at the end of March 2004 to PLN 10.7 million as at the end of March 2005 resulted from intensification of marketing activities. Depreciation in the first quarter was lower by PLN 7.6 million compared with the similar period of the last year. The decrease resulted from the change of goodwill measurement following the implementation of IAS. Other costs as at the end of March 2005 amounted to PLN 99.2 million, up by PLN 10.9 million from a year-earlier period. The increase basically followed higher costs of consulting and services connected with the implementation of Basel II requirements in regard to credit risk.

The expenditures resulting from the growth of headcount and marketing campaign are driven by commercial expansion. At the same time the Bank runs a number of projects concerning the modernisation of operational procedures which should contribute to the improvement of effectiveness of operation in the second half of this year and in the year 2006.

The result before risk costs as at the end of March 2005 was PLN 157.3 million, up by PLN 14.9 million, or 10.5%, compared to 1Q 2004. Exclusive of the IAS-related changes, increase of the result before risk costs is PLN 29.1 million, or 20.4%, versus 1Q 2004.

In 1Q 2005, the costs due to assets impairment (risk) were positive and amounted to PLN 12.6 million, out of which PLN 14.1 million and - PLN 1.5 million pertain to impairment write-offs and to court and debt collection costs respectively. The risk costs were in major part affected by the repayments of the receivables formerly written off to the off-balance sheet records.

In 1Q 2005, the gross financial result was PLN 169.9 million versus PLN 70.0 million in the same period last year. The net financial result, in turn, was PLN 135.7 million, up by PLN 82.6 million from 1Q 2004.

3. Analysis of Commercial Figures

The commercial policy of ING Bank Śląski in the first quarter of 2005 focused on building of the deposit portfolio and providing clearing services. The bank was also taking actions aimed at rebuilding of the credit portfolio, however growth was recorded only in some segments. In the segment of strategic customers we observed low demand for loans in connection with very good financial standing of those entities and sustaining low level of investments. In the segment of large and mid-sized companies we recorded a higher volume of lending. Reactivation of lending in the retail sector goes slowly. Basically, it is connected with the continuing demand for FX loans which are not offered by the Bank.

In the first quarter of 2005, the Bank substantially modified its offer for retail clients. The changes aimed at the reduction of the number of products, and the products in the new offer are clearly differentiated and standardised. The primary change pertained to limitation of personal accounts offer to three options (LION ACCOUNT). Thanks thereto the client can choose the account option that matches his/her needs best. In 1Q 2005, a new attractive clearing and saving proposal for small businesses was launched as well. At the same time, works continued on modification of the credit offer for that group of clients. ING Bank Śląski regularly encourages clients to use alternative channels of banking services, including electronic banking as well as payment and credit cards. In 1Q 2005, the Bank ran a pricing promotion in electronic banking, and introduced favourable changes to its payment cards offer.

Expansion on the deposit market was one of the main objectives of the Bank in the past quarter. As at 31 March 2005, the total value of deposits accumulated at the Bank was PLN 29,485.5² million versus PLN 28,524.8 million as at the end of December 2004. The funds obtained from households formed the main component of the deposit base. At the end of March 2005, they were valued at PLN 16,234.7 million, up by PLN 1,188.1 million, or 7.9%, as compared to the end of 2004. 1Q 2005 observed a visible increase in the sales of deposit products, including the Open Savings Account (OKO) and the Profit Deposit Account. The value of the portfolio of those products rose from PLN 6,362.3 million as at the end of 2004 to PLN 8,655.2 million as at the end of March 2005. As at the end of March 2005, deposits of corporate customers amounted to PLN 13,250.8 million versus PLN 13,478.2 million as at the end of 2004.

The share in the market of long-term deposits and liabilities amounted to 7.90% (vs. 8.07% as at the end of 2004), however, an increase of the share in the corporate customers' deposits market was recorded from 7.19% as at the end of 2004 to 7.39% as at the end of March 2005. The share in the market of household deposits as at the end of March 2005 totalled 8.82% on 9.58% at the end of December 2004.

The Bank also distributes units of ING TFI investment funds. As at the end of March 2005, the balance of acquired units was PLN 1,251 million versus PLN 1,211 million as at the end of 2004.

² The figures cover the deposits of individual customers, business entities from the non-financial and budgetary sector and the financial sector, excluding suspense liabilities and interest.

Despite actions initiated at the Bank in order to rebuild the credit portfolio, growth was only observed in some segments. The value of credit exposure as at the end of March 2005 totalled PLN 11,315.2 million³ versus PLN 11,370.7 million in December 2004. PLN loans grew by PLN 347.1 million, whereas FX loans dropped by PLN 402.5 million over that period.

As at the end of March 2005, the value of the portfolio of mortgage loans was PLN 753.2 million, including PLN 265.0 million worth of PLN-denominated loans and PLN 488.2 million worth of FX-denominated loans. As at the end of December 2004, the value of mortgages amounted to PLN 750.7 million (PLN 234.8 million of PLN loans and 515.9 million worth of FX loans).

The Bank's share in credit receivables market as at the end of March 2005 was 4.20% (vs. 4.29% as at the end of December 2004). The Bank's share in the corporate loans market as at the end of March 2005 totalled 5.47% versus 5.34% as at the end of December 2004. The share in the market of household loans as at the end of March 2005 amounted to 2.55% versus 2.87% as at the end of December 2004.

The number of personal accounts maintained by the Bank as at the end of March 2005 totalled 975,700, compared to 974,800 as at 31.12.2004.

ING Bank Śląski is one of the largest issuers of bank cards in the Polish market. The Bank's offer includes debit cards, charge cards, credit cards and pre-paid cards. Special priority is attached to credit cards, which are among priority products in the retail offer. The number of issued newly offered credit cards⁴ went up from 31,732 as at the end of 2004 to 49,853 cards as at the end of March 2005. Together with VE Credit and VE Credit NN-P cards, the number of credit cards issued as at the end of March 2005 totalled 63,775.

The number of customers using the electronic banking systems went up from 788,556 as at the end of December 2004 to 874,252 as at the end of March 2005.

The figures for electronic banking are as follows:

Electronic banking system	31.03.2005	31.12.2004
MultiCash	9 227	9 323
HomeCash	7 977*	22 722
TransDysk	2 232	2 241
ING BankOnLine	199 914	152 832
HaloŚląski	603 763	560 788
SMS	51 139	40 650
TOTAL	874 252	788 556

*/ The product has been withdrawn from the Bank's offer addressed to individual clients; and the clients were offered ING Bank OnLine.

The number of transactions made with the use of the electronic banking systems in March 2005 reached the level of 2,900,000. The volume of electronic transactions in March 2005 exceeded PLN 21 billion. In the similar period of the last year the number of transactions made with the use of the

³ The presented value includes loans granted to business entities from the non-financial and budgetary sector and the financial sector as well as individual customers. The value includes discount loans and the subordinated loan, it does not include the granted inter-bank deposits, suspense receivables and matured and not matured interest.

⁴ Visa Classic, Visa Credit Gold, MasterCard Credit.

electronic banking systems was PLN 2.5 million and the value of transactions was close to the current year's level.

4. Credit Portfolio – Risk Quality and Costs

Under the International Accounting Standards, provisions that have been established for expected (estimated) loss and for risk of loss in future are replaced by an impairment write-off of the assets in regard to which the loss of value was observed and a write-off for losses incurred but not reported and provisions for off-balance-sheet liabilities. The amount of the revaluation write-off is calculated as the difference between the total future cash flows discounted with the effective interest rate and the carrying value of receivables (or the equivalent liability).

The amount of credit losses that have already been incurred but not reported (IBNR) is calculated by means of statistical models using the amounts of exposures for which no impairment was stated based on the PD (probability of default), the estimated period between the occurrence of circumstances that may lead to a loss (e.g. losing capacity to repay liabilities) and the date on which the Bank receives information thereof, and the LGD (loss given default).

The International Accounting Standards do not allow for keeping of general reserves. Consequently, it became necessary to release the general risk reserve which was partially utilised for the creation of IBNR reserves. Following the implementation of IFRS/ IAS, the specific provisions, the general risk reserve and reserved interest established as at 31.12.2004 were moved to equity in the opening balance sheet for 2005. Impairment write-offs and write-offs for incurred but not reported losses (IBNR) were created at the same time. The table below presents a comparison between the closing balance of 2004 and the opening balance of 2005. In order to ensure comparability of data, the value of reserved interest was added to the specific provisions for 2004, and the exposure value was presented inclusive of contractual interest accrued. According to the presented data, the level of write-offs in relation to provisions went down by PLN 128 million. The amount of the decrease deviates from the difference previously presented by the Bank, and it results from non-recognising of write-offs due to impairment of credit lines extended to corporate entities in the calculations.

The methodology adopted by the Bank is the subject of on-going consultations with the auditor and it was not examined by the chartered auditor yet.

Changes to the provisioning balance throughout 1Q 2005 were insignificant, which proves that the portfolio subject to impairment risk is stable.

<i>PLN mio</i>	2003	2004	2004 IFRS	2005 1Q
Exposure total / Exposure under IFRS	13 720	11 307	11 349	11 253
Provisions total	1 255	1 072	944	946
Total coverage ratio (%)	8,9%	9,5%	8,3%	8,4%
Corporate entities	10 211	8 134	8 150	8 306
- regular / unimpaired portfolio	7 113	7 021	7 331	7 496
- sub-standard / impaired portfolio	866	144		
- doubtful / impaired portfolio	1 489	430	818	810
- lost / impaired portfolio	742	539		
Provisions / Impairment	752	601	560	560
Allocation of general reserves / IBNR	178	153	85	84
Provisions for off-balance commitments	35	17	34	33
Irregular portfolio coverage (%) / Impaired portfolio coverage	30,0%	67,7%	68,4%	69,2%
Retail	3 510	3 172	3 199	2 947
- regular / unimpaired portfolio	3 079	2 865	2 908	2 694
- sub-standard / impaired portfolio	103	68		
- doubtful / impaired portfolio	69	20	291	254
- lost / impaired portfolio	259	219		
Provisions / Impairment	264	245	194	198
Allocation of general reserves / IBNR	26	56	43	39
Provisions for off-balance commitments			30	31
Irregular portfolio coverage (%) / Impaired portfolio coverage	67,4%	97,9%	66,6%	78,1%
Share of irregular loans in portfolio	25,72%	12,56%		
Share of impaired loans in portfolio			9,78%	9,45%

The risk costs in the P&L account for 1Q 2005 were positive (more releases), and totalled PLN 14.1 million. Repayment of receivables previously written-off to off-balance sheet records⁵ were the factor that had major impact on the level of risk costs; as a result the value of write-offs lowered by PLN 19.5 million. The detailed structure of risk costs in 1Q 2005 has been presented in the below table. Under the Ordinance of the Minister of Finance of 12.12.2003 amending the Ordinance on detailed principles of banks' accounting, ING Bank Śląski shifted fully provisioned loss loans to off-balance sheet records. As at 31.03.2005, the total receivables written off to off-balance sheet records amounted to PLN 1,158.2 million. The amounts recovered from the portfolio of shifted to the off-balance sheet records may vary in individual quarters and in a longer period they will show expiring trend.

The detailed structure of risk costs in 1Q 2005 is presented in the table below.

Item	Group total	PLN millions							
		Corporate				Retail			
		Balance sheet		Off-balance sheet		Balance sheet		Off-balance sheet	
	Impairment	IBNR	Impairment	IBNR	Impairment	IBNR	Impairment	IBNR	
<i>Impairment losses</i>	141	53	03	22	-1,6	60	33	-1,2	-0,2
<i>Increases/decreases of impairment</i>	-54	-36	03	22	-1,6	-46	33	-1,2	-0,2
<i>Recoveries</i>	195	89				106			

5. Major Achievements in the Quarter

Major Achievements

During its session on 11 February 2005, the Supervisory Board of ING Bank Śląski S.A. appointed Mr. Ian Clyne as Executive Vice-President of ING Bank Śląski S.A., effective as of 01.03.2005.

Awards

Ever since its establishment, ING Bank Śląski S.A. has been recognised as one of the top banks in Poland, which is proven by high positions it received in various rankings:

- April 2005, Silver Rock 2004 for the greatest achievements in the development of new product cards, awarded by the Polish agency of MasterCard Europe.
- April 2005, CEDRYK Prize, awarded by *Centrum Ekspresji Dziecięcej* [Children's Expression Centre], functioning at the Library of Silesia, for help and commitment in the organisation of the 3rd Poland-wide Festival of Children's Expression.
- April 2005, Diamond Sponsor for supporting the program of the President of the Republic of Poland 'Internet in Schools'.
- January 2005, Promotional Label "Entrepreneur-friendly Bank" in two categories: 'commercial banks' and 'bank branches'.

Ratings

On 24 March 2005, Fitch Ratings Ltd. informed the Management Board of ING Bank Śląski S.A. on uplifting the Bank's outlook for the long-term rating was uplifted from "stable" to "positive".

The other ratings remained unchanged at:

- the long-term liabilities rating at "A",
- the short-term liabilities rating was sustained at "F1",
- the support rating was sustained at "1".
- the individual rating was sustained at "D".

The ratings are granted pursuant to the following scale (in the decreasing order):

- | | |
|-----------------------------------|---|
| 1. long-term liabilities rating: | AAA, AA, A, BBB, BB, B, CCC, CC, C, DDD, DD, D; |
| 2. short-term liabilities rating: | F1, F2, F3, B, C, D; |
| 3. individual rating: | A, B, C, D, E; |
| 4. support rating: | 1, 2, 3, 4, 5. |
| 5. long-term outlook | 'positive' 'stable', 'negative', |

According to the notice of Fitch Ratings Ltd., the upgrade is related to the change in the outlook for sovereign rating for Poland 'BBB+' to 'positive' from 'stable'.

The Agency communicated that the long-term rating, the short-term rating and the support rating take account of the potential support the Bank may receive from its foreign owner, ING Group.

The ratings are constrained by the threshold of sovereign ratings for Poland, which is set at 'A'.

6. Other Information

Headcount

The headcount in the Capital Group was as follows:

31.03.2005	7,604 persons, or 7,397.7 FTEs,
31.12.2004	7,388 persons, or 7,175.2 FTEs,
31.03.2004	7,042 persons, or 6,891.2 FTEs.

The headcount increase in 1Q 2005 results from an increased number of employees in the Sales Network and the units actively supporting the sale of products. At the same time the Bank runs a number of projects in regard to upgrade of operational procedures which should contribute to the improvement of effectiveness of operation in the second half of 2005 and in the year 2006.

Number of Branches and ATMs

As of 31.03.2005 the Bank conducted its operational activity via the Network of 332 Branches as compared with 330 Branches as at 31.03.2004 . As at the end of March 2005, the Bank had a network of 561 ATMs.

III. Segmentation of Revenue and Financial Results

Reconciled item	31.03.2005					31.03.2004				
	Sector segment				TOTAL	Sector segment				TOTAL
	Retail	Corporate	Financial Markets	ALCO		Retail	Corporate	Financial Markets	ALCO	
<i>Income, expenses and financial result</i>										
Total segment income	206 419	122 113	75 511	28 216	432 259	209 841	112 794	52 812	13 249	388 696
of which share of segment in financial result of subordinated entities	0	0	0	1 105	1 105	0	0	0	3 182	3 182
of which differences causing from application of IFRS / IAS	-5 032	-9 166	0	0	-14 198	0	0	0		0
<i>result on economic capital</i>	4 365	9 309	1 783	-15 456	0	5 386	12 405	1 983	-19 774	0
Sale of FM product		36 208	-36 208		0		28 490	-28 490		0
Total segment expenses	175 459	75 597	14 931	8 983	274 970	158 426	68 163	13 312	6 454	246 354
Risk cost	-7 797	-4 829	0	0	-12 626	25 922	46 455	0	0	72 377
<i>Risk cost resulting from expected losses (data for 2005 including IFRS adjustments)</i>	13 253	19 777	283	0	33 312	19 076	28 063	595	0	47 734
<i>Risk cost resulting from the macroeconomic situation</i>	-10 450	-18 138	-283	0	-28 870	12 411	21 577	-595	0	33 392
<i>Risk cost - recoveries</i>	-10 600	-6 468	0	0	-17 068	-5 565	-3 184	0	0	-8 749
Segment result	38 757	87 553	24 373	19 232	169 915	25 494	26 666	11 010	6 795	69 965
Tax					34 253					16 919
Net result					135 662					53 046

The basic division applied by the Group is the division by sector. The Group of ING Bank Śląski is managed by means of division of activity into the following sector segments:

- retail,
- wholesale,
- Financial Markets, ALCO.

Sector division, defined with the internal regulations of the Bank, constitutes the basis for separation of wholesale and retail segments. As of 01.01.2005, ING Bank Śląski implemented re-segmentation of clients under the separated sector segments. Consequently, 4,606 clients with PLN 159 million-worth deposits were shifted from the wholesale to retail segment.

IV. Accounting Principles Applied and Changes to the Principles of Financial Statements Presentation

1. Accounting Principles

Accounting principles, measurement of assets and liabilities and the rules of determining the financial results were presented in detail in the consolidated financial statements as per 31.12.2004.

As a result of implementation of the International Financial Reporting Standards and International Accounting Standards the Group changed the following accounting rules accordingly:

Tangible Fixed Assets

Real estates included in the tangible fixed assets are listed according at the revaluation price being the fair value as at the revaluation day as a difference between the original value (acquisition price or creation cost) of the property component increased with the costs of the possible improvement and adjusted with the fair value measurement and decreased with the permanent impairment loss and with depreciation write-offs. The results of fair value measurement affected the capital from revaluation of measurement and the permanent impairment loss write-offs charge the financial result.

Company Goodwill

In its assets the Group has the following company goodwill:

- company goodwill acquired due to takeover of Wielkopolski Bank Rolniczy S.A.,
- company goodwill created as a result of in-kind contribution of ING Bank N.V. Branch,
- company goodwill created as a result of acquisition of ING Barings Securities (Poland) S.A.

The aforementioned company goodwill is tested in terms of impairment annually.

Financial Assets

1. Assets in the form of loans and receivables are valued according to the depreciated cost using the effective interest rate. For these assets impairment losses are formed, based on the estimates of recovered value and the models of incurred but unidentified credit losses.
2. Financial assets available for sale were valued according to fair value and the effects of the fair value change were appropriated to the revaluation capital. The income and costs of interest, discount and premiums are accrued using the effective interest rate.

Long-term Estate Investment

The real estate investments listed in the balance sheet and included in fixed assets are valued using the acquisition or purchase price decreased with depreciation write-offs and adjusted with the fair value valuation and the impairment losses. Effects of those investment revaluations to the level of market prices affect the financial result.

Determination of Income and Costs

Income due to interest is accrued using the effective interest rate and also takes account of the commissions forming a part of net exposure in a given financial instrument (these commissions are not treated as "Commissions" but as "Interest Income").

The fees and commissions shown in the item "Commissions" form the income received from clients as a fee for bank services and activities performed pursuant to the Table of Fees and Commissions binding at the parent entity and agreements with clients. They are included on the accrual or cash basis depending on the commission type.

Remuneration costs also include the costs of pricing of financial instruments due to the long-term incentive programme.

Furthermore, in the Bank's statements shares and stake in subsidiaries are listed at the acquisition price, but considering the permanent impairment losses.

2. Comparability of Data

In line with the International Financial Reporting Standards / International Accounting Standards the comparability of the financial statements for the first quarter of 2004 and the 2004 year with the data presented in the statements for the above periods was ensured.

Making the data comparable pertained to:

1. Loss of value of the company as a result of takeover of Wielkopolski Bank Rolniczy S.A.,
2. Measurement of financial instruments due to the long-term incentive system

3. Revaluations to the estate fair value.
4. In the Bank's statements presentation changes also pertained to the valuation of subsidiaries at the acquisition price.

Exemption pursuant to par. 36A IFRS 1 from the obligation to present comparable data pertaining to the accounting rules governed by IAS 39 (measurement using depreciated cost considering the effective interest rate, impairment losses of financial assets listed according to the depreciated cost using the effective interest rate) is an exception.

In the table below reconciliation of equity and financial result as per 01.01.2004, 31.03.2004 and 31.12.2004 (data in thousand PLN) is presented. The following areas were modified: (1) Loss of the goodwill value of the company acquired as a result of the takeover of Wielkopolski Bank Rolniczy S.A., (2) Measurement of financial instruments in relation to the long-term incentive system, (3) Real estate revaluation to the fair value, (4) Valuation of subsidiaries at the acquisition price.

Group

Consolidated - Group	Equity and minority interest					PLN thous.
	Net result	Result of previous year	Revaluation reserve	Minority interest	Other	TOTAL
PAS 01.01.2004	-	16 448	22 447	-4 511	2 669 917	2 704 301
(1)		-4 584				-4 584
(3)	0	-47 036	52 169	19 023	0	24 156
IFRS/IAS 01.01.2004	-	-35 172	74 616	14 512	2 669 917	2 723 873
PAS 31.03.2004	52 717	16 448	22 703	-4 968	2 669 917	2 756 817
(1)	329	-4 584				-4 256
(3)	0	-47 036	52 169	19 023	0	24 156
IFRS/IAS 31.03.2004	53 046	-35 172	74 872	14 055	2 669 917	2 776 718
PAS 31.12.2004	366 255	-17 405	92 886	-5 969	2 694 222	3 129 989
(1)	1 314	-4 584				-3 270
(2)	-967					-967
(3)	0	-47 036	43 022	12 925	0	8 911
IFRS/IAS 31.12.2004	366 602	-69 025	135 908	6 956	2 694 222	3 134 663

Bank

Bank	Equity and minority interest					PLN thous.
	Net result	Result of previous year	Revaluation reserve	Minority interest	TOTAL	
PAS 01.01.2004	-	22 253	22 447	2 664 112	2 708 812	
(1)		-4 584			-4 584	
(3)		-47 036	23 634		-23 402	
(4)		-15 654	-321		-15 975	
IFRS/IAS 01.01.2004	-	-45 021	45 760	2 664 112	2 664 851	
PAS 31.03.2004	52 717	22 253	22 703	2 664 112	2 761 785	
(1)	329	-4 584			-4 256	
(3)		-47 036	23 634		-23 402	
(4)	-9 439	-15 654	-285		-25 378	
IFRS/IAS 31.03.2004	43 606	-45 021	46 052	2 664 112	2 708 749	
PAS 31.12.2004	366 255	6 486	92 886	2 670 331	3 135 958	
(1)	1 314	-4 584			-3 270	
(2)	-967				-967	
(3)		-47 036	23 634		-23 402	
(4)	-48 203	-15 654	0		-63 857	
IFRS/IAS 31.12.2004	318 399	-60 788	116 520	2 670 331	3 044 462	

The opening balance sheet of the Group and Bank statements as per 01.01.2005, being the result of adoption of the International Financial Reporting Standards / International Accounting Standards (data in thousand PLN), is given below.

CONSOLIDATED BALANCE SHEET	31.12.2004	Amortised cost including loan impairment	Impairment of goodwill	Recognition of option	Revaluation of building to fair value	01.01.2005
ASSETS						
Cash and cash balances with central banks	895 332	0			0	895 332
Financial assets held for trading	4 355 202	0	0	0	0	4 355 202
Available-for-sale financial assets	6 539 378	0	0	0	0	6 539 378
Loans and receivables (including finance lease)	21 659 326	-299 571	0	0	0	21 359 755
Tangible assets	765 690	0	0	0	10 129	775 819
property, plant and equipment	644 275	0	0	0	10 129	654 404
investment property	121 415	0			0	121 415
Intangible assets	268 097	0	-3 270		0	264 827
of which goodwill	198 420	0	-3 270		0	195 150
Investments in subsidiaries accounted for using the equity method	70 944	0			0	70 944
Tax assets	275 300	7 775	0	0	11 033	294 108
Other assets	136 878	615	0	0	0	137 493
Non-current assets held for sale	1 514	0			0	1 514
Assets total	34 967 661	-291 181	-3 270	0	21 162	34 694 372
						0
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from central banks	-	0			0	0
Financial liabilities held for trading	1 257 334	0	0	0	0	1 257 334
Financial liabilities measured at amortised cost	29 557 613	-442	0	0	0	29 557 171
Provisions	317 109	-208 594	0	0	0	108 515
Tax liabilities	129 039	9 461	0	0	12 251	150 751
Other liabilities	576 577	-155 706	0	967	0	421 838
Liabilities total	31 837 672	-355 281	0	967	12 251	31 495 609
EQUITY						
Issued capital	130 100	0			0	130 100
Supplementary capital	1 010 644	0			0	1 010 644
Revaluation reserves	92 886	3 865	0	0	43 022	139 773
- fair value revaluation reserve on available for sale financial assets	64 126	3 865			0	67 991
- tangible assets revaluation reserve	28 760	0			43 022	71 782
Other reserve capital	1 536 073	60 235	-4 584	0	-47 036	1 544 688
- result of previous year	-17 405	60 235	-4 584	0	-47 036	-8 790
- general bank risk fund	400 179	0			0	400 179
Net result of current year	366 255	0	1 314	-967	0	366 602
Minority interest	-5 969	0	0	0	12 925	6 956
- revaluation reserve	-	0			12 925	12 925
- other	-5 969	0			0	-5 969
Equity total	3 129 989	64 100	-3 270	-967	8 911	3 198 763
Liabilities total	34 967 661	-291 181	-3 270	0	21 162	34 694 372

BALANCE SHEET	31.12.2004	Amortised cost including loan impairment	Impairment of goodwill	Recognition of option	Revaluation of building to fair value	Measurement of subsidiaries at cost value	01.01.2005
ASSETS							
Cash and cash balances with central banks	895 324	0					895 324
Financial assets held for trading	4 366 463	0	0	0	0	0	4 366 463
Available-for-sale financial assets	6 565 207	0	0	0	0	0	6 565 207
Loans and receivables (including finance lease)	21 848 736	-294 811	0	0	0	0	21 553 925
Tangible assets	492 963	0	0	0	-26 198	0	466 765
property, plant and equipment	492 963	0	0	0	-26 198	0	466 765
investment property	-	0					0
Intangible assets	264 587	0	-3 270				261 317
of which goodwill	198 101	0	-3 270				194 831
Investments in subsidiaries accounted for using the equity method	211 926	0				-69 736	142 190
Tax assets	262 210	7 775	0	0	11 033	0	281 018
Other assets	134 956	615	0	0	0	0	135 571
Non-current assets held for sale	1 514	0					1 514
Assets total	35 043 886	-286 421	-3 270	0	-15 165	-69 736	34 669 294
LIABILITIES AND EQUITY							
LIABILITIES							
Deposits from central banks	-	0					0
Financial liabilities held for trading	1 257 334	0	0	0	0	0	1 257 334
Financial liabilities measured at amortised cost	29 603 539	-442	0	0	0	0	29 603 097
Provisions	350 489	-208 567	0	0	0	0	141 922
Tax liabilities	127 553	9 353	0	0	8 237	-5 879	139 264
- bieżące	-	0					0
- odroczone	127 553	9 353			8 237	-5 879	139 264
Other liabilities	569 013	-155 632	0	967	0	0	414 348
Liabilities total	31 907 928	-355 288	0	967	8 237	-5 879	31 555 965
EQUITY							
Issued capital	130 100	0					130 100
Supplementary capital	1 003 152	0					1 003 152
Revaluation reserves	92 886	3 865	0	0	23 634	0	120 385
- fair value revaluation reserve on available for sale financial assets	64 126	3 865					67 991
- tangible assets revaluation reserve	28 760	0			23 634		52 394
Other reserve capital	1 543 565	65 002	-4 584	0	-47 036	-15 654	1 541 293
- result of previous year	6 486	65 002	-4 584	0	-47 036	-15 654	4 214
- general bank risk fund	400 152	0					400 152
Net result of current year	366 255	0	1 314	-967		-48 203	318 399
Minority interest	0	0	0	0	0	0	0
- revaluation reserve	-	0					0
- other	-	0					0
Equity total	3 135 958	68 867	-3 270	-967	-23 402	-63 857	3 113 329
Liabilities total	35 043 886	-286 421	-3 270	0	-15 165	-69 736	34 669 294

3. Change of Presentation Rules

In the year 2005, presentation of certain items of the Profit and Loss Account was changed. In particular, the costs borne by the Bank towards the Banking Guarantee Fund and for the services provided by the National Clearing Chamber were presented as the costs due to commissions. In addition, the costs and revenues due to predicted losses were presented as the costs and revenues due to provisions, whereas the costs and revenues due to debt collection and the court-related costs as the costs and revenues due to impairment.

V. Consolidated financial statements

CONSOLIDATED BALANCE SHEET	31 Mar 2005	31 Dec 2004
ASSETS		
Cash and cash balances with central banks	942 535	895 332
Financial assets held for trading	4 094 311	4 355 202
- equity instruments	602	-
- equity instruments carried at cost	-	-
- loans and advances	-	-
- debt instruments	3 510 480	3 540 053
- receivables subject to securities sale and repurchase agreements	344 695	344 476
- derivatives	238 534	470 673
Financial assets designated at fair value through profit and loss	0	0
- equity instruments	-	-
- loans and advances	-	-
- debt instruments	-	-
Available for sale financial assets	7 215 142	6 539 378
- equity instruments	19 681	19 665
- equity instruments carried at cost	-	-
- loans and advances	-	-
- debt instruments	7 195 461	6 519 713
Loans and receivables	22 568 980	21 659 326
- financial sector	12 674 117	11 380 569
of which: interbank deposits	11 671 682	10 403 669
- non financial sector	9 524 307	9 899 594
- budget sector	370 556	379 163
Held-to-maturity investments	0	0
- quoted debt instruments	-	-
- quoted loans and advances	-	-
Derivatives used for hedging	0	0
Micro hedge	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
- hedges of a net investment in a foreign operation	-	-
Portfolio hedge of interest rate risk	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Tangible assets	774 068	775 819
property, plant and equipment, of which:	640 908	654 404
- owner occupied land and buildings	460 451	401 921
- IT equipment	57 088	66 834
- means of transport	2 409	3 288
- other equipment	120 960	182 361
investments property	133 160	121 415
Intangible assets	263 625	264 827
of which: goodwill	195 150	195 150
Investments in subsidiaries accounted for using the equity method	75 530	70 944
Tax assets	297 690	286 333
- current	65 853	62 254
- deferred	231 837	224 079
Other assets	158 312	136 878
- interperiod settlements	53 492	44 366
- sundry debtor	103 654	89 167
- other	1 166	3 345
Non-current assets held for sale	2 796	1 514
Total assets	36 392 989	34 985 553

LIABILITIES AND EQUITY

LIABILITIES

Deposits from central banks	-	-
Financial liabilities held for trading	1 612 223	1 257 334
- short position in equity instruments	-	-
- short position in debt instruments	-	-
- debt certificates and bonds intended for repurchase in short terms	-	-
- derivatives	404 368	209 795
- subordinated liabilities	-	-
- liabilities in respect of securities subject to sale and repurchase agreements	1 207 855	1 047 539
- other liabilities	-	-
Other financial liabilities designated at fair value through profit and loss	0	0
- deposits	-	-
- issue of debt securities	-	-
- subordinated liabilities	-	-
- other liabilities	-	-
Financial liabilities measured at amortised cost	30 477 194	29 557 613
deposits	30 477 194	29 557 613
- financial sector	3 811 379	3 343 160
of which: interbank deposits	2 517 160	1 927 775
- non financial sector	25 323 187	25 010 233
- budget sector	1 342 628	1 204 220
- issue of debt securities	-	-
of which: issue of bonds	-	-
- subordinated liabilities	-	-
- other liabilities	-	-
Financial liabilities associated to transferred assets	-	-
Derivatives used for hedging	0	0
Micro hedge	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
- hedges of a net investment in a foreign operation	-	-
Portfolio hedge of interest rate risk	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	146 216	317 109
- restructuring	-	-
- pending legal issues	18 041	27 963
of which: tax litigation	-	-
- pensions and other post retirement benefit obligations	50 329	49 106
- off-balance sheet commitments	63 826	17 446
- other	14 020	222 594
Tax liabilities	95 680	141 290
- current	1 826	-
- deferred	93 854	141 290
Other liabilities	693 250	577 544
- employees settlements	28 939	24 854
- lease commitments	45 126	50 184
- interperiod settlements	60 990	222 386
- sundry creditor	548 387	274 308
- other	9 808	5 812
Share capital payable on demand	-	-
Liabilities classified as held for sale	-	-
Liabilities total	33 024 563	31 850 890

EQUITY		
Issued capital	130 100	130 100
Unpaid capital which has been called up	-	-
Other capital instruments	-	-
of which: component of compound financial instruments	-	-
Supplementary capital	1 010 648	1 010 644
of which: share premium	-	-
Revaluation reserves	170 298	135 908
- fair value revaluation reserve on available for sale financial assets	98 519	64 126
- cash flow hedges reserve	-	-
- foreign currency translation reserve	-	-
- hedge of net investments in foreign operations reserve	-	-
- intangible assets revaluation reserve	-	-
- tangible assets revaluation reserve	71 779	71 782
- relating to non-current assets or disposal groups held for sale	-	-
- other	-	-
Other capital reserve	1 911 282	1 484 453
- reserve capital	1 153 299	1 153 299
- general bank risk fund	400 179	400 179
- result of previous year	357 804	-69 025
Own shares	-	-
Net result of current year	135 662	366 602
Dividends paid	-	-
Minority interest	10 436	6 956
- revaluation reserve	12 924	12 925
- other	-2 488	-5 969
Equity total	3 368 426	3 134 663
Liabilities and equity total	36 392 989	34 985 553
Solvency ratio	13,85%	15,41%
Net book value	3 357 990	3 127 707
Number of shares	13 010 000	13 010 000
Net book value per share (in PLN)	258,11	240,41
Assumed number of shares	-	-
Diluted book value per share (in PLN)	-	-

CONSOLIDATED OFF-BALANCE SHEET ITEMS	31 Mar 2005	31 Dec 2004
Contingent liabilities granted and received	27 098 295	23 302 800
Contingent liabilities granted	16 550 932	11 220 722
lending commitments	15 613 033	10 238 280
- financial sector	10 331 244	4 880 663
- non-financial sector	5 215 949	5 303 020
- budget sector	65 840	54 597
guarantees	937 899	982 442
- financial sector	33 405	35 614
- non-financial sector	881 554	923 069
- budget sector	22 940	23 759
Contingent liabilities received	10 547 363	12 082 078
lending commitments	466 831	207 220
- financial sector	408 483	202 493
- non-financial sector	58 348	4 727
- budget sector	-	-
guarantees	10 080 532	11 874 858
- financial sector	999 485	1 167 395
- non-financial sector	7 411 725	8 736 268
- budget sector	1 669 322	1 971 195
Commitments resulting from sale/purchase transactions	74 428 735	59 158 291
Other, including	44 536 691	32 309 662
- liabilities due to transactions on FRA	38 133 000	27 226 000
- liabilities due to transactions on options	4 859 177	4 681 743
- liabilities due to transactions on securities	1 544 514	401 919
Off-balance total	146 063 721	114 770 753

CONSOLIDATED PROFIT AND LOSS ACCOUNT

I quarter 2005 I quarter 2004

the period
from 01 Jan 2005
to 31 Mar 2005

the period
from 01 Jan 2004
to 31 Mar 2004

Interest income	515 835	364 018
Interest result	314 364	163 764
Interest result	201 471	200 254
Expense in respect of share capital repayable on demand		
Dividend income		
Fees and commission income	145 326	145 604
Fees and commission expense	21 355	22 156
Fees and commission result	123 971	123 448
Realised gains and losses on financial assets & liabilities not measured at fair value through profit and loss	0	959
Gains and losses on financial assets and liabilities held for trading	50 548	24 704
Fair value adjustments in hedge accounting	6 875	
Gains and losses on financial assets and liabilities designated at fair value through profit and loss		
Exchange rate differences	33 177	35 247
Result on banking activity	416 042	384 612
Other operating income	18 070	9 978
Other operating expenses	6 856	14 421
Result on other operating income and expenses	11 214	-4 443
General expenses	243 543	210 399
Staff expenses	133 643	115 970
- salaries	110 267	96 026
- social securities and other employee benefits	23 376	19 944
General and administrative expenses	109 900	94 429
Depreciation	31 427	31 512
- depreciation of tangible fixed assets	24 904	19 719
- depreciation of investment property		
- depreciation of intangible assets	6 523	11 793
Gains on disposals of assets other than held for sale		
Losses on disposals of assets other than held for sale		
Result on disposals of assets other than held for sale	0	0
Provisions	1 639	3 277
Impairment	-14 265	69 100
Impairment losses on financial assets not measured at fair value through profit and loss	-14 790	71 537
- financial assets measured at cost (unquoted equity and related derivatives)		
- available for sale financial assets	-15	-287
- loans and receivables measured at amortised cost, including finance lease	-14 775	71 824
- held to maturity investments measured at amortised cost		
Impairment on	525	-2 437
- tangible fixed assets	10	214
- investment property	-811	
- intangible assets, of which:		
- goodwill		
- other		
- investments in associates and joint-ventures accounted for using the equity method		
- other assets	1 326	-2 651
Result on extraordinary items	34	192
Negative goodwill immediately recognised in profit and loss		
Share of profit and loss of associates and joint ventures accounted for using equity method	4 586	2 725
Result from non-current assets and disposals groups classified as held for sale not qualifying as discontinued operations	3 864	710
Net result before tax from continuing operations	173 396	69 508
Tax related to profit or loss from continuing operations	34 253	16 919
current	99 978	5 652
deferred	-65 725	11 267
Net result from continuing operations	139 143	52 589
Net result from discontinued operations		
Net result before minority interest	139 143	52 589
Minority interest	-3 481	457
Net result	135 662	53 046
Net profit (for 12 months)	449 200	75 452
Weighted average number of ordinary shares	13 010 000	13 010 000
Net profit (loss) per ordinary share (PLN)	34,53	5,80
Weighted average anticipated number of ordinary shares	-	-
Diluted profit (loss) per ordinary share (PLN)	-	-

MOVEMENTS

I quarter 2005 I quarter 2004

IN CONSOLIDATED OWN EQUITY

the period
from 01 Jan 2005
to 31 Mar 2005

the period
from 01 Jan 2004
to 31 Mar 2004

EQUITY COMPONENTS

Issued capital	130 100	130 100
Unpaid capital which has been called up	-	-
Other capital instruments	-	-
of which: component of compound financial instruments	-	-
Supplementary capital	1 010 648	998 185
of which: share premium	-	-
Revaluation reserves	170 298	74 872
- fair value revaluation reserve on available for sale financial assets	98 519	-6 917
- cash flow hedges reserve	-	-
- foreign currency translation reserve	-	-
- hedge of net investments in foreign operations reserve	-	-
- intangible assets revaluation reserve	-	-
- tangible assets revaluation reserve	71 779	81 789
- relating to non-current assets or disposal groups held for sale	-	-
- other	-	-
Other capital reserve	1 911 282	1 506 460
- reserve capital	1 153 299	1 159 780
- general bank risk fund	400 179	381 852
- result of previous year	357 804	-35 172
Own shares	-	-
Net result of current year	135 662	53 046
Dividends paid	-	-
Minority interest	10 436	14 055
- revaluation reserve	12 924	-
- other	-2 488	14 055
Equity total	3 368 426	2 776 718

SOURCES OF EQUITY CHANGES

I quarter 2004

the period from 01 Jan 2004 to 31 Mar 2004

	Issued capital	Supplementary capital	Revaluation reserves	Reserve capital	General bank risk fund	Result of previous year	Net result of current year	Minority interest	TOTAL
Closing balance (last year)	130 100	998 185	22 447	1 159 780	381 852	9 962	0	-4 511	2 697 815
- changes in adopted accounting principles	-	-	52 169	-	-	-45 134	-	19 023	26 058
Opening balance (current year)	130 100	998 185	74 616	1 159 780	381 852	-35 172	0	14 512	2 723 873
- valuation of assets available for sale	-	-	364	-	-	-	-	-	364
- liquidation or sale of fixed assets	-	-	-	-	-	-	-	-	0
- hedge accounting	-	-	-108	-	-	-	-	-	-108
- net result of current period	-	-	-	-	-	-	52 589	-	52 589
- minority shareholders' participation in net result	-	-	-	-	-	-	457	-457	0
Closing balance (current year)	130 100	998 185	74 872	1 159 780	381 852	-35 172	53 046	14 055	2 776 718

I quarter 2005

the period from 01 Jan 2005 to 31 Mar 2005

	Issued capital	Supplementary capital	Revaluation reserves	Reserve capital	General bank risk fund	Result of previous year	Net result of current year	Minority interest	TOTAL
Closing balance (last year)	130 100	1 010 644	135 908	1 153 299	400 179	297 577	0	6 956	3 134 663
- changes in adopted accounting principles	-	-	3 862	-	-	60 231	-	-	64 093
Opening balance (current year)	130 100	1 010 644	139 770	1 153 299	400 179	357 808	0	6 956	3 198 756
- valuation of assets available for sale	-	-	30 528	-	-	-	-	-	30 528
- liquidation or sale of fixed assets	-	-	-	-	-	-	-	-	0
- hedge accounting	-	-	-	-	-	-	-	-	0
- distribution of profit	-	4	-	-	-	-4	-	-	0
- net result of current period	-	-	-	-	-	-	139 142	-	139 142
- minority shareholders' participation in net result	-	-	-	-	-	-	-3 480	3 480	0
Closing balance (current year)	130 100	1 010 648	170 298	1 153 299	400 179	357 804	135 662	10 436	3 368 426

CONSOLIDATED CASH FLOW STATEMENT

I quarter 2005 I quarter 2004

the period
from 01 Jan 2005
to 31 Mar 2005

the period
from 01 Jan 2004
to 31 Mar 2004

OPERATING ACTIVITIES

Net profit (loss)	135 662	53 046
Adjustments	4 734 418	527 682
- Minority shareholders' profit (loss)	3 480	-457
- Participation in net profit (loss) of subordinated entities valued on equity basis	-4 586	-
- Unrealised foreign exchange gains (losses)	105	833
- Depreciation	31 427	39 146
- Change in provisions	-170 893	64 374
- Profit or loss on investment activity	-3 675	302
- Change in financial assets held for trading	260 891	1 646 759
- Change in available-for-sale financial assets	-641 374	78 375
- change in loans and receivables	3 890 682	-2 340 674
- Change in other assets	-32 396	-95
- Change in financial liabilities held for trading	354 889	-200 961
- Change in deposits	930 162	1 025 336
- financial sector	478 800	732 439
- of which: interbank deposits	589 385	278 689
- non financial sector	312 954	191 294
- budget sector	138 408	101 603
- Change in other liabilities	115 706	214 744
Cash flow from operating activities	4 870 080	580 728
Change in tax assets / liabilities	-56 967	-45 167
Net cash flow from operating activities	4 813 113	535 561

INVESTING ACTIVITIES

- Acquisition of tangible assets	-23 405	-14 189
- Sale of tangible assets	7 708	475
- Acquisition of intangible assets	-5 250	-4 070
- Sale of intangible assets	-	-
- Acquisition of investments in subordinated entities	-	-
- Sale of investments in subordinated entities	-	-
- Acquisition of non-current assets or liabilities held for sale	-	-
- Sale of non-current assets or liabilities held for sale	5 828	-
- Other cash payments related to investing activities	-	-
- Other cash receipts related to investing activities	-	-
Net cash flow from investing activities	-15 119	-17 784

FINANCING ACTIVITIES

- Dividends paid	-	-
- Other cash payments related to financing activities	-10 686	-745
- Other cash receipts related to financing activities	-	-
Net cash flow from financing activities	-10 686	-745

Effect of exchange rate changes on cash and cash equivalents

164 605 **122 394**

Net increase in cash and cash equivalents

4 787 308 **517 032**

Cash and cash equivalents at the beginning of the period

5 392 626 **4 766 281**

Cash and cash equivalents at the end of the period

10 179 934 **5 283 313**

Components of cash and cash equivalents:

- Cash on hand	297 180	293 063
- Coupons	1 610	1 760
- Bank cheques	361	397
- Traveller's cheque	18	38
- Current account in the Central Bank	643 366	969 995
- Current accounts in other banks	9 237 399	4 018 060

Total cash and cash equivalents at the end of the period

10 179 934 **5 283 313**

of which: amount of cash and cash equivalents held by the Bank, but not available for use by group

966 062 743 112

5. Supplementary Data under IAS 34

5.1 Supplementary Data to Balance Sheet Positions

- Loans, cash advances and receivables not quoted on the active market.

Supplementary notes to the balance sheet

Loans and advances

Generic structure	31.03.2005	31.12.2004
financial sector	12 676 111	11 384 154
nostro accounts	164 041	257 655
interbank deposits	11 671 682	10 403 669
other receivables from financial institutions	826 474	708 330
interest accrued	13 914	14 500
non-financial sector	10 394 487	10 680 957
corporates	7 130 042	7 056 864
in current account	2 460 410	2 107 167
term loans	4 669 632	4 949 697
households	3 180 710	3 385 312
in current account	980 843	977 465
term loans	2 199 867	2 407 847
interest accrued	64 157	225 015
other receivables	19 578	13 766
budget sector	380 870	389 500
in current account	5 178	233
term loans	373 168	386 163
interest accrued	2 524	3 104
other	0	0
loan loss impairment	-882 488	-795 285
TOTAL	22 568 980	21 659 326

Structure per currency	31.03.2005	31.12.2004
in PLN	10 379 223	10 574 467
in foireign currencies converted into PLN	13 072 245	11 880 144

Structure of loan impairment losses	31.03.2005	31.12.2004
Loan loss imapirment	758 610	795 285
IBNR	123 878	222 567 ^{*)}

^{*)} presented as general risk reserve

PLN thous.

	Loan impairment	IBNR	Provision for off-balance sheet liabilities incl. IBNR	Provisions	Provision for off-balance sheet liabilities	Provision for general risk
	2005	2005	2005	2004	2004	2004
Balance of the beginning of the period	1 017 879		17 443	1 049 472	34 720	204 267
Transfer of deferred income	52 272					
Change in opening balance according to IFRS/IAS	-302 618	127 442	45 620			
Impairment transfer	-14 000					
As at 01.01.2005	753 533	127 442	63 063			
Increases/decreases Impairment/Provision transfer	-14 422	-3 564	763	124 520	-17 311	18 327
Sale of subsidiary undertaking				26 597	34	
Receivables written-off				-21 190		
Reversals	19 500			-37 807		
Impairment/Provision transfer to off-balance				64 360		
Balance at the end of the period	758 611	123 878	63 826	-410 667		
				795 285	17 443	222 594

- Financial liabilities measured using the depreciated cost

Generic structures	31.03.2005	31.12.2004
Deposits		
financial sector	3 596 782	3 082 173
banks	2 648 960	2 034 929
current account	151 170	107 154
interbank deposits	2 497 790	1 927 775
other financial institutions	933 921	1 023 922
current account	505 382	422 329
term accounts	428 539	601 593
interest accrued	13 901	23 322
non-financial sector	24 606 659	24 247 430
corporates	8 158 065	9 076 223
current account	5 593 829	4 577 224
term accounts	2 564 236	4 498 999
households	16 362 497	15 100 955
current accounts	2 229 313	2 184 629
savings accounts	8 109 052	5 924 203
term deposits	6 024 132	6 992 123
interest accrued	86 097	70 252
budget sector	1 341 276	1 196 240
current account	736 817	828 779
term accounts	603 191	366 319
interest accrued	1 268	1 142
Other liabilities	932 477	1 031 770
TOTAL	30 477 194	29 557 613

Structure per currency	31.03.2005	31.12.2004
in PLN	25 437 215	24 726 190
in foreign currencies converted into PLN	5 039 979	4 831 423

5.2 Seasonality or Cyclicity of Activity

Activity of ING Bank Śląski Group is not subject to seasonality or cyclicity within the meaning of § 21 of IAS 34.

5.3 Type and Amounts of Positions Affecting Assets, Liabilities, Net Financial Result or Cash Flows Being of Extraordinary Nature due to their Type, Volume or Impact

On 1 February 2005, while performing the obligations deriving from the Co-operation Agreement between ING Bank Śląski and Finplus, ING Bank Śląski transferred the portfolio of receivables for the benefit of Sygma Banque. The said portfolio was created as a result of a long-term co-operation with the Finplus Company that was selling *private label* payment cards. The portfolio was owned by Finplus, the Bank was only its administrator. Consequently, the amounts due from individuals were reduced with the amount of PLN 148,530 thousand. This operation does not significantly affect the financial result of the Bank.

5.4 Type and Amounts of Changes to Estimated Amounts that Were Listed in Previous Interim Periods of the Current Accounting Year or Changes to the Estimates Listed in Previous Accounting Years, if They Are of Significant Impact on the Current Interim Period

Apart from the estimates due impairment losses described in detail in item II.4, no other changes occurred.

5.5 Issues, Redemption or Repayments of Debt and Equity Papers

Did not occur.

5.6 Dividends Paid

Did not occur.

5.7 Significant Developments after the Closing of the Interim Period

On 29 April 2005, the Bank Supervisory Board appointed for the new term of office the Management Board of ING Bank Śląski S.A., composed of the current members:

Brunon Bartkiewicz	- President of Bank Management Board,
Krzysztof Brejda	- Vice-President of Bank Management Board
Ian B. Clyne	- Vice-President of Bank Management Board
Grzegorz Cywiński	- Vice-President of Bank Management Board
Donald Koch	- Vice-President of Bank Management Board
Michał Szczurek	- Vice-President of Bank Management Board
Benjamin van de Vrie	- Vice-President of Bank Management Board
Maciej Węgrzyński	- Vice-President of Bank Management Board

The term of office of the Bank Management Board will start as of the date of the General Shareholders Meeting of ING Bank Śląski S.A., approving the financial statement of the Bank for the year 2004, i.e. 9 June 2005, and it will end as of the date of the General Shareholders Meeting of ING Bank Śląski S.A., approving the financial statement of the Bank for the year 2009.

5.8 Changes to the Business Entity / Capital Group Structure

In 1Q2005, the composition of the Capital Group was not changed.

5.9 Changes to Contingent Liabilities or Assets that Occurred after 31.12.2004

A change of PLN 5,330.2 million in the status of contingent liabilities extended as per 31.03.2005 versus 31.12.2004 is in major part the result of the increase of the deposit position in inter-banking transactions. A decrease of PLN 1,534.7 million in received contingent liabilities is, in turn, mainly the consequence of a drop in received guarantees to secure credit receivables.

5.10 Acquisition or Sales of a Component of Physical Fixed Assets (Sales of Real Estates)

In 1Q2005, the real estate of the Bank located in Cracow at Św. Tomasz Street was sold on market terms. Consequently, the Bank generated the income of PLN 3.7 million.

5.11 Settlements due to Court Cases

ING Bank Śląski maintains detailed records of court cases and other liabilities being legal claims. The Bank forms reserves for the cases, which in the opinion of the legal forces of management staff are encumbered with a high risk of losing the case or impossibility of recovering the assets lost. Possible future settlements are made against the reserves established.

Change to the provisioning level due to disputable claims was presented below:

	In PLN million	
	31.03.2005	31.12.2004
Status as of the beginning of period:	28.0	12.1
Establishment of provisions against costs	0.5	27.9
Accounting transfers	-3.4	
Release of provisions into revenue		
Use of provisions following the lost court case	-7.1	-12.2
Covering the lost assets with provisions		
Status as of the end of period	18.0	28.0

5.12 Transactions with Related Entities

Subsidiaries and Related Entities of ING Bank Śląski:

- ING Securities
- ING BSK Development
- ING Services
- Solver
- PTE ING Nationale Nederlanden
- Centrum Banku Śląskiego (CBS)
- Śląski Bank Hipoteczny

as part of their business hold current accounts at ING Bank Śląski, via which they perform standard clearing operations and also invest cash funds using term deposits. Furthermore, CBS and Śląski Bank Hipoteczny drew loans at ING Bank Śląski. The transactions with the above entities are performed on the arm's length basis.

Similarly, ING Bank Śląski maintains bank accounts of other members of ING Group, for instance ING Lease (Poland), ING Car Lease, ING Nationale Nederlanden and ING Real Estate.

On the inter-banking market ING Bank Śląski performs operations with ING Bank NV and its subsidiaries. These are both short-term deposits and loans and also operations in derivatives: Forex

Spot and Forex Forward, FX options and SWAP transactions. They are all performed on the arm's length basis.

There were also other transactions between the related entities and ING Bank Śląski. They originated from agreements concluded as to co-operation, sublease of rooms, lease of equipment, data processing, employees' insurance contributions, leasing of fixed assets and intangible assets as well as car fleet leasing and management.

In the period 1.01.2005 – 31.03.2005 the following transactions were made of the total value exceeding EURO 500 thousand:

- Under the agreement concluded on 1 February 2005 as to settlement of the costs of improvements between: Centrum Banku Śląskiego Sp. z o.o., ING Lease (Polska) Spółka z o.o. and ING Bank Śląski S.A., in the first quarter there were made transactions repaying the liability totalling PLN 8.5 million (net). The objective of the said agreement was to settle with the building owner the costs of improvements made in the building of the Bank Head Office at 34 Sokolska St.
- Due to the agreement for lease of office premises, being the property of CBS, ING Bank Śląski paid the rent for the first quarter 2005 (via ING BSK Development) in the amount of PLN 3.7 million (gross) in monthly instalments.
- ING Services Polska provides services to ING Bank Śląski in regard to lease of hardware resources. The cost of service in the first quarter was PLN 2005 2.6 million (gross).
- Under the Co-operation Agreement of 31 January 1997 concluded by and between ING Bank Śląski S.A. and ING Bank NV, the fees for financial advisory services for the first quarter 2005 amounted to PLN 12.8 million (net).
- On 25 March 2005, the annex to the credit agreement was signed, as a result of which the PLN credit line for ING Lease amounts to PLN 375 million. The agreement provides for interest rate: Wibor + Bank margin.
- ING Bank Śląski made the transaction with ING Lease in regard to sub-lease of rentable premises of the total value of PLN 4.0 million (gross) in the first quarter of 2005.

VI. Financial statements of the Bank

BALANCE SHEET	31 Mar 2005	31 Dec 2004
ASSETS		
Cash and cash balances with central banks	942 526	895 324
Financial assets held for trading	4 106 011	4 366 463
- equity instruments	-	-
- equity instruments carried at cost	-	-
- loans and advances	-	-
- debt instruments	3 522 798	3 551 330
- receivables subject to securities sale and repurchase agreements	344 695	344 476
- derivatives	238 518	470 657
Financial assets designated at fair value through profit and loss	0	0
- equity instruments	-	-
- loans and advances	-	-
- debt instruments	-	-
Available for sale financial assets	7 240 191	6 565 207
- equity instruments	15 909	15 893
- equity instruments carried at cost	-	-
- loans and advances	-	-
- debt instruments	7 224 282	6 549 314
Loans and receivables	22 738 930	21 848 736
- financial sector	12 711 746	11 446 900
of which: interbank deposits	11 671 682	10 403 669
- non financial sector	9 656 628	10 022 673
- budget sector	370 556	379 163
Held-to-maturity investments	0	0
- quoted debt instruments	-	-
- quoted loans and advances	-	-
Derivatives used for hedging	0	0
Micro hedge	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
- hedges of a net investment in a foreign operation	-	-
Portfolio hedge of interest rate risk	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Tangible assets	451 708	466 765
property, plant and equipment, of which:	451 708	466 765
- owner occupied land and buildings	285 070	227 395
- IT equipment	45 673	54 965
- means of transport	1 631	2 550
- other equipment	119 334	181 855
investments property	-	-
Intangible assets	259 966	261 317
of which: goodwill	194 831	194 831
Investments in subsidiaries accounted for using the equity method	142 192	142 192
Tax assets	283 924	273 243
- current	65 659	62 060
- deferred	218 265	211 183
Other assets	154 696	134 954
- interperiod settlements	53 716	42 779
- sundry debtor	100 304	91 606
- other	676	569
Non-current assets held for sale	2 796	1 514
Total assets	36 322 940	34 955 715

LIABILITIES AND EQUITY

LIABILITIES

Deposits form central banks	-	-
Financial liabilities held for trading	1 612 223	1 257 334
- short position in equity instruments	-	-
- short position in debt instruments	-	-
- debt certificates and bonds intended for repurchase in short terms	-	-
- derivatives	404 368	209 795
- subordinated liabilities	-	-
- liabilities in respect of securities subject to sale and repurchase agreements	1 207 855	1 047 539
- other liabilities	-	-
Other financial liabilities designated at fair value through profit and loss	0	0
- deposits	-	-
- issue of debt securities	-	-
- subordinated liabilities	-	-
- other liabilities	-	-
Financial liabilities measured at amortised cost	30 509 515	29 603 539
deposits	30 509 515	29 603 539
- financial sector	3 959 545	3 470 645
of which: interbank deposits	2 517 160	1 927 775
- non financial sector	25 207 342	24 928 674
- budget sector	1 342 628	1 204 220
- issue of debt securities	-	-
of which: issue of bonds	-	-
- subordinated liabilities	-	-
- other liabilities	-	-
Financial liabilities associated to transferred assets	-	-
Derivatives used for hedging	0	0
Micro hedge	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
- hedges of a net investment in a foreign operation	-	-
Portfolio hedge of interest rate risk	0	0
- fair value hedges	-	-
- cash flow hedges	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-
Provisions	174 184	350 489
- restructuring	-	-
- pending legal issues	18 041	27 963
of which: tax litigation	-	-
- pensions and other post retirement benefit obligations	48 691	48 276
- off-balance sheet commitments	63 826	17 446
- other	43 626	256 804
Tax liabilities	81 525	129 911
- current	-	-
- deferred	81 525	129 911
Other liabilities	683 477	569 980
- employees settlements	28 843	24 814
- lease commitments	44 466	48 865
- interperiod settlements	57 496	219 098
- sundry creditor	542 910	271 762
- other	9 762	5 441
Share capital payable on demand	-	-
Liabilities classified as held for sale	-	-
Liabilities total	33 060 924	31 911 253

EQUITY		
Issued capital	130 100	130 100
Unpaid capital which has been called up	-	-
Other capital instruments	-	-
of which: component of compound financial instruments	-	-
Supplementary capital	1 003 152	1 003 152
of which: share premium		
Revaluation reserves	150 912	116 520
- fair value revaluation reserve on available for sale financial assets	98 519	64 127
- cash flow hedges reserve	-	-
- foreign currency translation reserve	-	-
- hedge of net investments in foreign operations reserve	-	-
- intangible assets revaluation reserve	-	-
- tangible assets revaluation reserve	52 393	52 393
- relating to non-current assets or disposal groups held for sale	-	-
- other	-	-
Other capital reserve	1 859 690	1 476 291
- reserve capital	1 136 927	1 136 927
- general bank risk fund	400 152	400 152
- result of previous year	322 611	-60 788
Own shares	-	-
Net result of current year	118 162	318 399
Dividends paid	-	-
Minority interest	0	0
- revaluation reserve	-	-
- other	-	-
Equity total	3 262 016	3 044 462
Liabilities and equity total	36 322 940	34 955 715
Solvency ratio	13,62%	14,91%
Net book value	3 262 016	3 044 462
Number of shares	13 010 000	13 010 000
Net book value per share (in PLN)	250,73	234,01
Assumed number of shares	-	-
Diluted book value per share (in PLN)	-	-

OFF-BALANCE SHEET ITEMS	31 Mar 2005	31 Dec 2004
Contingent liabilities granted and received	27 382 871	23 585 766
Contingent liabilities granted	16 835 508	11 503 688
lending commitments	15 897 843	10 521 480
- financial sector	10 623 231	5 166 721
- non-financial sector	5 208 772	5 300 162
- budget sector	65 840	54 597
guarantees	937 665	982 208
- financial sector	33 405	35 614
- non-financial sector	881 320	922 835
- budget sector	22 940	23 759
Contingent liabilities received	10 547 363	12 082 078
lending commitments	466 831	207 220
- financial sector	408 483	202 493
- non-financial sector	58 348	4 727
- budget sector	-	-
guarantees	10 080 532	11 874 858
- financial sector	999 485	1 167 395
- non-financial sector	7 411 725	8 736 268
- budget sector	1 669 322	1 971 195
Commitments resulting from sale/purchase transactions	74 428 735	59 158 291
Other, including	44 503 685	32 276 656
- liabilities due to transactions on FRA	38 133 000	27 226 000
- liabilities due to transactions on options	4 859 177	4 681 743
- liabilities due to transactions on securities	1 511 508	368 913
Off-balance total	146 315 291	115 020 713

PROFIT AND LOSS ACCOUNT

I quarter 2005 I quarter 2004

the period
from 01 Jan 2005
to 31 Mar 2005

the period
from 01 Jan 2004
to 31 Mar 2004

Interest income	516 242	361 112
Interest result	316 417	164 557
Interest result	199 825	196 555
Expense in respect of share capital repayable on demand		
Dividend income		
Fees and commission income	120 684	134 959
Fees and commission expense	13 630	19 327
Fees and commission result	107 054	115 632
Realised gains and losses on financial assets & liabilities not measured at fair value through profit and loss	0	0
Gains and losses on financial assets and liabilities held for trading	50 443	24 516
Fair value adjustments in hedge accounting	4 125	
Gains and losses on financial assets and liabilities designated at fair value through profit and loss		
Exchange rate differences	33 563	37 264
Result on banking activity	395 010	373 967
Other operating income	12 707	6 051
Other operating expenses	4 833	11 645
Result on other operating income and expenses	7 874	-5 594
General expenses	240 717	209 858
Staff expenses	127 932	112 162
- salaries	105 482	92 858
- social securities and other employee benefits	22 450	19 304
General and administrative expenses	112 785	97 696
Depreciation	28 291	28 890
- depreciation of tangible fixed assets	22 034	17 259
- depreciation of investment property		
- depreciation of intangible assets	6 257	11 631
Gains on disposals of assets other than held for sale		
Losses on disposals of assets other than held for sale		
Result on disposals of assets other than held for sale	0	0
Provisions	1 441	3 027
Impairment	-12 651	69 603
Impairment losses on financial assets not measured at fair value through profit and loss	-13 500	71 537
- financial assets measured at cost (unquoted equity and related derivatives)		
- available for sale financial assets	-15	-287
- loans and receivables measured at amortised cost, including finance lease	-13 485	71 824
- held to maturity investments measured at amortised cost		
Impairment on	849	-1 934
- tangible fixed assets	10	214
- investment property	-487	
- intangible assets, of which:		
- goodwill		
- other		
- investments in associates and joint-ventures accounted for using the equity method		503
- other assets	1 326	-2 651
Result on extraordinary items	34	192
Negative goodwill immediately recognised in profit and loss		
Share of profit and loss of associates and joint ventures accounted for using equity method		0
Result from non-current assets and disposals groups classified as held for sale not qualifying as discontinued operations	3 864	710
Net result before tax from continuing operations	148 984	57 897
Tax related to profit or loss from continuing operations	30 822	14 290
current	96 955	3 848
deferred	-66 133	10 442
Net result from continuing operations	118 162	43 607
Net result from discontinued operations		
Net result before minority interest	118 162	43 607
Minority interest		
Net result	118 162	43 607
Net profit (for 12 months)	431 700	66 063
Weighted average number of ordinary shares	13 010 000	13 010 000
Net profit (loss) per ordinary share (PLN)	33,18	5,08
Weighted average anticipated number of ordinary shares	-	-
Diluted profit (loss) per ordinary share (PLN)	-	-

MOVEMENTS IN OWN EQUITY

I quarter 2005 I quarter 2004

the period
from 01 Jan 2005
to 31 Mar 2005

the period
from 01 Jan 2004
to 31 Mar 2004

EQUITY COMPONENTS

Issued capital	130 100	130 100
Unpaid capital which has been called up	-	-
Other capital instruments	-	-
of which: component of compound financial instruments	-	-
Supplementary capital	1 003 152	1 002 292
of which: share premium	-	-
Revaluation reserves	150 912	46 052
- fair value revaluation reserve on available for sale financial assets	98 519	-6 917
- cash flow hedges reserve	-	-
- foreign currency translation reserve	-	-
- hedge of net investments in foreign operations reserve	-	-
- intangible assets revaluation reserve	-	-
- tangible assets revaluation reserve	52 393	52 969
- relating to non-current assets or disposal groups held for sale	-	-
- other	-	-
Other capital reserve	1 859 690	1 486 699
- reserve capital	1 136 927	1 149 895
- general bank risk fund	400 152	381 825
- result of previous year	322 611	-45 021
Own shares	-	-
Net result of current year	118 162	43 607
Dividends paid	-	-
Minority interest	0	0
- revaluation reserve	-	-
- other	-	-
Equity total	3 262 016	2 708 750

SOURCES OF EQUITY CHANGES

I quarter 2004

the period from 01 Jan 2004 to 31 Mar 2004

	Issued capital	Supplementary capital	Revaluation reserves	Reserve capital	General bank risk fund	Result of previous year	Net result of current year	TOTAL
Closing balance (last year)	130 100	1 002 292	22 447	1 149 895	381 825	15 767	0	2 702 326
- changes in adopted accounting principles	-	-	23 349	-	-	-60 788	-	-37 439
Opening balance (current year)	130 100	1 002 292	45 796	1 149 895	381 825	-45 021	0	2 664 887
- valuation of assets available for sale	-	-	364	-	-	-	-	364
- liquidation or sale of fixed assets	-	-	-	-	-	-	-	0
- hedge accounting	-	-	-108	-	-	-	-	-108
- net result of current period	-	-	-	-	-	-	43 607	43 607
Closing balance (current year)	130 100	1 002 292	46 052	1 149 895	381 825	-45 021	43 607	2 708 750

I quarter 2005

the period from 01 Jan 2005 to 31 Mar 2005

	Issued capital	Supplementary capital	Revaluation reserves	Reserve capital	General bank risk fund	Result of previous year	Net result of current year	TOTAL
Closing balance (last year)	130 100	1 003 152	116 520	1 136 927	400 152	257 611	0	3 044 462
- changes in adopted accounting principles	-	-	3 865	-	-	65 000	-	68 865
Opening balance (current year)	130 100	1 003 152	120 385	1 136 927	400 152	322 611	0	3 113 327
- valuation of assets available for sale	-	-	30 527	-	-	-	-	30 527
- liquidation or sale of fixed assets	-	-	-	-	-	-	-	0
- hedge accounting	-	-	-	-	-	-	-	0
- net result of current period	-	-	-	-	-	-	118 162	118 162
Closing balance (current year)	130 100	1 003 152	150 912	1 136 927	400 152	322 611	118 162	3 262 016

CASH FLOW STATEMENT

I quarter 2005 I quarter 2004

the period from 01 Jan 2005 to 31 Mar 2005 the period from 01 Jan 2004 to 31 Mar 2004

OPERATING ACTIVITIES		
Net profit (loss)	118 162	43 607
Adjustments	4 741 148	553 809
- Minority shareholders' profit (loss)	-	-
- Participation in net profit (loss) of subordinated entities valued on equity basis	-	-
- Unrealised foreign exchange gains (losses)	105	833
- Depreciation	28 291	36 484
- Change in provisions	-176 305	64 049
- Profit or loss on investment activity	-3 675	302
- Change in financial assets held for trading	260 452	1 646 416
- Change in available-for-sale financial assets	-640 592	79 061
- change in loans and receivables	3 910 628	-2 307 299
- Change in other assets	-22 699	32 236
- Change in financial liabilities held for trading	354 889	-200 961
- Change in deposits	916 557	994 614
- financial sector	499 481	702 885
- of which: interbank deposits	589 385	278 689
- non financial sector	278 668	190 126
- budget sector	138 408	101 603
- Change in other liabilities	113 497	208 074
Cash flow from operating activities	4 859 310	597 416
Change in tax assets / liabilities	-59 067	-45 969
Net cash flow from operating activities	4 800 243	551 447
INVESTING ACTIVITIES		
- Acquisition of tangible assets	-14 825	-14 189
- Sale of tangible assets	7 708	475
- Acquisition of intangible assets	-5 244	-4 070
- Sale of intangible assets	-	-
- Acquisition of investments in subordinated entities	-	-13 900
- Sale of investments in subordinated entities	-	-
- Acquisition of non-current assets or liabilities held for sale	-	-
- Sale of non-current assets or liabilities held for sale	5 828	-
- Other cash payments related to investing activities	-	-
- Other cash receipts related to investing activities	-	-
Net cash flow from investing activities	-6 533	-31 684
FINANCING ACTIVITIES		
- Dividends paid	-	-
- Other cash payments related to financing activities	-10 686	-745
- Other cash receipts related to financing activities	-	-
Net cash flow from financing activities	-10 686	-745
<i>Effect of exchange rate changes on cash and cash equivalents</i>	164 605	122 394
Net increase in cash and cash equivalents	4 783 024	519 018
Cash and cash equivalents at the beginning of the period	5 387 362	4 755 946
Cash and cash equivalents at the end of the period	10 170 386	5 274 964
Components of cash and cash equivalents:		
- Cash on hand	297 171	293 026
- Coupons	1 610	1 760
- Bank cheques	361	397
- Traveller's cheque	18	38
- Current account in the Central Bank	643 366	969 995
- Current accounts in other banks	9 227 860	4 009 748
Total cash and cash equivalents at the end of the period	10 170 386	5 274 964
<i>of which: amount of cash and cash equivalents held by the Bank, but not available for use by group</i>	966 062	743 112

VII. Additional information that is required under the Ordinance of the Council of Ministers of 21 March 2005 on current and periodic information submitted by securities issuers and that has not been discussed elsewhere

1. Indication of shareholders owning directly or indirectly > 5% of total number of votes at GSM (para. 98 section 6 item 3)

As at the date of submission of the report for the 1st quarter of 2005, the shareholders owning 5% and more votes at the General Shareholders Meeting of ING Bank Śląski Spółka Akcyjna were the following entities:

No.	Entity	Number of shares and votes	% of total number of shares and votes at General Shareholders Meeting
1.	ING Bank N.V.	9,757,500	75.00
2.	Commercial Union Open Pension Fund BPH CU WBK	700,000	5.38

From the submission date of the previous quarterly report until the submission date of the report for the first quarter of 2005, ING Bank N.V. sold 1,661,141 shares of ING BSK, thus lowering its shareholding in the total number of shares and votes at the GSM from 87.77% to 75.00%.

2. Specification of changes in shares held by senior executives (para. 98 sec. 6 item 4)

The Members of the Bank Management Board and the Bank Supervisory Board do not own any shares of ING Bank Śląski S.A. According to the status as at the date of disclosing the report for Q4 2004, the Members of the Supervisory Board and Management Board were not in the possession of any shares of ING Bank Śląski S.A.

3. Information on proceedings before court of the value > 10% of equity or jointly > 10% of equity (para. 98 sec. 6 item 5)

No proceedings concerning liabilities or debts whose total value would amount to 10% of the Bank's equity were initiated before courts or administrative bodies against the Capital Group of ING Bank Śląski in the first quarter 2005.

4. Information on extending sureties to a loan, cash loan or a guarantee of the value > 10% of equity (para. 98 sec. 6 item 7)

On 25 March 2005, an annex was signed to the credit agreement with ING Lease (Poland) Sp. z o.o. As a result thereof, the PLN credit line amounts to PLN 375,000,000. The tenor is until 17/10/2005 with the option of extending it for one more year. Interest rate Wibor + Bank margin. ING Lease (Polska) Sp. z o.o. is a member of the ING Group.