ANNUAL REPORT
ING GROUP
2002

MISSION, PROFILE, STRATEGY

Mission

ING's mission is to be a leading, global, client-focused, innovative and low-cost provider of financial services through the distribution channels of the client's preference in markets where ING can create value.

Profile

ING Group is a global financial institution of Dutch origin with 115,000 employees. ING offers banking, insurance and asset management to 60 million clients in 60 countries. The clients are individuals, families, small businesses, large corporations, institutions and governments. ING comprises a broad spectrum of prominent businesses that increasingly serve their clients under the ING brand.

Key to ING's retail business is its distribution philosophy of 'click–call–face'. This is a flexible mix of internet, call centres, intermediaries and branches that enables ING to deliver what today's clients expect: unlimited access, maximum convenience, immediate and accurate execution, personal advice, tailor-made solutions and competitive rates. ING's wholesale product offering focuses strongly on its strengths in employee benefits/pensions, financial markets, corporate banking and asset management.

ING's strategy is to achieve sustainable growth while maintaining healthy profitability. The Group's financial strength, its broad range of products and services, the wide diversity of its profit sources and the good spread of risks form the basis for ING's continuity and growth potential.

ING seeks a careful balance between the interests of its stakeholders: its customers, shareholders, employees and society at large. It expects all its employees to act in accordance with the Group's Business Principles. These principles are based on ING's core values: responsiveness to the needs of customers, entrepreneurship, professionalism, teamwork and integrity.

Strategy

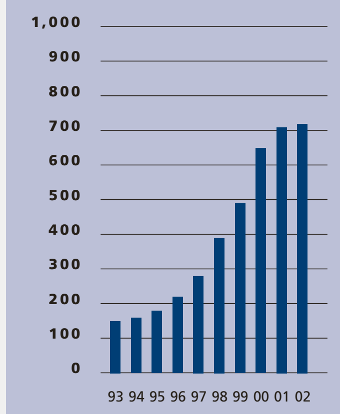
Given the prospect of low or even zero economic growth, the Executive Board has decided on the following Group strategic objectives for the years 2003-2005:

1. Strengthen the capital base and improve other key ratios to maintain a solid financial foundation;
2. Optimise the existing portfolio of businesses;
3. Create value for the clients with a multi-product/multi-channel approach;
4. Develop ING's special skills – direct banking, insurance in developing markets, employee benefits and pensions;
5. Further lower the cost base.

10 YEARS KEY FIGURES

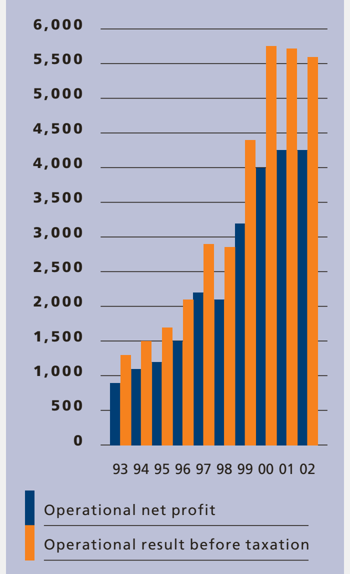
TOTAL ASSETS

in billions of euros



OPERATIONAL RESULTS

in millions of euros

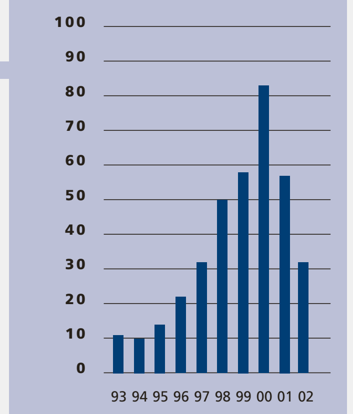


	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
BALANCE SHEET *(in billions of euros)*										
Shareholders' equity	**18**	22	25	35	29	22	16	11	10	10
Total assets	**716**	705	650	493	395	282	221	180	160	154
ASSETS UNDER MANAGEMENT *(in billions of euros)*	**449**	513	503	345	253	174	112	95	57	53
MARKET CAPITALISATION *(in billions of euros)*	**32**	57	83	58	50	32	22	14	10	11
RESULTS *(in millions of euros)*										
Income from insurance operations (1)	**65,337**	63,077	38,307	29,720	26,908	19,535	15,226	13,447	12,757	13,424
Income from banking operations	**11,201**	11,111	11,302	9,876	8,415	6,306	5,316	4,428	3,706	3,529
OPERATIONAL RESULT BEFORE TAXATION										
Insurance operations	**4,173**	3,571	3,162	2,400	2,065	1,644	1,101	929	809	707
Banking operations	**1,468**	2,170	2,605	1,981	804	1,276	968	795	685	607
Operational result before taxation	**5,641**	5,741	5,767	4,381	2,869	2,920	2,069	1,724	1,494	1,314
Operational net profit	**4,253**	4,252	4,008	3,229	2,103	2,180	1,507	1,202	1,045	921
Net profit	**4,500**	4,577	11,984	4,922	2,669	2,206	1,507	1,202	1,045	921
FIGURES PER ORDINARY SHARE										
(EUR 0.24 nominal value)										
Operational net profit	**2.20**	2.20	2.09	1.68	1.12	1.40	1.04	0.87	0.79	0.73
Net profit	**2.32**	2.37	6.27	2.56	1.42	1.42	1.04	0.87	0.79	0.73
Distributable net profit	**2.20**	2.20	2.56	1.84	1.42	1.42	1.04	0.87	0.79	0.73
Dividend	**0.97**	0.97	1.13	0.82	0.63	0.52	0.46	0.38	0.34	0.32
Shareholders' equity	**9.14**	11.03	13.04	17.90	15.21	13.30	10.63	7.56	7.23	7.46
RATIOS *(in %)*										
ING GROUP										
Return on equity (ROE)	**21.6**	18.4	12.2	10.3	8.3	12.0	11.5	12.1	10.6	8.6
Operational net profit growth	**0**	6	24	53	-4	45	25	15	13	11
Pay-out ratio	**44.1**	44.1	43.9	44.4	43.9	36.9	43.9	43.2	43.0	43.4
INSURANCE OPERATIONS										
Premium/expense growth gap	**16**	3	2	7	9	6	3	-2	4	9
Life premiums as a % of total premiums	**85**	88	86	84	82	75	70	69	69	68
Combined ratio non-life insurance	**102**	103	104	107	106	102	103	104	105	108
BANKING OPERATIONS										
BIS ratio ING Bank	**10.98**	10.57	10.75	10.38	10.86	10.77	10.89	11.07	11.12	10.90
Tier-1 ratio ING Bank	**7.31**	7.03	7.22	7.02	7.14	7.13	7.57	6.79	6.59	6.18
Efficiency ratio	**71.0** (2)	71.7 (2)	72.1 (2)	73.6 (2)	79.7	72.8	72.1	70.9	68.9	70.2
EMPLOYEES *(average full-time equivalents)*	**113,060**	112,000	92,650	86,040	82,750	64,160	55,990	52,140	46,980	49,030

(1) Restated. (2) Excluding ING Direct.

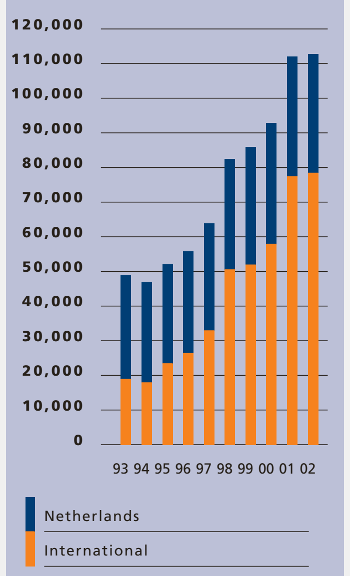
MARKET CAPITALISATION

in billions of euros



EMPLOYEES

average full-time equivalents



CONTENTS

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MESSAGE FROM THE CHAIRMAN

2002 IN SHORT

Net profit of EUR 4.3 billion equals 2001 result

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Lower shareholders' equity due to adverse equity markets

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Capital base still well above required levels

—

Successful special skills: direct banking, insurance in developing markets and pensions

Dear stakeholder!

With an operational net profit of EUR 4,253 million, which matched the good result for 2001, ING held up well in what turned out to be one of the most difficult years in our history. The rough economic climate, mainly created by political uncertainties, put pressure on revenue growth and made loan losses rise to unprecedented levels. We also had to absorb a substantial depreciation of our investment portfolio, which reduced shareholders' equity. We responded by taking a number of measures, both short and long term, to reinforce our capital base. Our broad business mix and geographical spread continued to prove their value in this difficult market environment. Revenues grew organically by 5%, operational net profit and profit per share equalled the high levels of 2001. Strict cost control, with organic expenses down by 3%, supported our results.

Progress with special skills

The operations in the Benelux continued their excellent track record and delivered the greater part of our profit. We also made good progress with our special skills: direct banking, insurance in developing markets and pensions. ING Direct benefited from the shift from investments to savings. Its client base doubled to five million and funds entrusted went up from EUR 24 to EUR 55 billion in 2002. Early in 2003, we were pleased to announce a further reinforcement of our direct banking operations though the acquisition of the German company Entrium, with an additional one million clients.

Our insurance companies and pension funds in developing markets again recorded double-digit revenue and profit growth. In Russia, we were the first foreign company to launch a private pension fund. Pensions will be one of the spearheads in our commercial strategy in the years ahead.

US operations integrated

Our retail and worksite operations in the US reported lower than planned profits as many of their products are strongly linked to equity performance. While weathering the tough stock-market climate, our US management and staff have nearly completed the integration of our various business units into one company, operating under the ING brand, that occupies a top-five position in the US wealth accumulation market. We are convinced that our integrated US business will deliver good shareholder value, especially when the market rebounds.

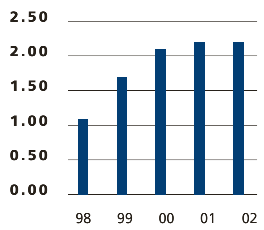
Our businesses in Canada, Mexico and Asia/Pacific improved their results considerably.

Strategic alliances

We entered strategic alliances in markets with attractive growth prospects. We strengthened our position as the leading insurer in South America by acquiring a 49% stake in Sul América, the second largest insurer in Brazil. ING also reinforced its ranking as the second largest foreign insurer in Asia (excluding Japan). In the Chinese city of Dalian, we set up a second life insurance joint venture. In India and Korea, we strengthened the strategic alliances with local banks (Vysya Bank, Kookmin). We formed a joint venture with ANZ for funds management and life insurance in Australia and New Zealand and agreed to enter into a strategic partnership with Bank of New York in the field of

OPERATIONAL NET PROFIT PER SHARE

in euros



NEW
HEADQUARTERS

Ewald Kist, chairman of the Executive Board, in front of ING's new headquarters in Amsterdam, the work place for 400 employees of ING's Corporate Centre.
"This unique building, made of glass and steel, symbolises the innovation and transparency we aim for in our financial services."

custody services. In China, ING Investment Management won approval for a fund joint venture and became the first foreign mutual fund company to start operations in this country.

Reliable partner

Trust is vital in financial services. Consumers emphasise security and reliability in selecting partners to handle their financial affairs. ING has been such a partner to millions of people for more than 150 years. Our goal is to remain a strong, dependable financial services provider under all circumstances. So, when adverse market developments affect our capital base, such as last year, our clients and business partners can rely on us to do what is necessary to maintain our financial strength.

Although our capital base remained well above the legally required margins, we took a number of measures to reinforce it. They included the issue of EUR 1.1 billion perpetuals, the re-introduction of optional stock/cash dividend, the sale of EUR 650 million worth of ING shares that served to hedge employee stock options and a better allocation of capital.

Focus on core business

In the next few years, our focus will be to continue to build our business for the future and further improve what we have. We will focus on our core activities, clients and countries. In other words: what we do well, we will try to do even better. We will sell, discontinue or reorganise businesses that structurally fail to meet our performance requirements or that are sub-scale. And we will exit countries and business lines that offer insufficient growth prospects. Maximising our performance is a pre-requisite for continued profit growth as well as for improving our ratings.

A powerful global brand will help us to distinguish ourselves both in the retail and wholesale markets. We made tremendous progress last year in re-branding most of our labels to ING and in positioning ING as a reliable and innovative financial services provider.

No more automatic increase in capital gains

Capital is scarce, so we will invest it where the best return can be made, based on a careful evaluation of risk and reward. We discontinued our policy of automatically increasing the capital gains from equities by 15% each year. The realisation of capital gains from equities (and real estate) will from now on be determined on the basis of actual market developments.

LOOKING FORWARD

No more automatic increase in capital gains

—

Focus on our core business

—

Further development of the global ING Brand

—

Modernisation of ING's corporate governance

Gaining strength through synergy

Synergy remained a major topic in 2002. All the operations in the Netherlands are engaged in an extensive restructuring across the business units, grouping the activities by four divisions: retail, wholesale, intermediaries and operations/IT. We integrated the activities of ING Investment Management into our three regional Executive Centres to bring our asset management business closer to our distribution channels. Many new shared service centres were established or completed. Numerous projects are in progress in the field of operations/IT to improve customer service and at the same time lower the cost base.

Respond to the new reality

Although the economic and political outlook for 2003 and beyond is full of uncertainties, I am optimistic that ING will successfully respond to the new reality of the current decade. We will work hard to continue our growth in the future. We are strongly positioned in markets and business lines that offer attractive growth prospects, even in times of economic adversity. Furthermore, there are still many opportunities for synergies within ING.

Care for clients

We would like to thank our clients and business partners for their confidence in ING. We will continue to offer them a wide range of insurance, banking and asset management products through the distribution channel of their choice, whether it be the internet, a call centre, a branch office, or a personal adviser. Although the larger part of ING's income stems from retail financial services, we will continue to offer wholesale services in selected markets, with the emphasis on Europe, to serve our corporate and global clients.

Modern corporate governance

We thank our shareholders, who continued to believe in us despite the sharp fall in our stock price in the past year. We will do our utmost to offer them a good return on their investment. The changes in our corporate governance that we proposed early in 2003 increase shareholder influence considerably, including full voting rights. They also increase the checks and balances between the executive and supervisory functions within ING. The change in staff consultation, which makes the Management Committee of ING Netherlands the primary partner for the Dutch Central Workers Council, reflects the ongoing internationalisation of our Group.

We believe that the proposed changes will lead to a modern governance system that responds to international developments, while maintaining the proven advantages of ING's existing structures. The new corporate governance initiative is a good practical example of our continued quest to increase transparency. This is also symbolised in our new Amsterdam corporate head office, ING House, which was officially opened by His Royal Highness Prince Willem-Alexander, the Dutch crown prince, last year. We will continue our efforts to position ourselves as a reliable corporate citizen. We will report on our progress in these fields in the 'ING in Society' report.

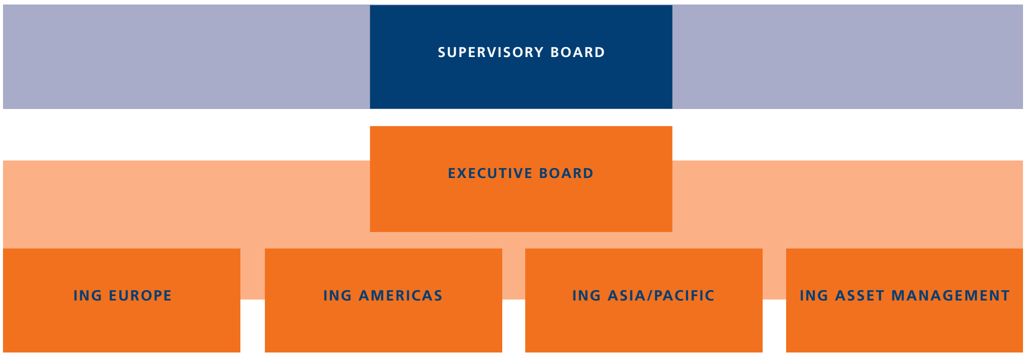
Confidence in our staff

In conclusion, a word of thanks is due to our 115,000 employees around the world who have worked hard to pull ING through in 2002. We aim to be a good, modern employer for them with a human-resources policy in which diversity, permanent education and a healthy work/life balance are focal points of attention. With the transformation to a global brand and numerous integration and cooperation projects in progress, we clearly notice a growing pride among our employees that they are part of a successful, worldwide team. My colleagues and I have full confidence in our management and staff. They are dedicated to keep ING on course and ensure a continued, stable development that benefits all stakeholders.

Ewald Kist.

EWALD KIST
Chairman Executive Board

STRUCTURE AND COMPOSITION OF THE BOARDS



Composition of the Boards as at 31 December 2002

SUPERVISORY BOARD

Cor Herkströter *(65) Chairman*
Mijndert Ververs[1] *(69) Vice-Chairman*
Lutgart van den Berghe[1] *(51)*
Luella Gross Goldberg *(65)*
Paul van der Heijden *(53)*
Aad Jacobs *(66)*
Godfried van der Lugt *(62)*
Paul Baron de Meester *(67)*
Johan Stekelenburg *(61)*
Hans Tietmeyer[1] *(71)*
Jan Timmer[2] *(69)*
Karel Vuursteen *(61)*

AUDIT COMMITTEE

Mijndert Ververs[1] *Chairman*
Lutgart van den Berghe[1]
Aad Jacobs[3]
Paul Baron de Meester

REMUNERATION AND NOMINATION COMMITTEE

Cor Herkströter *Chairman*
Paul van der Heijden
Jan Timmer

CORPORATE GOVERNANCE COMMITTEE

Cor Herkströter *Chairman*
Luella Gross Goldberg
Paul van der Heijden
Jan Timmer

EXECUTIVE BOARD

Ewald Kist *(58) Chairman*
Michel Tilmant *(50) Vice-Chairman*
Fred Hubbell *(51)*
Hessel Lindenbergh[4] *(59)*
Cees Maas *(55) Chief Financial Officer*
Alexander Rinnooy Kan *(53)*

EXECUTIVE COMMITTEES

ING Europe

Michel Tilmant *(50) Chairman*
Hessel Lindenbergh[5] *(59) Chairman*
Erik Dralans *(54)*
Angelien Kemna[6] *(45)*
Diederik Laman Trip *(56)*
Jan Nijssen *(49)*
Harry van Tooren[6] *(55)*
Luc Vandewalle *(58)*
Hans Verkoren *(55)*
Ted de Vries *(55)*

ING Americas

Fred Hubbell *(51) Chairman*
Yves Brouillette *(51)*
Bob Crispin[6] *(56)*
Glenn Hilliard *(59)*
Tom McInerney *(46)*

ING Asia/Pacific

Fred Hubbell *(51) Chairman*
Jacques Kemp *(53)*
Patrick Poon *(55)*
Paul Scully[6] *(49)*
Phil Shirriff[7] *(57)*

ING Asset Management*

Alexander Rinnooy Kan *(53) Chairman*
Harry van Tooren[5] *(55)*

* Asset Management Platform as of 1 January 2003.

For more information on the Supervisory Board and Executive Board members, see pages 79 and 80.

1) Until 15 April 2003.
2) Member Audit Committee as of 15 April 2003.
3) Chairman Audit Committee as of 15 April 2003.
4) Retirement as of 1 July 2003.
5) Until 1 September 2002.
6) As of 1 September 2002.
7) Retirement as of 1 April 2003.

INFORMATION FOR SHAREHOLDERS

FOCUS ON FINANCIALS

Cees Maas, member of the Executive Board and Chief Financial Officer, in his room in ING House, discussing the financials with the general management of Corporate Control & Finance, Hans van Barneveld (standing) and Ronald Nijsen.

Dividend policy

ING will propose to the Annual General Meeting of Shareholders in April 2003 to introduce optional cash/stock dividend as from the final dividend 2002. ING intends to fully fund the cash element by selling the bearer depositary receipts that would have been issued if stock was chosen instead of cash. This policy change will enable ING to further strengthen its capital base. This additional capital will serve as a risk buffer for swings in asset values as well as support organic growth.

Rating agencies

The deteriorated economic climate led to more frequent contacts between ING and the credit rating agencies. ING Groep N.V. and ING Verzekeringen N.V. were downgraded one notch to A+ by Standard & Poor's, while Moody's stated at the end of December 2002 that it was in the process of reviewing its ratings, Aa2, for these two legal entities. Both Standard & Poor's and Moody's reconfirmed the rating for ING Bank N.V. (AA–, resp. Aa2) in the reporting year. An overview of the ratings is given on page 75.

Corporate governance

ING reviewed its corporate governance structure in 2002. The review will result in several proposals to the Shareholders' Meeting on 15 April 2003. The proposals aim at a carefully balanced corporate-governance structure that on the one hand extends stakeholder influence and on the other hand does justice to ING's desire to defend itself against hostile take-over attempts. See also the chapter on corporate governance as of page 76.

Listings

Depositary receipts for ING Group ordinary shares are listed on the stock exchanges of Amsterdam, Brussels, Frankfurt, Paris, the Swiss exchanges and the New York Stock Exchange. Depositary receipts for preference shares are listed on the Euronext Amsterdam Stock Market. Warrants B are listed on the Euronext Amsterdam and Brussels Stock Markets. Short-term and long-term options on ING Group depositary receipts for ordinary shares are traded on the Euronext Amsterdam Derivatives Markets and the Chicago Board Options Exchange.

Shareholders with stakes of 5% or more

Under the Dutch Act on the Disclosure of Significant Interests, three holders of depositary receipts with a (potential) interest of between 5% and 10% in ING Group were known as at 31 December 2002. They were ABN AMRO, Aegon and Fortis Utrecht.

INVESTOR RELATIONS

In addition to financial press releases, ING also publishes a Shareholders' News and Shareholders' Bulletin. For more information, please contact:

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Investor Relations Department
(IH 07.362)
P.O. Box 810
1000 AV Amsterdam
The Netherlands
telephone +31 20 541 54 62
fax + 31 20 541 54 51
www.ing.com

DIVIDEND HISTORY

in euros	PROPOSED 2002	2001	2000	1999	1998
Interim dividend	**0.48**	0.47	0.41	0.32	0.30
Final dividend	**0.49**	0.50	0.72*	0.50	0.33
Total	**0.97**	0.97	1.13	0.82	0.63

* including an exceptional dividend of EUR 0.19.

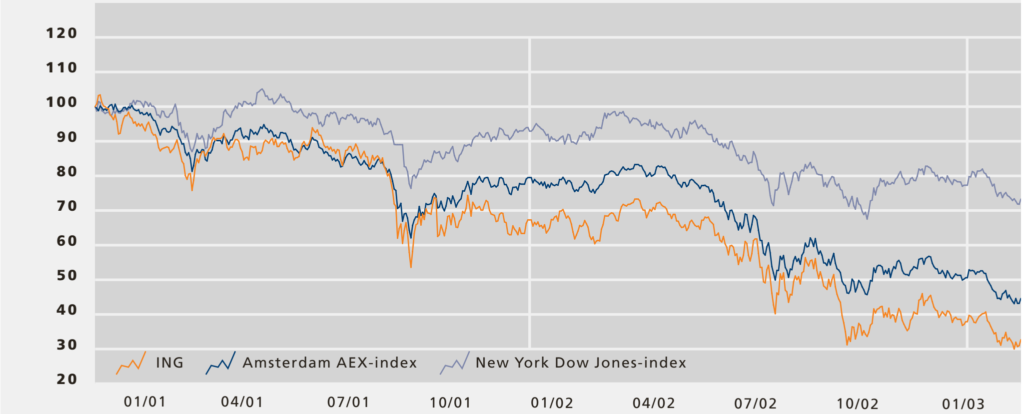
PRICES DEPOSITARY RECEIPTS FOR ORDINARY SHARES

Euronext Amsterdam Stock Exchange, in euros	2002	2001	2000	1999	1998
Price - high	**31.20**	43.97	42.76	30.59	34.83
Price - low	**13.29**	22.80	24.26	22.18	15.70
Price - year-end	**16.14**	28.64	42.54	29.97	25.98
Price/earnings ratio *	**7.3**	13.0	20.4	17.9	23.3

*Based on the share price at the end of December and net operational profit per ordinary share for the financial year.

PRICES DEPOSITARY RECEIPTS FOR ORDINARY SHARES

index: 1 January 2001 = 100



SHARES AND WARRANTS IN ISSUE

in millions	YEAR-END 2002	YEAR-END 2001
(Depositary receipts for) ordinary shares of EUR 0.24 nominal value	**1,992.7**	1,992.7
(Depositary receipts for) preference shares of EUR 1.20 nominal value	**87.1**	87.1
Warrants B	**17.2**	17.2
(Depositary receipts for) own ordinary shares held by ING Group and its subsidiaries	**28.4**	69.1

AUTHORISED AND ISSUED CAPITAL

in millions of euros	YEAR-END 2002	YEAR-END 2001
ORDINARY SHARES		
- authorised	**720.0**	720.0
- issued	**478.2**	478.2
PREFERENCE SHARES		
- authorised	**360.0**	360.0
- issued	**104.5**	104.5
CUMULATIVE PREFERENCE SHARES		
- authorised	**1,080.0**	1,080.0
- issued	**–**	–

IMPORTANT DATES IN 2003*

Annual General Meeting of Shareholders
Tuesday, 15 April 2003, 10:30 am
Circustheater, The Hague

ING share quotation ex final dividend 2002
Thursday, 17 April 2003

Payment 2002 final dividend
Friday, 23 May 2003

Publication first-quarter results 2003
Thursday, 15 May 2003

Publication second-quarter results 2003
Thursday, 14 August 2003

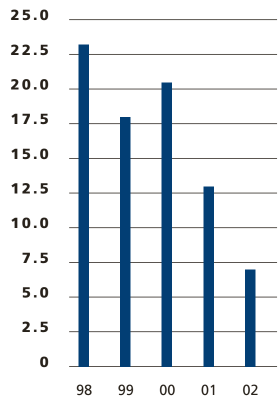
ING share quotation ex interim dividend 2003
Monday, 18 August 2003

Publication third-quarter results 2003
Friday, 14 November 2003

* All dates shown are provisional.

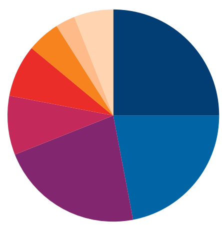
ING GROUP SHARE

price/earnings ratio



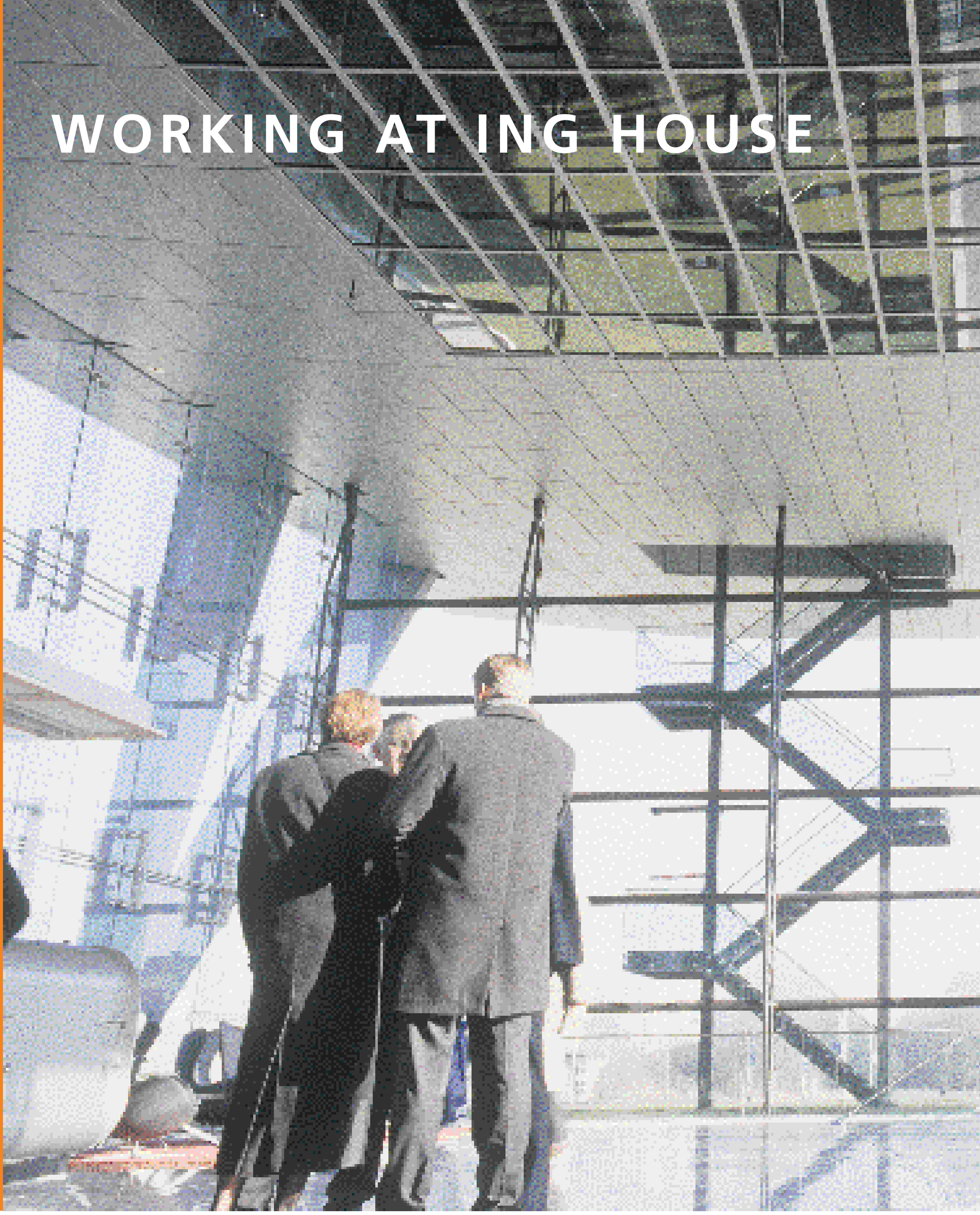
GEOGRAPHICAL DISTRIBUTION OF ING SHARES

in %



United Kingdom	25
US and Canada	22
The Netherlands	22
Luxembourg	9
Belgium	8
Switzerland	5
Germany	3
Others	6

WORKING AT ING HOUSE



ING HOUSE
IN SHORT

Ground breaking
16 November 1999
—
Highest point
9 May 2001
—
Official opening
16 September 2002
—
Prizes
ING House won prizes for the innovative ways in which glass, steel and aluminium have been applied.

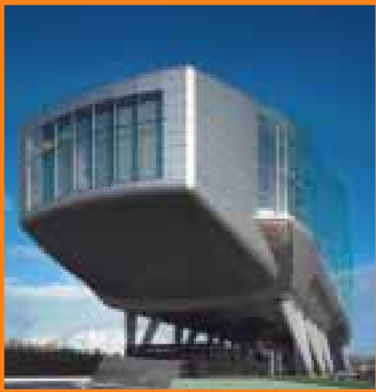
A brochure about ING House can be ordered at www.ing.com (link Request ING publications).

Innovation and transparency

Through the years, ING and its predecessors have developed exceptional office buildings for their business units, but until recently ING rented a building for its headquarters. In 1999, the Executive Board invited young Dutch architects to submit a design for ING's own head office. The demands were high. The building had to be stylish, elegant, moderate and innovative, fitting with its surroundings in the southern part of Amsterdam and with respect for the environment. It also needed to be an enjoyable place to work and flexible so that it can be adjusted to future developments in working methods. But above all the new head office needed to radiate what ING stands for as a financial services provider: innovation and transparency, dynamism and sustainability.

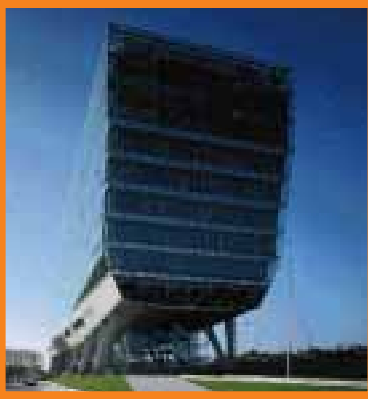
Space ship

The design by Roberto Meyer and Jeroen van Schooten stood out immediately. The basic principles of ING are well reflected by the streamlined shape, the steel frame, the space, the light and the transparent construction in the form of glass walls and atriums, which allow one to look through the building, both from the inside and the outside. With its aerodynamic shape ING House looks more like a space ship than an office building. It has already been named the first building of the 21st century.



The nose of ING House holds the auditorium. It has a seating capacity of 250. In the adjacent atrium, enormous drawbars carry the weight of the auditorium.

ING House rests on sixteen steel legs. They stand freely on pins in large blocs of steel in the ground, a technique used in the construction of bridges.



ING House is only 28 meters wide, 138 meters long and 48 meters high. It is constructed like a table on steel legs. Visitors enter an entirely transparent entrance.

Home base for corporate staff

The new head office exudes quality with the five theme gardens, the interior decoration and the materials that have been used. Air, light and space are the central themes. They make the building an attractive place to work in.

Already during the construction, the new ING head office received much attention, which is not surprising since the building stirs the imagination. His Royal Highness Prince Willem-Alexander, the Dutch crown prince, performed the official opening ceremony on 16 September 2002.

ING House is in line with ING's tradition as a property developer of landmark buildings. It is the perfect home base for the Executive Board and the approximately 400 staff members of the Corporate Centre of ING Group.

The next pages introduce the interior of ING House and some of the people who work there. They include staff members from different countries and cultural backgrounds who support the Executive Committees of ING Europe, ING Americas, ING Asia/Pacific and ING Asset Management.

ING EUROPE

ING is one of the leading financial institutions in Europe, delivering banking, insurance and asset management services to retail, corporate and institutional clients – 25 million in total – via a multi-distribution approach. In its home markets, the Netherlands, Belgium and Poland, ING is strengthening its leading positions by improving quality and efficiency.
In mature markets the primary focus is on building market share through innovative approaches such as ING Direct, which is also active in the US, Canada and Australia.
In Central Europe ING is moving from regional leadership in life insurance and pensions to top-three bancassurance in each of the major countries.
ING Wholesale, as part of ING Europe, is a European wholesale institution with a presence in the world's major financial centres and emerging markets.

The spaciousness of ING House is most manifested by its atriums. From the restaurant visitors have a view of three other floors and can overlook Amsterdam.

BETTER COMMUNICATIONS

David Pollard and Felix Potvliege

"An improvement in inter-personal communications was evident from the first day that we moved into this building" says David Pollard (left), ING Europe Wholesale strategist. "This dynamism should be a catalyst to improve communications between units and levels throughout ING."

Felix Potvliege, ING Europe Retail, feels that "the transparent lay-out and creative design create an open and innovative mindset and stimulate new ways of thinking about our business strategy."

ING AMERICAS

ING Americas is a leading integrated financial services provider in selected countries in the Americas. Today, it serves 29 million customers throughout the region, using a broad sales platform consisting of approximately 250,000 points of distribution. After a series of acquisitions, ING Americas is working to build a strong brand that is recognised as a hallmark of superior value and service. ING has 6.6 million customers in the US and enjoys top-five positions in most of its US business lines such as retirement savings, annuities and life reinsurance. With four million clients in Canada, ING continues to be the leading and most profitable P&C company. In Latin America, ING is the largest insurer in the region with well over 17 million customers. The largest businesses are in Mexico, Brazil, and Chile. In Mexico, ING is now the established insurance leader, holding number-one positions in P&C and auto, number two in health insurance and number three in life insurance.

ING House has a double glass façade. The outer layer, which is completely closed on the northern side, shuts out the noise and polluted air from the highway.

AN INCREDIBLE BUILDING

Bob Crispin and Sue Collins

"What an architectural and engineering marvel!", said Bob Crispin, regional CEO for ING Investment Management in the Americas, when he visited ING House. "Everyone who sees this incredible building surely knows that ING is out in front of our competition." Sue Collins, ING's chief actuary and head of Corporate Insurance Risk Management agrees. "With this building, ING has made a long-term investment in a top-quality working environment".

ING ASIA/PACIFIC

ING is a prominent international financial services provider in Asia/Pacific with 6 million clients. The portfolio consists of large businesses across six mature markets and newly established life insurance companies in China, India, Indonesia, and Thailand. With 60,000 points of distribution in Asia ranging from tied agents, independent agents, brokers/dealers to banks, ING accesses its clients through the customer's channel of choice. ING has leading positions in Australia, Taiwan, Korea, Malaysia and it is a fast-growing niche player in Japan's crowded market. In New Zealand, ING New Zealand manages about 16% of all mutual funds in the country, making it the number-three player in terms of assets under management. With two joint venture operations in life insurance in China and a 44% stake in ING Vysya Bank, India's fifth largest private bank, a life insurance joint venture and a mutual funds business in India, ING is well-positioned in the two largest Asian growth markets.

ING House has several inner gardens, varying from full-grown pines to bamboo trees. The biggest is the jungle garden on the fourth floor.

OPEN AND TRANSPARENT

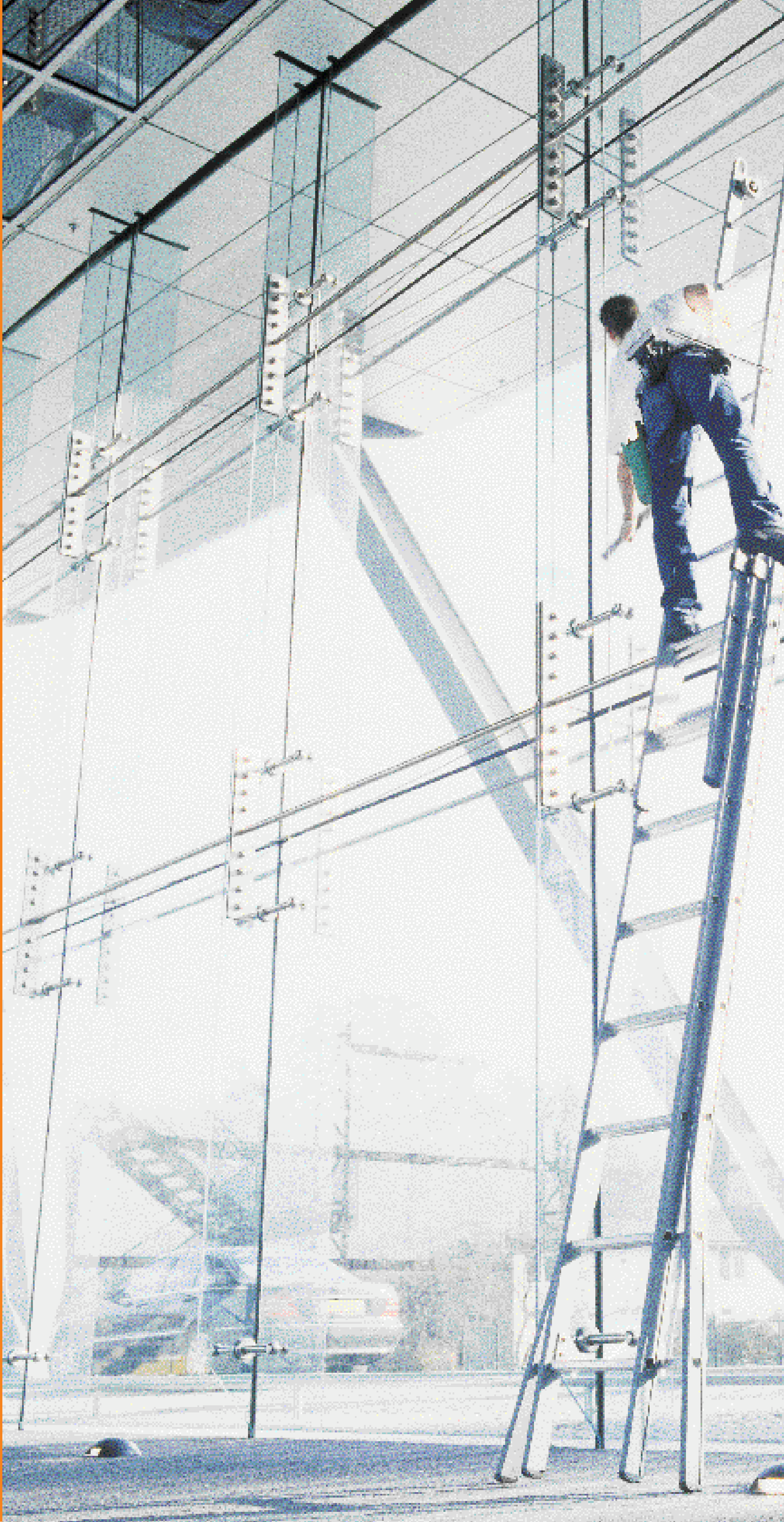
Bo Yang and Gwendolyn Tates

After a period of maternity leave, Bo Yang works full-time as business analyst. "These open areas let you exchange information with colleagues in a very relaxed way," is her analysis of her new working environment. Gwendolyn Tates, a Sinologist by training, used to share an office with one or two other people. "So, your world was quite small", she says. "At ING House, everything is trans-parent. That's good for the open communication."

ING ASSET MANAGEMENT

Asset management is ING's third core activity alongside insurance and banking. Assets under management at ING totalled EUR 449 billion at year-end 2002 with EUR 161 billion in mutual fund assets, EUR 129 billion in third-party institutional money and EUR 159 billion in assets held for ING companies. As from 2003, the regional ING Investment Management business units have been integrated into the respective regional executive centres. Strengthening the links between ING's investment professionals and its distribution channels, this organisation change enables ING to respond to regional and local market opportunities even better and faster than before. In addition, a Global ING Investment Management Board has been set up to preserve the efficiency of a global manufacturing platform and to ensure global consistency of the investment strategies adopted in each region. ING Asset Management continues to function as a global platform that co-ordinates ING's strategy and operations with respect to asset management. Besides ING Investment Management, these operations include Baring Asset Management, ING Real Estate, Parcom Ventures, Baring Private Equity Partners, ING Aeltus and ING Trust.

Not only the entrance hall and the façade, but also several elevators, ceilings, stairs and floors are made of glass, to accentuate the transparency of ING House.

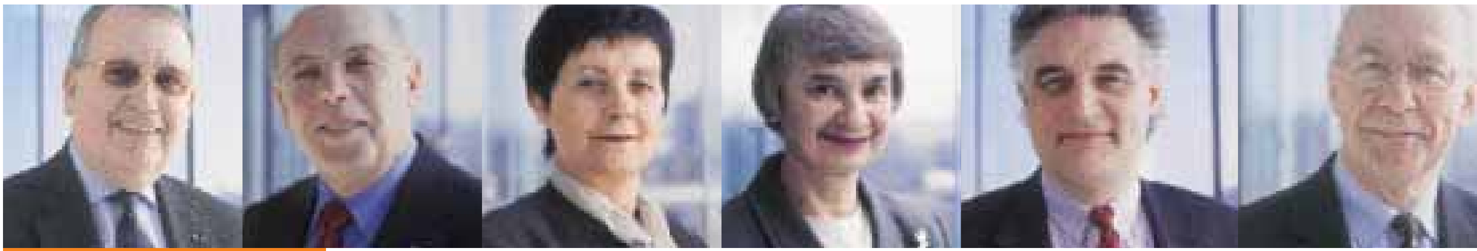


INNOVATIVE SPIRIT

Eric Rivard and Jan Boogerd

"This building underlines what I have come to appreciate very much in my 31 years with ING: its open-minded and innovative spirit", says Jan Boogerd (right), controller ING Asset Management. Eric Rivard, Head Human Resources for Asset Management, Wholesale International Banking and Private Banking, agrees. "In this company it is what you contribute that counts, not where you come from or which school you graduated from."

REPORT OF THE SUPERVISORY BOARD



from left to right
Cor Herkströter, Chairman
Mijndert Ververs, Vice-Chairman
Lutgart van den Berghe
Luella Gross Goldberg
Paul van der Heijden
Aad Jacobs
Godfried van der Lugt
Paul Baron de Meester
Johan Stekelenburg
Hans Tietmeyer
Jan Timmer
Karel Vuursteen

Detailed information on the Supervisory Board members is given on page 79.

The result development during economically difficult times and the modernisation of the corporate governance structure at ING were the most important issues in 2002. The Supervisory Board and the Executive Board had a number of intense discussions about the consequences of the worldwide economic malaise after the already difficult year 2001. The Supervisory Board is very appreciative of the fact that ING has succeeded in keeping the results for 2002 at an adequate level. At the same time, the Supervisory Board realises that the new economic reality poses big challenges. ING will have to continue to anticipate these developments. This will be the main challenge for the years to come.

Supervisory Board meetings

In 2002, the Supervisory Board met seven times, once without the presence of the Executive Board. In January, the Medium Term Plan 2002-2004 was discussed. The main issues were the economic developments in the most important economic regions in the world and their consequences for ING. During the meetings in February, May, August and November, the 2001 annual results and the quarterly and half-year results were discussed, respectively. In October and November, the Supervisory Board spoke about the developments in corporate governance and the choices that ING wanted to make. The Supervisory Board approved the proposals by the Executive Board. Some of these proposals will be submitted for the approval of the Annual General Meeting of Shareholders on 15 April 2003.

Other subjects the Supervisory Board and the Executive Board discussed in 2002 were management development, the remuneration of the Executive Board and the remuneration structure, the accounting and internal-control procedures, a number of smaller acquisitions and the profitability of individual business units. The development of the capital position of ING was also an important issue. In this regard, it was decided to end the policy of a fixed and pre-determined annual increase in capital gains on equities and to reintroduce optional cash/stock dividend.

Several general managers gave presentations about their business units, which provided the Supervisory Board not only with information about the developments within ING but also with an insight into the management potential. In this connection, the Supervisory Board visited the American operations in May 2002.

Dutch Supervisory Board members attended meetings of the Management Committee Netherlands with the Central Workers Council (CWC). Dutch Supervisory Board members also participated in the ‘Three Councils Day’, an annual meeting between the CWC, the Management Committee Netherlands and delegations of the Executive Board and the Supervisory Board.

In November, a meeting was held without the Executive Board. During this meeting the Supervisory Board discussed its own functioning and that of the Executive Board.

Audit Committee meetings

The Audit Committee met five times in 2002. In January, a meeting was held to discuss the developments in international regulations with regard to accounting principles, especially the implementation of the European IAS regulations as per 2005 in the light of the existing ING accounting principles and the American accounting principles (US GAAP). The developments in regulations regarding risk management were also discussed.

The general management of ING Bank Netherlands and Nationale-Nederlanden informed the Audit Committee about the back-office developments at their business units. In February and August respectively, the 2001 annual results and the results for the first six months of 2002 were discussed, as well as the reports of the internal auditor about the quality of the accounting and reporting procedures. The main issues of the meetings in October and November were the measures that needed to be taken to strengthen the capital base, which had deteriorated as a result of the malaise on the share markets.

Updating the Audit Committee charter was an important point of discussion, also in view of the new regulations in the United States with regard to the role of the Audit Committee. Guaranteeing the independence of the external auditor and the relevant regulations were also items on the agenda.

Remuneration and Nomination Committee meetings

The Remuneration and Nomination Committee met twice. The remuneration system of Executive Board members was discussed, especially in connection with the management levels below the Executive Board. In the light of international developments, the ratio between fixed and variable remuneration was reviewed as well as the parameters that determine the variable part of the remuneration. This took place with the help of external expertise and on the basis of various benchmarks. The outcome was that both the remuneration system and the level of remuneration need to be adjusted. The way in which the remuneration of the Executive Board and the Supervisory Board is disclosed was also discussed.

In the field of management development, the potential of talented managers who will in time qualify for the highest management levels was discussed as well as the way in which future vacancies in the Executive Board, the Supervisory Board and its committees will be filled.

Two committee members talked to all individual members of the Executive Board about its functioning after which an evaluation took place with the entire Executive Board and subsequently with the Supervisory Board. These evaluations take place annually with the intention to optimise the functioning of the Executive Board.

Corporate governance

In view of the international developments in the field of corporate governance and the increasing complexity of managing an international company such as ING, the Supervisory Board discussed the issue of corporate governance during several meetings, especially with regard to the influence of shareholders and holders of depositary receipts and the role of the Supervisory Board and its committees.

Regarding the structure of ING, it was decided to establish two Dutch holdings, one for the banking operations and one for the insurance operations. Both will have an Executive Board (the ING Management for the Netherlands) and a Supervisory Board, each with the same members. Regarding ING Group, it is proposed to abandon the voluntary 'large company regime', as a result of which the General Meeting of Shareholders will have more direct influence. This implies that members of the Executive Board and the Supervisory Board are appointed

IN SHORT

Supervisory Board met seven times, Audit Committee five times

—

Strategy and results discussed in detail

—

Remuneration and Nomination Committee discussed future compensation structure for top management levels

—

Decisions taken on modernisation of corporate governance, resulting in proposals to Shareholders' meeting

COMPOSITION BOARDS

Three Supervisory Board members retire:
Lutgart van den Berghe,
Hans Tietmeyer and
Mijndert Ververs

—

Two new appointments:
Claus Hoffmann, former CFO of Robert Bosch GmbH, and Wim Kok, former Prime Minister of the Netherlands

—

Hessel Lindenbergh will retire as Executive Board member

directly by the General Meeting of Shareholders following binding nominations by the Supervisory Board. It was also decided to give holders of depositary receipts the same rights as shareholders and to lift all voting-right restrictions. The Stichting Administratiekantoor will be renamed Stichting ING Aandelen ('Trust Office ING Shares') and will fulfil a more active role. Based on its new objectives, the Stichting will give priority to the interests of shareholders and holders of depositary receipts. The Board will consist entirely of independent members and will be obliged to explain its voting behaviour at the General Meeting of Shareholders. The new Trust Office will vote for all absent holders of depositary receipts and for those who have not given a proxy vote.

Regarding the role of the Supervisory Board, it was decided to update the duties of the existing committees – the Audit Committee and Remuneration and Nomination Committee – and to lay them down in new charters. It was also decided to establish a new committee: the Corporate Governance Committee. Its duties include monitoring international developments in the field of corporate governance and advising the Supervisory Board about the implementation of these developments within ING. The committee will meet at least once a year. More information has been included in the chapter on Corporate Governance (from page 76).

Composition of the Supervisory and Executive Board

In 2002, the Supervisory Board consisted of twelve members. In April, the Supervisory Board bade farewell to Jan Berghuis and Jan Kamminga, as was already announced in the previous annual report together with the appointment of Karel Vuursteen. After the Shareholders' Meeting of 15 April 2003, three members will retire permanently: Lutgart van den Berghe, Hans Tietmeyer and Mijndert Ververs. Lutgart van den Berghe and Mijndert Ververs will retire as they have reached the maximum term of twelve years. Mijndert Ververs has also reached the age of 70, which is the age at which members of the Supervisory Board retire in principle. Hans Tietmeyer will retire as he will reach the maximum age limit of 72. The Supervisory Board has the intention to appoint two new members: Claus Hoffmann and Wim Kok. Their appointments will be subjects on the agenda of the Annual General Meeting of Shareholders of 15 April 2003. As former CFO of Robert Bosch, Claus Hoffmann has gained extensive expertise in German and European markets, which is of great value for ING as well. He will also be appointed member of the Audit Committee. Wim Kok has been proposed for appointment because of his expertise and vision regarding global economic, social and political issues which he gained while serving as Minister of Finance and Prime Minister of the Netherlands and in several previous positions. The Central Workers Council has met with both candidates and has given its concurring advice to the proposed appointments.

RETIREMENT

Hessel Lindenbergh

Hessel Lindenbergh, a member of the Executive Board, will step down as of 1 July 2003 having reached the retirement age of 60. In 1983, he joined NMB Bank, the present ING Bank, where he was successively responsible for the domestic and international wholesale business. In 1995, he became a member of the Executive Board of ING Group. In that same year, ING acquired the British investment bank Barings. In the following two years, Hessel Lindenbergh assumed the heavy responsibility of integrating these activities into the ING organisation. In 1998, he became vice-chairman of ING Netherlands and in 2000 co-chairman of ING Europe. The corporate client has always been the focal point in his career. He was passionate about serving large corporate clients and had a special talent for maintaining contacts with these clients at the highest level in his capacity as a member of the Executive Board. After 20 years, ING bids farewell to an upright and professional banker in heart and soul. His contribution to the development of ING has been significant, for which we would like to thank him sincerely.

THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

RETIREMENT

Lutgart van den Berghe, Hans Tietmeyer and Mijndert Ververs

Lutgart van den Berghe will retire after having served the maximum term of twelve years. She was appointed member of the Supervisory Board of Nationale-Nederlanden in 1991 while serving as a professor in Insurance Law at the Erasmus University in Rotterdam. At 39, she was the youngest member of the Supervisory Board at that time and she remains the youngest member at her retirement. In 1994, she was appointed Supervisory Board member of ING Group and, as a Belgian, was the first non-Dutch member. Because of her great expertise, strong involvement with ING and her thorough preparation of the meetings, Lutgart van den Berghe has played a very active role as member of the Supervisory Board. Her critical questions were always accompanied by the expression of her vision on future developments, especially in the international insurance field and in the area of global developments regarding corporate governance. ING has benefited thoroughly from her drive and commitment.

The appointment in 2000 of Hans Tietmeyer – former governor of the Deutsche Bundesbank – fitted well within the period in which ING was working on strengthening its position in Europe. In the three years he was member of the Supervisory Board, Mr. Tietmeyer has shared his knowledge of macro-economic developments and of local economies in the most important world markets. His keen vision on the developments in the world economy has been of great value.

Just like Lutgart van den Berghe, Mijndert Ververs was appointed member of the Supervisory Board of Nationale-Nederlanden in 1991. In 1994, he was appointed member of the Supervisory Board of ING Group. In 1996, he became vice-chairman and for more than two years he temporarily took over the chairmanship after the then chairman had suddenly passed away. From 1999 until 2001, he was a member of the Remuneration and Nomination Committee. From 1994 until 1996, he was a member of the Audit Committee. In 2001, he became a member of the Audit Committee again, this time as chairman. His experience as CEO of Wolters-Kluwer always revealed itself in the wisdom he displayed when inspiring and supporting the Executive Board in its strategy and policy-making and also by being critical whenever necessary.

The Supervisory Board and the Executive Board bid farewell to three Supervisory Board members who, all from their own background and with their specific experience and expertise, have been of exceptional significance. This calls for a special word of thanks for the way in which they have devoted their talents to ING.

THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

As per 1 July 2003, Hessel Lindenbergh will retire as member of the Executive Board.

Annual accounts and dividend

This annual report contains the report of the Executive Board and a summary of the annual accounts. The full annual accounts – available through www.ing.com, where a printed version of the annual accounts can be ordered as well – were adopted by the Supervisory Board and have now been submitted for the approval of the General Meeting of Shareholders. This also goes for the dividend for 2002, which has been set at EUR 0.97 per share. After the interim dividend of EUR 0.48 per share, the final dividend will amount to EUR 0.49 per share. Shareholders can take up their final dividend either in shares or in cash.

Gratitude

The Supervisory Board would like to express its gratitude to the Executive Board and to all employees worldwide for their efforts during the past difficult year. ING's healthy basis and its strong market positions are an excellent starting point to serve the clients to their satisfaction, also in these economically less favourable times. In this, we would like to wish the Executive Board, the general managers of the business units and all employees much success.

AMSTERDAM, 10 MARCH 2003

THE SUPERVISORY BOARD

REPORT OF THE EXECUTIVE BOARD
FINANCIAL HIGHLIGHTS

2002 PROFIT EQUAL TO STRONG 2001 RESULT

IN SHORT

Operational net profit EUR 4.3 billion, equal to 2001
—
Operational net profit from insurance EUR 3.4 billion (+19.5%)
—
Operational net profit from banking EUR 0.9 billion (-37.9%)
—
Total operating expenses EUR 13.2 billion (-3.1%)

Despite the extremely difficult economic and political environment ING's operational profit for 2002 of EUR 4,253 million matched the strong result of 2001. ING responded to the new realities of the market by sharpening its focus on core businesses and strengths, for instance on savings and guaranteed products, pensions and developing markets. The capital base ratios remained on the safe side of internal targets, which are far more conservative than the regulatory minimum levels.

Income

Total income increased by 3.2% to EUR 76.5 billion. The organic increase (excluding acquisitions/divestments and exchange rate fluctuations) was 4.7%. Insurance income rose 3.6% to EUR 65.3 billion (organically +5.7%). Life premiums increased organically by 4.6% to EUR 44.4 billion. Premium income from non-life insurance advanced by 34.1% to EUR 7.9 billion, mainly due to the acquisition of ING Comercial América in Mexico. The organic increase was 19.0%. Total income from banking increased 0.8% to EUR 11.2 billion. A healthy rise in the interest result just outstripped a strong decrease in other income.

Efficiency

Total operating expenses decreased by 3.1% (organically -3.3%) as a result of restructuring, integration and tight cost control. The total number of staff rose by 2,700 to 115,800 full-time equivalents due to several consolidations such as ING Vysya Bank in India, DiBa in Germany and Toplease in the Netherlands, and the divestment of ING Life Philippines. Excluding these changes, the total number of staff was reduced by 2,700. This decrease mainly reflects restructuring of the US life operations and international wholesale banking.

Operating expenses in insurance decreased organically by 8.8% with the US operations achieving a 17.5% reduction. The difference between the premium growth and the expense growth was +16.1%-points (excluding GICs and the impact of the joint venture with ANZ in Australia), well above the target of at least +2%-points.

Total operating expenses in banking increased by 1.4% (organically +0.1%). Excluding the fast expanding activities of ING Direct and a restructuring provision for international wholesale banking, operating expenses were 2.9% lower. The efficiency ratio of the banking operations (excluding ING Direct and the restructuring provision) improved to 71.0% from 71.7% in 2001.

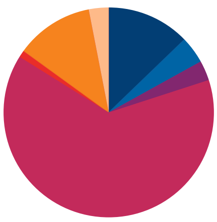
Profit development

At EUR 4,253 million, total operational net profit in 2002 equalled 2001's high result of EUR 4,252 million. Operational profit before taxation decreased by 1.7% to EUR 5,641 million. Excluding the strong impact of risk costs in banking and investment losses in insurance, the gross result improved by 15.3% to EUR 7,629 million. The effective tax rate decreased from 20.3% to 18.7%, among others due to tax-exempt realised gains and the release of a tax provision.

Operational net profit from insurance was 19.5% higher at EUR 3,358 million. Results in the Netherlands, North America, Asia and Australia improved. Cost control, leading to an overall reduction in expenses, contributed significantly to the improvement. The result includes a EUR 222 million gain in operational after-tax profit on the formation of the joint venture with ANZ, the release of EUR 106 million from contingent provisions associated with prior

GEOGRAPHICAL DISTRIBUTION OF GROSS PREMIUM INCOME

in millions of euros



The Netherlands 13%	6,786
Belgium 4%	2,335
Rest of Europe 3%	1,618
North America 64%	33,397
South America 1%	595
Asia 12%	6,035
Australia 3%	1,763
Other	-245
Total	52,284

TOGETHER IN THE AUDITORIUM

The members of the Executive Board, posing in the auditorium in the nose of ING House.
From left to right:
Cees Maas (CFO) ,
Hessel Lindenbergh,
Ewald Kist (Chairman),
Alexander Rinnooy Kan,
Michel Tilmant (Vice-Chairman),
Fred Hubbell.

acquisitions in the US and a EUR 79 million gain from the surrender of a large group life insurance contract in the Netherlands. The gross result before taxation of the insurance operations – i.e. before investment losses – increased by 27.8% to EUR 4,726 million. Gross investment losses on fixed income securities of the insurance operations were EUR 630 million – equalling 48 basis points of the total fixed-income investment portfolio – against EUR 376 million a year ago.

Operational net profit of the banking operations decreased by 37.9% to EUR 895 million. The decrease was caused by sharply higher risk costs. The gross result before taxation from banking – i.e. before risk costs – decreased slightly by 0.6% to EUR 2,903 million. The strong increase in the interest result compensated the big drop in other income. Total operating expenses – including the restructuring provision for international wholesale banking of EUR 128 million and the expense growth of ING Direct – were slightly higher. Risk costs were strongly higher throughout the year but especially in the fourth quarter. In the fourth quarter a provision was created regarding a potential loss on National Century Financial Enterprises in the US. Total loan loss provisioning in 2002 was EUR 1,435 million, equal to 59 basis points of average credit-risk weighted assets compared to EUR 750 million (33 basis points) a year ago.

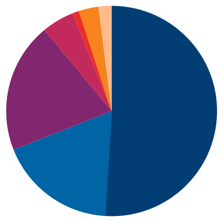
Operational realised capital gains

As planned, ING realised net capital gains on equity investments of the insurance operations of EUR 820 million (+15.0%). Net realised capital gains on real estate were EUR 220 million compared to EUR 147 million (+49.7%) in 2001. At year-end 2002, the revaluation reserve of equity investments of the insurance operations was EUR 0.8 billion.

Starting in 2003, ING will realise capital gains on equities depending on market opportunities, thereby ending its policy of increasing these gains at a fixed and predetermined pace.

GEOGRAPHICAL DISTRIBUTION OF BANK LENDING

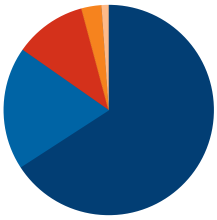
in billions of euros



The Netherlands 51%	144.0
Belgium 18%	52.8
Rest of Europe 20%	56.5
North America 5%	15.3
South America 1%	1.8
Asia 3%	8.0
Australia 2%	5.9
Other	0.1
Total	284.4

OPERATIONAL RESULT BEFORE TAXATION BY EXECUTIVE CENTRE

in millions of euros



ING Europe 66%	3,715
ING Americas 19%	1,079
ING Asia/Pacific 11%	618
ING Asset Management 3%	175
Other 1%	54
Total	5,641

Dollar hedge

The euro value of the results of ING's life insurance operations in the US and Canada was protected from depreciation of the US and Canadian dollar for the year 2001 and 2002. These results were fully hedged at a EUR/USD exchange rate of 0.879. The hedge contributed EUR 55 million to operational net profit (2001: EUR 14 million).

In anticipation of a further strengthening of the euro versus the US dollar, ING has also hedged the expected profits of the US insurance operations for the years 2003 and 2004 at a EUR/USD exchange rate of 0.920 and 0.922 respectively.

Value of new business and embedded value

The value of new life insurance business written during 2002 was EUR 519 million, a substantial increase over the 2001 level of EUR 336 million (revised) in 2001. About half of the value of new business arises from the insurance operations in developing markets.

At the end of 2002, the total embedded value of ING's life insurance operations was EUR 23.3 billion compared to EUR 25.8 billion at year-end 2001. The decrease mainly reflects the impact of lower stock prices, credit-related losses and lower currency exchange rates versus the euro.

Dividend

For 2002, a total dividend is proposed of EUR 0.97 per (depositary receipt for an) ordinary share, which is equal to the 2001 dividend. Taking into account the interim dividend of EUR 0.48 made payable in September 2002, the final dividend will amount to EUR 0.49 per (depositary receipt for an) ordinary share. The payout ratio as a percentage of distributable net profit is 44.1% (2001: 44.1%).

ING will propose the Annual General Meeting of Shareholders on 15 April 2003 to approve the introduction of optional stock/cash dividend as from the final dividend 2002. ING intends to fully fund the cash element by selling in the market the depositary receipts that would have been issued if stock was chosen instead of cash. The value of the dividend in cash will be 0% to 4% lower than the dividend in stock.

ING Europe

The operational result before taxation of ING Europe was 12.9% lower at EUR 3,715 million. The decrease mainly reflects higher risk costs in banking and the impact of the restructuring provision with respect to international wholesale banking. Lower operating expenses and a higher interest result mitigated the decrease. Both Postbank and ING Direct delivered excellent results as they capitalised on the strong growth in demand for savings products. The German banking operations showed disappointing results. The result from insurance operations of ING Europe increased by 7.1%, among others due to the profit on the surrender of a large group life insurance contract.

ING Americas

ING Americas' pre-tax operational result increased by 20.0% to EUR 1,079 million. Mexico and Canada both reported higher profits. The results in the US improved due to lower operating and interest expenses and the release of contingent provisions associated with prior acquisitions. Higher investment losses and higher write-off of deferred acquisition costs in the US life operations mitigated the profit increase. The comparable result in 2001 was negatively impacted by the WTC losses.

ING Asia/Pacific

The operational result before taxation from ING Asia/Pacific was strongly higher at EUR 618 million (+97.4%). The result included a gain of EUR 222 million from the joint venture with ANZ. Excluding this gain, the result still increased by 27%. The life results in Korea, Taiwan, Japan and Australia were all higher, but Malaysia was lower. The result of ING Vysya Bank was included for the first time. Start-up expenses in India and China had only a modest negative impact.

ING Asset Management

Sharply lower stock markets and lower seed capital returns took a toll on the result of ING Asset Management. Its pre-tax result fell 5.4% to EUR 175 million. The functional operational result before taxation from all of ING's asset management activities decreased by 51% to EUR 283 million in 2002.

Total assets under management declined 12.5% to EUR 449 billion. The net new inflow amounted to EUR 7.3 billion. Falling stock markets had a negative impact of EUR 36.7 billion. Lower exchange rates impacted assets under management by EUR 39.1 billion. In USD terms, total assets under management increased by 4%.

Capital base

ING was able to absorb substantial book value losses caused by the continued fall of stock markets indices without the capital base of both the insurance and banking operations dropping below their internal minimum levels. Nonetheless, in November, ING announced a series of measures to shore up the capital base in order to continue to be able to sustain potential future volatility of stocks and real estate. At year-end 2002, USD 1.1 billion had been raised by the issue of a subordinated perpetual loan and EUR 650 million by the sale of own shares. ING will propose to the Annual General Meeting of Shareholders in April 2003 to introduce optional cash/stock dividend as from the final dividend 2002 and fully fund the cash element by issuing and selling in the market the depositary receipts that would have been issued if stock was chosen instead of cash. The effect of this policy is that the full annual result is added to shareholders' equity. Various other measures such as reduction of the risk-weighted assets of the banking operations also improved capital adequacy ratios. In addition, the risk of further negative revaluation of equity investments has been limited by hedging transactions to an amount of EUR 3 billion and the sale of equities to an amount of EUR 2 billion.

At the end of 2002, the capital base of ING Verzekeringen N.V. amounted to EUR 14.7 billion, well in excess (169%) of the legally required level of EUR 8.7 billion. The tier-1 ratio and the BIS ratio of ING Bank N.V. ended the year at 7.31% and 10.98% respectively, both well above the regulatory required levels. Both banking ratios improved considerably due to the issue of USD 600 million additional tier-1 securities and a EUR 3.7 billion securitisation programme. Total risk-weighted assets decreased sharply from EUR 257.5 billion at the end of September 2002 to EUR 247.3 billion at the end of December 2002 (against EUR 243.2 billion at year-end 2001).

Shareholders' equity

Shareholders' equity decreased by EUR 3.2 billion to EUR 18.3 billion (-15.2%). A negative revaluation of the equity and real estate portfolio impacted shareholders' equity by EUR 3.4 billion. Realised capital gains transferred to the profit and loss account, the write-off of goodwill and exchange rate fluctuations taken together detracted EUR 3.2 billion. Net profit for 2002, after dividend paid in 2002, added EUR 2.5 billion and changes in ING Group shares EUR 0.8 billion.

Return on equity

The operational net return on equity increased from 18.4% in 2001 to 21.6% in 2002 reflecting the decrease in shareholders' equity. The return on equity of the insurance operations was 24.6% against 16.9% in 2001. The risk-adjusted return on capital (RAROC) of ING's banking operations was 13.3% compared to 13.5% for 2001 (pre-tax and excluding ING Direct). Also excluding the restructuring provision for international wholesale banking, RAROC was 14.2%.

IN SHORT

Shareholders' equity decreased to EUR 18.3 billion (-15.2%)

—

Return on equity increased to 21.6%, reflecting the decrease in shareholders' equity

—

Capital base, insurance and banking well in excess of required levels

—

Dividend proposal EUR 0.97 per share, equal to 2001

GROUP STRATEGY AND OUTLOOK

IN SHORT

Focus on stable long-term development of the Group for the benefit of all stakeholders

—

Measures taken to reinforce capital base and to reduce dependency on stock markets

—

No large acquisitions in the near future

RESPOND TO THE NEW REALITY

The first ten years since ING's foundation in 1991 were characterised by high growth and favourable market conditions. At the beginning of the 21st century, the economic tide started to turn and the world has now entered the third consecutive year of low or no economic growth. The challenge for ING will be to respond to this new reality and secure a stable long-term development of the Group for the benefit of all its stakeholders. The Executive Board has decided on the following Group strategic objectives for the years 2003-2005.

1. Strengthen the capital base and improve other key ratios to maintain a solid financial foundation

ING will give the highest priority to strengthening its capital base and to improving its ratings. The measures announced at the publication of the results for the first nine months of 2002, such as the issue of perpetual bonds, the sale of own shares held to hedge employee stock options and the re-introduction of optional stock/cash dividend, are the basis for achieving this objective. The Executive Board has also taken a series of other measures to reinforce the capital base and reduce the dependency of ING's business on stock-market developments.

Furthermore, ING will continue its efforts to improve its efficiency, return on equity, return on required capital (insurance), risk-adjusted return on capital (banking) and debt/equity ratios.

2. Optimise the existing portfolio

Focus and execution are the key words in the plans to respond to the new economic environment. ING will focus more in terms of activities it wishes to expand or scale down and in terms of markets it wants to be in or withdraw from. No large acquisitions will be made in the near future. In markets where reinforcement of the distribution capacity is an immediate priority, ING will seek to enter into joint ventures with local partners. ING will be very selective about investment choices and deployment of resources. In this connection, the Executive Board is reviewing the countries in which ING is active, the business lines and the client base. Risk management in both the insurance and banking operations will be intensified to enable more pro-active decisions. In the field of operations/information technology, ING will complete the many integration and restructuring projects as well as the shared services centres.

3. Create value for the clients with a multi-product/ multi-channel approach

From the start, ING has chosen integrated financial services as the heart of its strategy. The power of the integrated financial services concept is in the multi-channel/multi-product approach. Clients appreciate a full range of products and they expect to be served via the distribution channel of their choice. That choice may depend on the type of product: the internet for simple products such as savings deposits, a call centre for applying for an insurance policy or a credit card and a professional intermediary for advice on a tailor-made retirement plan. In mature markets, ING Direct has proven to be an effective, cost-efficient and profitable entry strategy for retail markets, responding to current demands. In developing markets, the greenfields that ING started from scratch have matured.

They are making a significant contribution to profit. ING gradually aims to extend both the product range (insurance, banking, asset management) and distribution channels (click, call, face). In some markets, such as Australia, Korea, Taiwan and Hong Kong, the insurance operations have broadened their operating base through bancassurance joint ventures with local banks. In India and China, ING has started insurance operations in co-operation with local partners.

4. Develop ING's special skills

With 5 million clients and EUR 55 billion in funds entrusted at the end of 2002, ING Direct proves to be a significant value creator. The ING Direct operations in seven large countries have thus created substantial value for ING in only a few years' time. ING Direct meanwhile also contributes to profit, with an attractive risk-adjusted return on capital. Furthermore, the ING Direct client base offers attractive opportunities for cross-selling.

The same is true for the insurance operations in developing markets, which are contributing approximately 20% of the total insurance result. In the past few years, the total revenue and the result of these businesses have shown double-digit growth. Most of the embedded value from new insurance business is generated by these operations.

The pension funds in a number of developing economies are also rapidly increasing their client base and assets under management. As a pension specialist, ING currently offers pension products in 30 countries around the globe and assists many governments struggling with the necessary reform of their pension systems. The pension business also offers attractive opportunities for cross-selling.

5. Further lower the cost base

In 2002, ING made much progress with lowering its cost base. The strict cost discipline will be maintained in the years ahead. Substantial future cost savings are expected from the rationalisation of the operations/IT activities. ING will continue to invest approximately EUR 1.1 billion in the shared service centres until 2005, while the total cost savings of integrating these back-office activities will amount to about EUR 2.7 billion. This is equal to 5% of total operational expenses. Extension of global procurement initiatives will also generate significant cost savings. Outsourcing of IT projects to India will be continued.

Outlook

As from 2003, ING has ended its policy of realising fixed and predetermined amounts of capital gains. In view of this and the current economic and political uncertainties, the Executive Board will not make a forecast for ING's result in 2003. The Executive Board remains convinced that ING Group has a solid base in core markets, is well-positioned in growth markets, will continue to exploit its many synergy opportunities successfully and is adequately responding to today's difficult market conditions.

IN SHORT

ING aims to extend both the product range and distribution channels

—

Cost savings of integrating back-offices will amount to EUR 2.7 billion

—

No forecast for ING's result in 2003

STRATEGIC OBJECTIVE

ING Europe's aim is to be a top-five European financial institution, offering a variety of insurance, banking and asset management products and services to retail and wholesale clients through a number of distribution channels.

ING EUROPE

IN SHORT

Very good performance in the Benelux

—

Excellent results from Financial Markets

—

Loan loss level exceeds 50 basis points

—

Focus on cross-selling

—

Targeting bancassurance leadership in Central Europe

PREPARING ING EUROPE FOR RENEWED GROWTH

The profitability of ING's operations in Europe – especially those in the Benelux – remained key to the Group's result. The retail businesses performed exceptionally well. ING Direct had another stellar year and showed first profit in the fourth quarter. The operations in Central Europe reported strong profit growth. In the wholesale business, Financial Markets delivered excellent results as did wholesale banking in the Benelux. International Corporate Financial Services, however, had to cope with high loan loss provisions. Additional restructuring measures were announced in order to restore profitability of international wholesale banking. Throughout ING Europe, good progress was made during the year in increasing efficiency and improving service levels.

Strategy and market positions

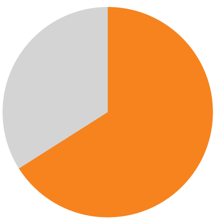
ING Europe focuses on boosting growth from the existing businesses by cross-selling and other forms of synergy, cutting costs and improving quality and by forging strategic partnerships.

In retail financial services and private banking, ING positions itself as a provider of wealth management and financial protection. As bancassurance market leader in the Netherlands, ING serves more than 10 million retail clients. In the home markets of the Netherlands, Belgium and Poland, ING is pursuing the click–call–face approach of interlocking distribution channels and product platforms. This enables ING Europe to deliver its products and services efficiently to the various client segments. In the large mature markets in Europe, ING is building up its retail position around ING Direct (see pp. 46-47). In Central Europe, the focus is on gradually broadening its number-one position in pensions and life to market leadership in bancassurance.

In wholesale financial services, ING is positioned as a European institution with a presence in the world's major financial centres of developed and emerging markets. It currently enjoys a strong position in the mid-corporate market in the Benelux countries. ING's wholesale strategy is threefold. First, it will maintain its predominantly European focus. Secondly, it is targeting only a select group of international clients. Thirdly, it is focusing on a selected range of wholesale products. Core products are financial markets, merger and acquisition advisory, structured finance and payments and cash management. Employee benefits/pensions and asset management, also core strengths of ING, are increasingly being offered in the package.

OPERATIONAL RESULT BEFORE TAXATION

in millions of euros



ING Europe 66%	3,715
Rest of ING 34%	1,926

DISCUSSING EUROPE

Meeting of the Executive Committee Europe in one of the meeting rooms on the top floor of ING House, overlooking Amsterdam. From left to right: Harry van Tooren, Diederik Laman Trip, Michel Tilmant (chairman), Luc Vandewalle and Hans Verkoren. Other members are Erik Dralans, Angelien Kemna, Jan Nijssen and Ted de Vries.

Business lines

Retail Financial Services

The retail business held up well in last year's difficult market environment and succeeded in sharply improving its result by 20% to EUR 1,967 million. The excellent performance can be attributed to the broad diversification of the retail platform in terms of products, client segments, markets and distribution channels. This flexibility enabled ING Europe to profit from the shift in demand to low-risk products. ING Direct reported exceptionally high growth in funds entrusted in most of the countries where it operates, as did most of ING's banking units in the home markets.

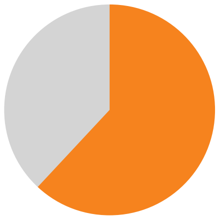
In the Netherlands, Postbank benefited from renewed interest in savings products while also increasing its market share in payment balances and consumer loans. ING Bank Netherlands increased income and lowered distribution and IT costs. The tied agency company RVS is now strongly focused on attractive clients and is reorganising its sales force and call centre accordingly. Nationale-Nederlanden maintained its position as the leading provider of insurance services via the intermediary channel.

In Belgium, ING Insurance, into which all four Belgian insurance subsidiaries were merged last year, substantially improved its position during the year and became one of the leading providers of unit-linked products in Belgium. ING's market share in retail life insurance increased from 10% in 2001 to 14% in 2002. The improvement was mainly achieved by increased sales through bank channels.

Central Europe is increasingly important to ING as a source of value creation. ING is the number one life insurance and pension funds provider in the region. It is particularly strong in the upper-middle and top retail segments. In some countries, ING predominantly sells its

NUMBER OF STAFF

full-time equivalents, year-end



ING Europe 62%	71,600
Rest of ING 38%	44,200

IN SHORT

Retail result +20% to EUR 2.0 billion

—

Central Europe contributed EUR 200 million to profit

—

ING Wholesale: European focus, global network

—

European private banking businesses combined

—

1,000 jobs cut in Wholesale

—

Operations/IT programme to reduce costs by 6% in 2005

—

Custody alliance with Bank of New York

products through agent sales forces while it follows a full-fledged bancassurance strategy in Poland, Romania and Greece. The strategy is to convert those positions into a bancassurance leadership position in the most prominent Central European countries joining the European Union in 2004.

During the year, Private Banking was established as a new functional business line combining the European private banking businesses. The private banking business was hit hard during the year as a result of the fall in equity markets. Private Banking is now being restructured in order to improve client segmentation, refine the product portfolio and eliminate overlaps. The restructuring process will continue into the year 2003 and thereafter.

ING Wholesale

Over the last few years, ING Wholesale has seen a consistently rising level of profitability but the adverse market circumstances in 2002 have brought an end to this upward trend. ING Wholesale nevertheless contributed 24% to Group profit.

Substantial profits were made in Financial Markets as well as in the wholesale markets of the Benelux. The structured finance business also had a very successful year. ING's distinctly creative client proposition to the mid-corporate market continued to be very profitable. Employee Benefits/Pensions retained its leading position in the Netherlands and improved its position across Europe, including Central Europe. International Payment & Cash Management Services achieved an important strategic mile-stone by reaching a top-five position in Europe. The integration of all wholesale branches of ING, BBL and BHF into one global network was completed. ING's position as a top-tier wholesale bank in Central Europe was further strengthened.

In 2002, Financial Markets outperformed its 2001 result. The treasury and strategic trading businesses had a particularly good year. The best performing offices for Financial Markets were in the Netherlands, South West Europe, Latin America and Poland. The ongoing restructuring of the equities and debt markets businesses will continue, in response to changing market conditions.

Despite these achievements the adverse market circumstances had a severe impact on ING Wholesale. The positive factors were insufficient to compensate for the effect of sharply higher risk costs in Corporate Financial Services. These negative developments were most strongly felt in the German and US wholesale banking activities. During the year, it was necessary to announce additional restructuring measures in order to address underperforming branches and businesses and restore the profitability of international wholesale banking. As a consequence, the workforce outside the Benelux will be reduced by a further 1,000 full-time equivalents and this process has almost been finalised.

At year-end, the international wholesale banking activities conducted out of Amsterdam were organised into a new Management Centre Wholesale International Amsterdam in order to achieve cost efficiencies and to focus on a defined client base within the relationship and product management areas in Amsterdam. It will provide increasingly centralised IT and settlement services for other wholesale entities.

The wholesale banking regions of the Americas, Asia and the UK will focus on core countries. The Investment Banking business line will support Corporate Financial Services, mainly in the field of M&A advisory.

ING Investment Management Europe

ING Investment Management (IIM) Europe – transferred from the former Executive Centre ING Asset Management to ING Europe – functions as the asset and fund management platform within ING Europe. Closer links between the investment professionals and the distribution channels will enable ING to respond more quickly to changes in client demands and market opportunities on the regional and local level. The financial results of IIM Europe will be included in those of ING Europe as of 2003.

Operations/IT

Since 2001, ING Europe has been undergoing a massive programme to create a world-class, cost-efficient operations/IT environment. The programme is aimed at reducing the cost base, growing income, preventing future inefficiencies, improving quality of service and reducing operational risk. By the year 2005, the programme will lead to a 6% reduction in total expenses. The programme is key to improve the efficiency ratio of the banking operations.

An important element of the operations/IT programme is the establishment of shared service centres. Four new shared service centres were set up, bringing the total number to eight. The new shared service centres are for mortgages and insurance claims handling in the Netherlands, international payments and securities processing. More service centres are under construction. ING

GLOBAL CLIENTS

Hessel Lindenbergh, Executive Board member, discussing wholesale issues with Rients Prins, global head of ING's Global Clients department, and (on his right hand) Filip Deelen, managing director Global Clients London.

Europe will ultimately have a series of service centres with attractive scale and capable of delivering high-speed and high-quality back-office services to the business units.

In addition to creating shared service centres, the operations/IT programme calls for aligning the IT application architecture. This is necessary in order to enhance connectivity between applications and enable business units to share customers, products and services. In 2002, the aligned IT application architecture became operational and the first applications were connected. The operations/IT investment programme also involves moving toward common standard software solutions.

New partnerships in operations

As part of its effort to improve efficiency, ING entered into several new alliances with outside parties. The most important is the alliance with Bank of New York for sales, marketing and servicing of global custody and related services to institutional clients in Germany, the Benelux and Central Europe. The partnership will provide global services to ING Investment Management's Benelux operations, encompassing approximately EUR 90 billion in assets. ING Bank will provide sub-custody services to Bank of New York in the Netherlands, Belgium (already in force), Germany and Central Europe. Another promising development is the closing of partnership agreements with leading software companies in India. The agreements cover the fields of IT application maintenance and software development.

Regions

The Netherlands

During 2002, the Dutch business was engaged in an extensive restructuring whereby all activities are being re-grouped into four divisions: Retail, Wholesale, Intermediaries and Operations/IT. This new structure is aimed at increasing cross-selling, strengthening client focus, intensifying co-operation between business units and improving quality. In 2002, several important steps were taken in the restructuring process. The new organisation will be fully operational in the course of 2003. Within Retail, client segmentation was further fine-tuned. ING Bank is now fully focused on affluent clients, Postbank on the mass retail market with operational efficiency and RVS on the mass

IN SHORT

Clear client segmentation for Dutch retail businesses: Retail, Wholesale, Intermediaries and Operations/IT

—

ING BHF-Bank restructures lending process

—

First private pension fund launched in Russia

—

Countering low growth with expense reduction and quality improvement

market with personal advice. CenE Bankiers and ING Bank Private Banking focus on the high-net-worth market.

In Wholesale, relationship management of the Dutch business units was integrated, resulting in improved co-operation between the business units. The Corporate Clients department has been emphasising the overall relationship with core clients, which led to a substantially higher contribution to the overall ING Wholesale result. The Mid-Corporate Clients department increased market share and profits due to its successful sector approach and good risk management.

The Intermediaries division also earned special attention during the year. The independent intermediaries constitute a crucial distribution channel in the Netherlands. Nationale-Nederlanden is currently making substantial investments in order to enhance its service to the intermediaries it co-operates with. The measures will eliminate backlogs and improve the quality of both front-office and back-office services.

South West Europe

Retail activities were affected most by the difficult economic environment but Wholesale managed to almost compensate the resulting difference. Within Wholesale, Financial Markets made particularly good progress thanks to advances in derivatives and steady progress in other activities.

The year 2002 saw ongoing business integration in order to further lower the cost base. In Belgium, Private Kas Bank was integrated into BBL, and the four separate insurance companies were integrated into ING Insurance Belgium. The private banking units in Switzerland were merged to form ING BBL (Suisse). In Luxembourg, the private banking activities of Crédit Européen Luxembourg and ING Bank Luxembourg are also being merged. By the end of April 2003, the ING brand will replace the BBL name.

In the field of operations/IT, several projects were initiated in order to develop common solutions for Europe-wide use at ING. An example is Triple'A, an advanced portfolio management application developed for private banking. First rolled out in Belgium, Luxembourg and Switzerland, Triple'A is now also being used in the Netherlands and business units in Italy and Central Europe are about to follow suit. Other IT projects also succeeded in creating more synergy between business units. For example, the automated branches of BBL are now also accessible to clients of other ING business units in Belgium, and all BBL trades on Euronext Paris are now channelled through the brokerage ING Ferri in France.

Germany

While the direct banking business of majority-owned DiBa had a record year (see ING Direct chapter), ING BHF-Bank disappointed with a substantial loss in 2002. Sharply higher loan losses led to a strong increase in risk costs and an increase in non-performing loans depressed the interest result. ING responded by adjusting capacity and significantly reducing personnel and overhead expenses in the second half. The credit risk and lending process is being restructured. Highly selective risk-oriented and margin-oriented client strategies have been adopted to boost results.

Central Europe

Central Europe reported a strong growth in profits. Income exceeded EUR 2 billion and pre-tax profit amounted to more than EUR 200 million. ING now has six million clients in the region and confirmed its positions as the number one life insurer and number one pension fund provider. The ING Nationale-Nederlanden Pension Fund in Poland is very successful in attracting and retaining clients: almost one third of those entering the labour market joined the ING pension fund. The fund ended the year with more than 1.8 million clients. With average monthly inflow into the fund of about EUR 45 million, assets under management have increased by almost 50% to EUR 1.75 billion. ING Bank Slaski benefited from the merger with ING Bank Warsaw, with profits rising modestly and provisions further strengthened.

The life insurance businesses in Poland, the Czech Republic, Hungary, Slovak Republic and Romania all reported strong profit growth. The ING strategy to introduce employee benefits in Central Europe met with considerable success across the region. A case in point is the employee benefits contract signed with the Czech Railways Company, the largest private sector employer in the country. At year-end 2002, the contract already covered 50,000 of the company's over 70,000 employees.

In Russia, ING launched a private pension fund, the first to receive a licence in Russia. ING's fund, modelled after similar ING funds in Western markets, will focus on providing tailor-made pension solutions to international and local corporate clients with individual employee pension accounts.

In Greece, a strategic alliance with Bank Piraeus was completed. Under the terms of the alliance, joint ventures have been established in the fields of asset management, retail bancassurance and pensions with ING holding 50.1% majorities. ING has taken a 5% stake in Bank Piraeus, while Bank Piraeus took a 20% stake in ING Nationale-Nederlanden Greece.

Outlook ING Europe

The weak economic growth prospects for mature markets in Europe limit ING's income and profit growth potential in the region. However, there remain very significant opportunities for growth, such as the savings boom, pension reform and EU enlargement. ING is well-placed to take advantage of these opportunities. The retail businesses, for instance, are benefiting from the shift in demand to low-risk financial products such as savings accounts and fixed-income life insurance. Another opportunity lies in pension business. Throughout Europe, governments are seeking to reform their pension systems. ING is positioning itself to become a preferred supplier of corporate and individual pension plans given its expertise in pensions. Central Europe continues to offer good growth prospects for financial services, especially following the EU accession agreements with a number of countries.

Besides attractive opportunities, ING Europe is also facing a low-growth economic environment in the near future. To offset the effects on income and results, expense levels must be lowered but at the same time the quality level of both products and service must be improved. The operations/IT work in progress to create shared service centres and upgrade and standardise IT-infrastructure and applications plays a critical role in this process.

Another important challenge is to improve the profitability of wholesale banking. This entails successfully carrying out the restructuring plans and headcount reductions announced in 2002 as well as lowering the loan-loss ratio. The turnaround of the corporate banking business of ING BHF-Bank in Germany is a matter of urgency in this respect.

A further goal for 2003 will be to take advantage of the transfer of ING Investment Management Europe to ING Europe by combining the investment strength of IIM with the strong distribution capabilities.

Effectively meeting these and other challenges will ensure a profitable future for the combined businesses of ING Europe.

OUTLOOK

ING well-placed to profit from savings boom, pension reform and EU enlargement

—

Challenges are to improve the profitability of wholesale banking and take advantage of the strength of ING Investment Management

STRATEGIC OBJECTIVE

Build customer-focused integrated financial services businesses which deliver strong earnings-growth engines in each country market.

ING AMERICAS

REDUCING VULNERABILITY TO THE UPS AND DOWNS OF FINANCIAL MARKETS

IN SHORT

US business affected by adverse economic conditions

—

ING Americas has 29 million clients and 250,000 points of distribution in seven countries.

—

Top-five position in most US business lines

—

Canada: ING most profitable P&C player

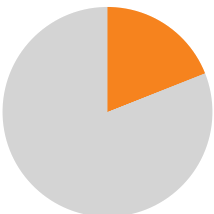
—

Largest insurer in South America

The main goals during the year were to sharpen the focus on the customer, reduce the cost structure, enhance the distribution platforms and improve operational efficiency. These goals were met to a large extent. The results of Canada, Latin America (including Mexico) and the institutional businesses in the US were better than expected. However, the large US retail and worksite business was hampered by the continued adverse economic conditions and equity markets, and as a result ING Americas as a whole fell short of expectations. Costs in the US were significantly reduced, but not enough to offset the impact of the high asset impairments, lower fees earned on reduced assets under management, and deferred-acquisition-costs unlocking. In Mexico, major organisational changes resulted in sizeable cost savings, higher earnings and a more efficient business organisation. In Brazil, the Group took a major step forward by expanding its relationship with the insurer Sul América.

OPERATIONAL RESULT BEFORE TAXATION

in millions of euros



ING Americas 19%	1,079
Rest of ING 81%	4,562

Strategy

ING Americas' goal is to become the leading integrated financial services provider in its key markets. To achieve that, ING is working to build strong earnings engines in each of its selected countries. ING Americas operates in seven primary countries, has 29 million customers throughout the region, and enjoys a broad sales platform consisting of approximately 250,000 points of distribution. Specific strategic imperatives are to convert ING's current size into scale, increase the number of relationships with its customers and distributors, and improve efficiency.

ING Americas has five key sub-strategies in place to help achieve its business objectives. The first is putting the customer first. Delivering value and service to customers is ING's number one objective. ING aims to provide retail customers with the services and products they need through the distribution channel of their choice. The second key sub-strategy is effective portfolio management. ING Americas believes it should hold its top-five position in the US and the number one or two in other selected markets, or else it should exit. The third is restructuring the business and implementing

MEETING
THE STAFF

Fred Hubbell, Executive Board member, regularly takes a walk to visit his staff on the third floor of ING House. Here he meets Maarten Edixhoven, secretary and strategist of the Amsterdam staff of ING Americas.

organisational changes that generate efficiencies and economies of scale. The fourth is leveraging global capabilities by nurturing synergies and taking advantage of best practices from the rest of ING Group. Examples are taking product ideas and distribution methods that have done well in other countries and introducing them in the Americas and making use of ING's global investment management skills and expertise. The fifth key sub-strategy is building a common ING culture and brand. After a series of acquisitions, ING Americas is working to build a single corporate culture that attracts and retains staff and is aligned with business objectives.

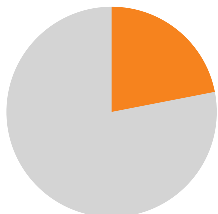
Market positions

In the United States, ING serves 6.6 million customers through two core operating units: US Financial Services (USFS), focusing on retail and worksite customers, and US Institutional Businesses (USIB), focusing on corporate customers. USFS consists of the individual life, annuity and mutual funds businesses as well as the various worksite businesses (defined-contribution and pensions, group insurance and payout management business). USIB consists of individual and group reinsurance businesses, guaranteed investment contracts and other funding agreements. ING distributes its financial products through a nation-wide network of various distribution channels that work with individuals, employers and institutions. ING owns the second-largest independent broker/dealer network in the US with over 10,000 registered representatives.

ING enjoys top-five positions in most of its US business lines. In the 403(b), 401(k) and 457 markets for retirement savings, ING is a top-five player in terms of assets under management. ING has a market share of 5% and a top-five position in its annuity businesses. Lower market shares are found in life insurance, where ING is the number seven player, and in mutual funds, where ING is in the top 25 based on assets under management. ING is the fourth largest life reinsurance company with a 10% market share. In Canada, ING continues to be the leading and most profitable P&C company, with pre-tax profits of EUR 127 million, premiums of EUR 2,094 million and a combined ratio of 97.7%. ING has relationships with 2,800 brokers and 4.4 million clients. The integration of the acquired Zurich Financial Services personal and small commercial lines into ING Canada has resulted in strong customer retention.

NUMBER OF STAFF

full-time equivalents, year-end



ING Americas 22%	25,900
Rest of ING 78%	89,900

IN SHORT

Headcount reduction of 2,700 in US as part of integration process

—

Increased brand awareness

—

Brazil: expanded joint venture with Sul América

—

Reinsurance: high risk lines of business eliminated

In Latin America, ING is the largest insurer in the region with 17.4 million customers. The largest businesses are in Mexico, Brazil and Chile. After investing more than EUR 2 billion in Mexico over the last seven years, ING is now the established insurance leader, holding number-one positions in P&C and auto, number two in health insurance and number three in life insurance. ING Comercial América offers life and health insurance to commercial and retail customers through a network of more than 9,000 independent agents. It also sells private pension plans through its own captive sales force (number five by market share). Auto and life products are also distributed through a bancassurance venture with Banco Bital (number five by market share).

In Chile, ING is the number-one provider of life insurance and number two in health. In Brazil, ING is number one in health and number six in life insurance through its 49% stake in Sul América. In Peru, ING is the leading pension fund provider. In Argentina, ING Insurance is the number two individual life insurer.

Highlights

Restructuring

ING aggressively reduced costs during the year. A headcount reduction of 2,700 (full-time equivalents) across the region contributed to an overall expense reduction of over EUR 400 million, a reduction of 17.2% organically. Back-office locations were reduced in the US (from fourteen to eight) and Mexico (from nine to three). The legal structure was simplified by eliminating ten separate legal entities. Country platforms were created in Mexico, the US and Canada, helping to promote synergies and reduce overhead costs.

Branding

Building the ING brand was the major focus of marketing activities during the year, particularly in the US and at ING Direct. ING Americas succeeded in increasing brand awareness in all markets. In the US, awareness increased from 29% to 44% within a year. The re-branding process that commenced in 2001 in Chile, Argentina and Mexico was completed in 2002. Several of ING's Canadian companies were merged and re-branded to ING.

ING Investment Management Americas

In August, ING announced that ING Investment Management (IIM) would join the regional executive centres in Americas, Europe and Asia/Pacific. ING Americas now includes all three pillars of ING's integrated financial services business strategy: banking, insurance and asset management. The new structure will intensify the co-operation between ING's asset management units and the retail distribution channels in the Americas. ING Americas' distribution channels are now well-positioned to capitalise on the manufacturing expertise of IIM, while maintaining worldwide expertise in other areas of asset management. For a discussion of IIM in 2002, see the chapter on ING Asset Management. ING Investment Management Americas has EUR 83 billion assets under management.

Position strengthened in Brazil

As part of its strategy to build its presence in markets with good long-term growth prospects, ING strengthened its position in Brazil by expanding its joint-venture partnership with Sul América, one of the country's top insurance companies with seven million customers. ING now owns 49% of Sul América and is working to establish a wealth management platform, leveraging Sul América's local presence and ING's global expertise. The joint venture offers promising opportunities.

Reinsurance

During the year, the reinsurance operations eliminated lines of business with unacceptable risk levels, including workers' compensation catastrophe exposure. In the remaining reinsurance lines, standards were established for improved identification and quantification of risk. The London and Copenhagen reinsurance offices were closed. The reinsurance business was profitable in 2002. Management has been active in improving the profitability of new business and this will be an ongoing focus.

Adjusting product mix and services to economic environment

In response to the continued slowdown in equity markets, ING adjusted its product mix between variable and fixed products to meet the growing demand for guaranteed products. Three products in particular sold well in 2002: fixed annuities, guaranteed mutual funds and the ING Direct savings accounts.

ING led the way in the US in introducing principal protection in mutual funds, offering retail investors a mutual fund with guaranteed principal for a five-year period. The product proved appealing to investors concerned about losing their retirement assets during the uncertain economic environment.

ING also gained recognition in the US with its SmartDesign multi-rate Index Annuity. The product was named 'Index Annuity Product Innovation of the Year' by the Advantage Group, a leading provider of indexed annuity research and consulting services to insurance companies and financial services firms.

ING also developed a fee-based advice service called Financial Horizons Advisory Program to meet the increased demand for independent financial and investment advice in the current market uncertainty and to capture a larger share of retirees' roll-over and payout business into ING's own or other third parties' retirement annuities and mutual fund products.

Cross-selling with ING Direct

Steps began in 2002 to intensify co-operation between the retail businesses in North America and ING Direct. In Canada, ING's intermediaries sold EUR 28 million in bank deposits and added 3,500 clients to ING Direct's client base. In the US, a pilot has started whereby ING Direct is selling the US mutual funds. ING Direct's core savings account is also being sold by some of ING's USFS distribution channels.

ING Life of Georgia settled class-action suit

In early 2002, ING's US subsidiaries Life Insurance Company of Georgia and Southland Life Insurance Company (United States) reached a settlement with plaintiffs in a class-action lawsuit valued at approximately USD 65 million. The lawsuit involved allegations of historical underwriting practices that took into account differences in life expectancy of different races. Life of Georgia and Southland are in the process of implementing the settlement. A number of class members chose to opt out of the settlement to pursue their individual claims. The companies are vigorously defending these cases.

Outlook

Looking ahead to 2003, ING Americas' business will continue to be challenged by external factors. These include market volatility in the US and political and economic uncertainty in Latin America. Performance in the coming year will be largely dependent on how well the equity and credit markets improve. Performance will also be determined by how well ING Americas balances its product mix and reduces its cost base. The retail and worksite business portfolio in the US is highly dependent on the ups and downs of the Standard & Poor's index with about half of the customers' separate account assets invested in equities. In 2003, efforts continue to be made to introduce greater diversity in the product mix in order to reduce the volatility of the portfolio.

In 2003 there will be more active monitoring of ING Americas' business performance to ensure the region is delivering a proper return on capital deployed. Benchmarks that will play a more central role are net earnings, efficiency, internal rate of return on new business and return on equity. There will also be close monitoring to track the quality of customer service.

The priorities in 2003 will also include expense reduction and improved profitability. As part of this effort, aggressive portfolio management will continue in order to properly address underperforming or non-core businesses. There will also be a greater focus on improving operational efficiency, particularly in the IT area. The alignment of IIM in the ING Americas organisation will require a major effort in 2003. Other priorities include completing the final projects in the integration of Aetna and ReliaStar and optimising the operations/IT infrastructure. Over the last few years, ING Americas has been involved in a sweeping integration effort in the area of operations/IT aimed at streamlining the complex and highly fragmented back office organisation it inherited. These projects are almost complete and will position ING Americas for better customer service and structural cost savings. Restoring ING's position in individual life insurance in the US to a top-five position will deserve attention in 2003, and a strategic review of the reinsurance business will also take place.

IN SHORT

Co-operation with ING Direct intensified

—

Life of Georgia suit settled

—

External factors will continue to determine performance of ING Americas

—

Priorities: capital and operational efficiency, portfolio management and revenue enhancement

STRATEGIC OBJECTIVE

To be a top player in the key markets of Australia, Hong Kong, Japan, Korea, Malaysia and Taiwan, while further developing the major greenfields in China and India.

ING ASIA/PACIFIC

ROBUST RESULTS IN TURBULENT YEAR

Despite the depressed equity markets and economic conditions, ING Asia/Pacific did well in 2002. The region as a whole exceeded its financial plans for the year with the businesses in Australia, Japan and Korea delivering substantially higher-than-expected results. The integration of Aetna was completed. Re-branding was completed in almost all countries. ING is now working to build long-term leadership positions in its key markets. In several countries ING extended strategic alliances in order to enhance distribution capacity. The year 2002 also saw the establishment of several regional shared service centres to improve synergy and lower the cost base.

IN SHORT

Asia/Pacific delivered excellent performance in 2002

—

Insurance business in Asia less susceptible to market volatility

—

Strategy: long-term leadership positions in key markets

—

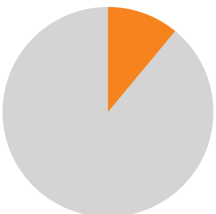
Most important greenfields: India and China

—

60,000 points of distribution and 6 million retail customers in Asia/Pacific region

OPERATIONAL RESULT BEFORE TAXATION

in millions of euros



ING Asia/Pacific 11%	618
Rest of ING 89%	5,023

Strategy

In Asia/Pacific ING focuses on achieving long-term, sustainable leadership positions. Key strategic elements are growing the customer base, expanding distribution, building the brand, maximising cross-selling opportunities, actively managing product and portfolio risks and improving operational efficiency.

Asia/Pacific is a highly heterogeneous region in terms of market development. It is necessary to distinguish between mature markets such as Australia and Japan, semi-mature markets like Korea and Taiwan, and emerging markets like India and China. ING has set its strategic priorities with due consideration of each market's maturity and business environment.

Market positions

ING is a prominent international financial services provider in Asia/Pacific with six million retail clients. The portfolio comprises large businesses across six mature and semi-mature markets. It also includes four greenfields (China, India, Indonesia, Thailand) of which India and China have the highest growth potential. ING differentiates itself from its competitors by offering a variety of financial products and services through the customer's channel of choice. The distribution platform consists of tied agents, independent agents, brokers/dealers and banks. In all, ING has 60,000 points of distribution in Asia.

In Australia, ING is well-positioned, with an excellent size and 1.5 million retail clients. ING Australia, formerly known as Mercantile Mutual, enjoys a 10% market share in retail life insurance and 8% in retail wealth management business. The approximately 13,000 independent advisors with whom ING works are the most important distribution channel in the country. The non-life business is written through a 50/50 joint venture with QBE called QBE Mercantile Mutual. It ranks number two with a 17% market share.

In New Zealand, ING New Zealand manages about 16% of all mutual funds in the country, making it the number-three player by assets under management.

STAFF MEETING

In his room on the ninth floor of ING House, Executive Board member Fred Hubbell has bi-weekly meetings with the Asia/Pacific staff. Left of Fred Hubbell, P.Y. Chan, chief of staff, and on the right is Benny Law, secretary and strategist. Both are expatriates from Asia.

The market in Japan is dominated by domestic players. ING has 0.6% market share in life insurance with a niche product focus. The business is growing rapidly thanks to increasing sales in single premium variable annuities, where ING is one of the fastest-growing international companies.

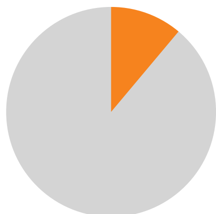
In Taiwan, ING Antai is a prominent player in mainly traditional life insurance with 2.3 million clients and a 10% market share. ING is also a large player in Malaysia, where it has one million retail customers. ING is the number-three life insurer in Malaysia and the number-one provider of employee benefits. In Korea, ING is rapidly increasing its market share. It is currently the number-four life insurer based on new business premium and number eight based on total premium income.

In China, ING is positioned with two 50/50 joint venture operations in life insurance: Pacific Antai Life (PALIC) in Shanghai and ING Capital Life (ICL) in Dalian province. PALIC ranks fourth in terms of new business premium among life insurance companies in Shanghai with an 8.6% market share and 8,500 agents. ING Capital Life commenced operations in December 2002 with encouraging initial sales.

In India, ING increased its stake in Vysya Bank, the number five private bank, to 44%. It has 5% of deposits (of foreign and private banks) and 450 branches. ING also operates a life insurance joint venture called ING Vysya Life.

NUMBER OF STAFF

full-time equivalents, year-end



ING Asia/Pacific 11%	**12,300**
Rest of ING 89%	**103,500**

IN SHORT

Philippines: life activities sold
—
Indonesia: non-medical general insurance sold
—
Australia: joint venture with ANZ Bank in life insurance and asset management
—
Korea: Joint venture with Kookmin Bank extended
—
Japan: Strong sales single-premium variable annuities; sales defined-contribution pensions disappointing
—
India: Stake in Vysya Bank extended; life insurance joint venture did well
—
China: New life insurance joint venture in Dalian called ING Capital Life

Mutual funds are distributed through ING Savings Trust. Together these businesses form a solid integrated financial services platform for ING in this promising market.

Highlights

Robust results

The year 2002 was marked by continued declines in global equity markets, but the aggregate financial result of Asia/Pacific showed a robustness against this market volatility. The main reason is that ING's Asian insurance business is more traditional in nature and less susceptible to short-term movements in equity markets.

Portfolio management

During the year, ING continued with portfolio management in order to reduce volatility and stem greenfield losses. In the Philippines, the life insurance activities were sold, and the medical business was managed out. In Indonesia, ING sold its non-medical general insurance operations.

Better e-business

ING improved its e-business platforms during the year. Self-service platforms were enhanced for clients and advisers throughout the region. ING Life Korea launched a real-time service for online sales of insurance products, and the businesses in Malaysia introduced an e-CRM initiative (web-based customer relationship management). ING Antai's website was selected as Asia's 'insurance website of the year' by the leading industry magazine Asia Insurance Review.

Expanding distribution

During the year, ING established new joint ventures and expanded existing ones in order to extend its distribution platforms in key markets. In Australia, ING established a joint venture with ANZ Bank in life insurance and funds management called ING Australia Limited. The joint venture allows ING to be the exclusive supplier of life insurance and fund management products to the ANZ branch network in Australia. The focus in the coming year will be to align and grow distribution capacity with ANZ Bank in both Australia and New Zealand. In New Zealand, the re-branding of Armstrong Jones to ING was completed.

In Korea, ING broadened distribution capacity by expanding the strategic alliance with Kookmin Bank. ING and Kookmin will together engage in bancassurance and asset management activities. The bancassurance business, expected to be deregulated in 2003, will be conducted by setting up an independent bancassurance division within ING Life Korea. ING Life Korea delivered superior sales performance during the year.

Japan – Broadening niche position

In Japan, ING enjoyed strong sales in single premium variable annuities thanks to distribution through the largest Japanese securities house, Nomura. The local management is now actively broadening distribution through other securities houses and banks.

On the other hand, ING/Principal Pensions had to cope with disappointing sales in 2002 as the market for defined-contribution pensions has developed more slowly than anticipated. Originally marketing its products mainly to companies with an employee base of between 100 and 1,000 employees, ING/Principal has now introduced an internet-based pension plan product specially designed for small businesses with only 30 to 100 employees. The product offers maximum flexibility and high quality service that is affordable and reduces the administrative burden of small companies.

Building a platform for integrated financial services in India

In India, ING took a major step forward in its goal to build a solid IFS platform. ING increased its share ownership in Vysya Bank to 44% and the company has been re-branded to ING Vysya Bank. The company provides ING with a strong banking platform in order to distribute its financial products. During the year, ING Vysya Bank reorganised the branch network, increased the number of cash dispensers, and launched a new range of banking products.

The life insurance joint venture which ING formed with Vysya in 2001, called ING Vysya Life, made good progress in 2002. The business is now ranked number eight among private players. So far, it has a professional tied agency force of 2,000 and 22,500 customers. The strategy is to develop a larger tied agency force and develop bancassurance initiatives with ING Vysya Bank.

Excellent starting point in China

ING's activities in China continue to grow. ING achieved an important milestone during the year by forming its second life insurance joint venture in the country. The joint venture, formed with Capital Group of Beijing based on a 50/50 agreement, is called ING Capital Life. It opened for business in December 2002 in the province of Dalian. ING Capital Life has begun by offering traditional life products – ING's typical approach when setting up new retail businesses in emerging markets. It expects to build a tied agency force of 1,000 by 2003. The joint venture makes ING the first foreign life insurance company in Dalian.

Outlook

With ING's long history in Asia, the added strength of the acquired Aetna operations and the local expertise and distribution power of our joint venture partners, ING is well-placed in the region.

In 2003, ING Asia/Pacific will continue to focus on its key priorities: improving operational efficiency, developing new distribution channels, optimising existing channels and increasing sales productivity. ING will pay special attention to joint venture management and governance in order to ensure that it builds strong relationships with its new partners and that the young greenfield activities in China and India are given a solid foundation. Customer Relationship Management initiatives will be developed across the region to improve customer service. In several countries, regulatory changes will create new business opportunities. For example, in Korea the bancassurance channel will be introduced and mutual funds distribution will be allowed for insurers. In Taiwan, unit-linked products have meanwhile been allowed. Such regulatory changes will have the effect of introducing greater product flexibility and expanding distribution options. In 2003, the former ING Bank in India will be integrated into ING Vysya Bank. Active portfolio management will continue.

IN SHORT

Key priorities in 2003:
Improve operational efficiency, optimise existing channels and develop new ones, increase sales productivity

—

Develop customer relationship management across the region

—

Continue active portfolio management

STRATEGIC OBJECTIVE

ING aims to be a global top-ten (currently number 14) and a European top-five (currently number seven) asset manager with an above-average investment performance.

ASSET MANAGEMENT

IN SHORT

Assets under management declined by 13% to EUR 449 million, mainly due to falling stock markets and weakening exchange rates

—

Over 60% of assets of ING funds outperformed peer group

—

ING Investment Management integrated in Executive Centres Europe, Americas and Asia/Pacific

—

Global co-ordination of strategy and operations

LINKING THE INVESTMENT ENGINE TO DISTRIBUTION

One of the sectors seriously affected by 2002's difficult market environment was the asset management industry. Lower equity prices translated into lower fee income. In addition, investors switched from equities into lower-margin fixed-income products. Under these difficult circumstances, ING's asset management business generated a pre-tax profit of EUR 175 million – just 5% below last year. ING's assets under management declined by 13% from EUR 513 billion to EUR 449 billion. The strong inflow of new funds (EUR 7 billion) did not offset losses from falling stock markets (EUR 37 billion) and weakening exchange rates against the euro (EUR 39 billion).

Strategy

With EUR 449 billion in assets under management, ING is a leading asset management organisation that offers a complete range of investment products to meet the needs of institutional and retail investors. ING is committed to delivering excellence in investment performance and client service quality through its 'global investment expertise, local client focus' business model. Increasingly, ING's distribution channels have come to rely on close collaboration with the manufacturing and client servicing capabilities of ING Investment Management. ING believes that a truly integrated financial product offering at retail customer level can only be achieved by establishing an integrated local retail organisation. Additionally, good investment performance is key to continuing to be a successful and profitable asset manager; therefore ING will step up its efforts to further improve its investment engine.

ING's chosen business lines in the field of asset management are: institutional asset management, mutual funds, real estate, alternative assets and fund administration and trust services.

Investment performance

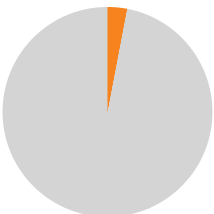
As is normally the case in a highly volatile and depressed market environment, ING's investment performance remained under pressure. Still, in terms of long-term performance ING did relatively well compared to benchmarks and peers, benefiting from its broad diversity, both geographically and product-wise. More than 50% of assets of ING's funds outperformed their relevant benchmark, and in comparison with peers more than 60% of ING's fund assets showed an above-average performance.

Organisation

In 2002, ING Asset Management continued to rationalise its asset management business structure by integrating ING Investment Management and ING Aeltus (itself a merger of ING Furman Selz Asset Management and Aeltus, completed in 2001). In order to improve alignment with the distribution channels, ING Investment Management was regionalised. Over the years, an ever larger part of ING Asset Management's profit contribution to ING has been generated by the sale of mutual funds. Efficient delivery of

OPERATIONAL RESULT BEFORE TAXATION

in millions of euros



ING Asset Management 3%	175
Rest of ING 97%	5,466

MEETING THE ARCHITECTS

Within the Executive Board Alexander Rinnooy Kan was responsible for the realisation of ING's new headquarters. ING House was designed by Meyer and Van Schooten Architects and developed by ING Real Estate in a joint venture with Blauwhoed.
The upper three floors of ING House are also connected by stairs between the outer and inner glass façade.
From left to right Roberto Meyer, Jan Doets (general manager ING Real Estate), Alexander Rinnooy Kan and Jeroen van Schooten.

top-performing mutual funds through ING's distribution channel therefore is key for the success of ING's asset management business. Thus, an integrated financial product offering at retail customer level was a logical next step.

With ING Investment Management integrated into the three regional Executive Centres, it was decided to discontinue ING Asset Management as a separate profit reporting unit as of 1 January 2003. A global asset management platform at Group level has been established to co-ordinate ING's asset management strategy and operations. In addition, a Global ING Investment Management Board has been set up to preserve the efficiency of a global manufacturing platform and to ensure global consistency of the investment strategies adopted in each region.

ING Asset Management continues to pursue synergies and cost reductions across its business units by integrating or outsourcing back-office processes and by gradually reducing overlaps in product offerings in cases where there is no direct added value. For example, ING Investment Management appointed Bank of New York as its global custodian, thereby achieving better service at lower cost.

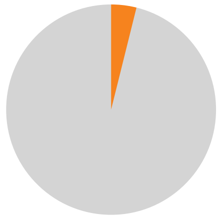
Across its business units, ING Asset Management continues to strengthen its risk management infrastructure and investment management processes. In 2002, ING Investment Management became one of the first asset managers in the Benelux to comply with GIPS (Global Investment Performance Standards), greatly enhancing its position in the institutional market.

Institutional asset management

ING Investment Management (EUR 341 billion in assets under management as at end of 2002) and Baring Asset Management (EUR 31 billion in assets under management as at end of 2002) offer active money management services to institutional investors. Institutional assets under management amounted to EUR 103 billion, which makes ING one of the larger third-party money managers in the world with strong market positions in Asia, Benelux, Germany, United Kingdom and the United States.

NUMBER OF STAFF

full-time equivalents, year-end



ING Asset Management 4%	5,200
Rest of ING 96%	110,600

IN SHORT

Very good performance ING Investment Management

—

Winning mandates in Mexico and Poland

—

Baring Asset Management improved investment performance

—

Global license with Morningstar

—

Mutual fund joint venture launched in China

—

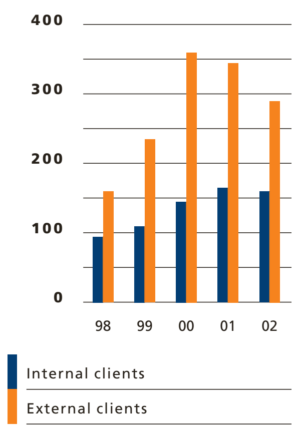
ING Real Estate expanded in Spain and US

—

New private equity funds launched, investing in Asia and Russia

ASSETS UNDER MANGEMENT BY CLIENT CATEGORY

in billions of euros



In the institutional business, a shift in focus from relative performance (compared to a benchmark) to absolute performance is becoming noticeable. In addition to an (enhanced) core portfolio that tracks the index, investors now increasingly allocate more specialist mandates to create outperformance. The difficult market circumstances over the last three years and the increased use of consultants have led to higher performance sensitivity and manager turnover.

ING Investment Management performed very well and won a number of prestigious new mandates. Using its expertise in derivatives, ING Investment Management was able to help a number of clients manage their downside risks. ING Investment Management continued to develop its business in core emerging markets, with promising success in, for example, Mexico and Poland.

ING Investment Management also provides asset management services to ING Insurance. Assets under management reached EUR 126 billion. This in-house business has allowed ING Investment Management to build expertise in specialised products, such as in private placements and collateralised mortgage obligations.

Baring Asset Management successfully implemented a number of measures to improve its investment performance and reduce performance volatility. These measures have been well received by both investors and consultants and are expected to result in winning mandates. Baring Asset Management launched new specialist products, for example in the area of managing high-yield bond collateralised debt obligations.

Mutual funds

The mutual fund business is key to ING's retail strategy. ING Investment Management manages EUR 137 billion of mutual fund assets. Baring Asset Management also has a small but successful mutual fund business, managing EUR 5 billion.

The year 2002 was characterised by reduced money inflows, driven by negative equity returns, a deteriorating credit market and increased uncertainty about the economic outlook. Thanks to the entry of rating agencies and the emergence of open architecture in Europe, retail investors are finding it much easier to compare the investment performance of funds. Top-rated funds increasingly attract the bulk of new money. Also in the retail market, performance has become the critical success factor to build a profitable asset management business.

ING Investment Management has responded to these challenges by interacting more closely with the distribution channels and by investing in its manufacturing platform, both to reduce recurring costs and to improve investment performance and client servicing. ING Investment Management signed a global licence with Morningstar to use its ratings in order to enhance transparency with respect to investment performance reporting.

Several of ING's funds received high ratings and awards. ING Investment Management successfully introduced a new product range in 2002 under the name of Global Topselect. These funds invest in a selection of mutual funds managed by the best investment managers in the world, other than ING itself.

ING Investment Management was able to expand its business in Australia, where – as part of the joint venture with ANZ – ING Investment Management acquired ANZ's investment management business. Just before year-end, China Merchants Fund Management Company, a joint venture of ING Investment Management and China Merchants Securities, was the first international joint venture to receive an operational license. As mutual funds are a relatively new concept in China, the company will start with simple and easy-to-understand funds investing in mainland bond and equity markets.

Real estate

ING Real Estate is an international organisation, operating as asset manager, developer and financier. With EUR 37 billion assets from both third-party clients as well as ING, ING Real Estate ranks in the top-three of global real estate asset managers.

The real estate market was characterised by a general softening of demand, especially in the office sector, leading to higher vacancy rates and, in certain cases, lower rents. Despite the softening of the market, investors continued to allocate money to real estate as the asset class easily outperformed equities and credit throughout the year. Although in certain sectors and regions signs of a bubble are appearing, the asset class is expected to perform well due to the attractive borrowing environment and limited speculative building. Nevertheless, ING Real Estate has positioned itself for more difficult market conditions by optimising the portfolios with respect to quality of properties, tenant credit quality and lease expiry schedules.

ING Real Estate acquired Crow Holding Industrial Trust in the US to strengthen its capabilities in managing industrial properties in this region. In Spain, full control of Promodeico, a leading developer of shopping centres, was gained. With the integration of Filo, the developer acquired in late 2001, Spain has now become an important and profitable market segment for ING Real Estate. New joint ventures were established to develop logistic real estate and car parking facilities in Europe.

New funds were launched, for example the successful ING Logistics Property Fund Europe and the ING Retail Property Fund Australia. ING Real Estate saw entrance of new investors for many of its flagship funds. New capital commitments in 2002 by third-party investors totalled EUR 3.4 billion.

In 2002, ING Real Estate integrated the wholesale real estate financing businesses of Westland/Utrecht Hypotheekbank and ING Bank. The new combination is leading in the Dutch wholesale market for real estate financing with a loan portfolio of EUR 11 billion.

ING Real Estate also manages EUR 8 billion in property for ING Insurance. In 2002, this activity made a substantial contribution to Group profit.

Alternative assets

With the exception of European buy-outs, the private equity markets showed dismal, sometimes negative, returns in 2002. Parcom, ING's captive private equity unit, fortunately only suffered limited damage in the wake of the dot com collapse.

Baring Private Equity Partners successfully closed its second fund focused on Asia with EUR 245 million. It also raised the first direct investment fund in Russia since 1998. The new Russian fund closed at EUR 195 million. Pomona Capital, part of ING Investment Management, closed a new fund of private equity fund products. The fund raised EUR 524 million versus its original target of EUR 381 million.

The hedge fund assets are principally managed by ING Investment Management in the US. The funds performed well against benchmarks and peers, but this could not prevent losses being realised on some of ING's seed capital investments. Especially the structured credit products showed negative returns due to the very high default rates in high-yield and leveraged loan markets over the last three years.

Fund administration and trust services

The continuing trend to outsource non-core functions by asset managers is a stimulus to ING's fund administration business. For this business economies of scale also apply, resulting in a further consolidation of the industry. From offices in London, Guernsey, Dublin and the Isle of Man, the Financial Services Group of Baring Asset Management provides a comprehensive range of fund administration, custody, trust, banking and accounting services to institutional and retail collective investment schemes and corporate and private clients. Assets under administration were EUR 62 billion. The Financial Services Group has built an excellent reputation as an offshore administrator of private equity funds and hedge funds. This niche business continued to grow, despite a significant reduction in new fund launches.

ING Trust specialises in trust services and the formation and management of companies used for, amongst other things, tax planning, estate planning and asset protection. ING Trust is a leading player in the Dutch market for offshore trust services, serving both corporate and private clients.

Outlook

Asset management continues to be a highly attractive business for ING thanks to continuing growth prospects and low capital utilisation. The new regional structure of ING Investment Management, linking ING's investment engine more closely with the distribution channels, strongly reflects the importance of asset management for ING's retail strategy world-wide. ING will step up its investments in order to further improve the asset management platform to ensure that also in the coming years top-performing investment products can be delivered.

In the short term the business remains vulnerable to adverse market price developments, but longer term it is expected that the asset management industry will continue to expand rapidly at profitable margins. ING Asset Management is well-positioned to benefit from the expected rebound.

IN SHORT

Fund administration for third parties continued to grow

—

Baring Asset Management Financial Services Group now has EUR 62 billion assets under administration

—

Asset management remains vulnerable to short-term market developments

—

ING well-positioned to benefit from market rebound

STRATEGIC OBJECTIVE

To be the world's leading direct distributor of simple, value-added retail financial products through a standardised, high-volume and low-cost operation.

ING DIRECT

IN SHORT

5 million clients and EUR 55 billion funds entrusted at year-end 2002

—

Break-even in third, profitable in fourth quarter 2002

—

40% of new accounts via internet; 60% of customer service handled via internet/voice response

—

Acquisition costs per account below EUR 100

INVESTING FOR THE FUTURE

2002 unfolded as an exceptional year. Due to the ongoing momentum and heavy usage of the internet and the shift to favourable savings market conditions, 2.5 million new clients joined ING Direct to bring the total to more than five million clients. The total of funds entrusted increased by EUR 31 billion to EUR 55 billion. Brand awareness developed strongly in all countries and acquisition costs declined to an average of below EUR 100 per new account in 2002. In total, ING Direct reached profitability in the fourth quarter of 2002, a year earlier than expected. ING Direct is a low-cost, high-value financial services provider active in seven large countries (Canada, Spain, Australia, France, USA, Italy and Germany).

Strategy and financial results

The strategy of ING Direct is to be a low-cost provider of financial services by achieving scale in large mature markets by offering clients best value for money and excellent service via call centres, direct mail and the internet. ING Direct uses a high-rate, no-fee, no-minimum savings account as the entry product. Upon reaching the necessary scale, ING Direct complements the savings account by cross-selling a focused range of other wealth accumulation products such as mortgages, mutual funds, e-brokerage, pensions and life insurance. After the savings products, mortgages are the most important product.

The distribution strategy of ING Direct focuses on two major distribution channels, the call centre and the internet. The call centre is the pulse of the business for ING Direct. The internet and the Intelligent Voice Response (IVR) are two other main channels and they process an increasing number of transactions. On average, 40% of the new accounts are activated via the internet and more than 60% of the incoming contacts with existing clients are fully automated (IVR or the internet). ING Direct cafés and co-operation with intermediaries and tied agents from sister companies and third parties form a third supplementary channel. ING Direct makes use of intermediary networks to sell more complex products.

ING Direct reached a break-even result in the third quarter of 2002, one year earlier than expected. In the course of 2002, five of the seven business units (Canada, Australia, Spain, the USA and Germany) contributed to the Group's profit. The mature business units Canada and Australia already exceeded ING Group's RAROC hurdle rate of 18.5%.

Growth and other developments

Due to overall commercial success in the business units, ING Direct more than doubled its size in 2002. In each of its markets, ING Direct has achieved a leading position in the direct banking segment and a top-ten position based on savings balances in four of the markets.

The total number of clients grew to more than five million and total funds entrusted

HOMEPAGE
WWW.INGDIRECT.CA

RAPID GROWTH OF ING DIRECT

clients in thousands, funds entrusted in billions of euros

	TOTAL CLIENTS		TOTAL FUNDS ENTRUSTED	
	YEAR-END 2002	YEAR-END 2001	**YEAR-END 2002**	YEAR-END 2001
Canada (05-'97)	**684**	480	**5.1**	3.4
Germany (06-'98)	**1,894**	827	**20.3**	6.2
Spain (05-'99)	**610**	397	**6.0**	3.8
Australia (08-'99)	**475**	278	**4.1**	2.9
France (03-'00)	**270**	181	**6.3**	3.2
USA (09-'00)	**864**	338	**8.9**	3.3
Italy (04-'01)	**244**	75	**4.5**	1.2
Total	**5,041**	2,576	**55.2**	24.0

amounted to EUR 55.2 billion (+ 130%) at the end of 2002. Due to effective marketing techniques, ING Direct also managed to lower the client acquisition costs to a level below EUR 100 per account.

Expanding market positions in 2002

ING Direct Canada acquired First Marathon Mortgage Corporation (a mortgage broker) and started advertising in the Quebec market with a bi-lingual call centre in Ottawa.

ING Direct acquired an additional 21% stake in DiBa (Germany), increasing its participation to 70%.

DiBa bought the Degussa Bank (an employee benefits and mortgage bank in Germany), with 60,000 clients and EUR 2.4 billion in retail balances.

ING Direct USA extended its market foot-print north from New York to include Boston. In January 2003, expansion started in California.

Operational efficiency

Operational efficiency, one of the important value drivers of ING Direct, improved substantially. The operational cost/asset ratio improved by 38% to 60 basis points and this decreasing trend is expected to continue. This represents a real sustainable competitive advantage to existing branch banks that have normally a ratio of approximately 250 basis points.

Risk management

Very strict risk management controls the strong growth of ING Direct. In 2002, high priority was given to market, credit, operational and reputation risk management. Several scenarios were developed to test the interest rate risk and liquidity risk. The tests concluded that ING Direct is flexible and resilient and able to cope with strong interest changes.

The savings deposits are invested in the following broad, fixed-income, investment categories: retail mortgaged and mortgage-backed securities (54%), government and government-related bonds (19%), internal deposits within ING Group (14%), financial institutions (6%), corporate bonds (5%) and other investments (2%). The average credit rating of the fixed-income investment securities is AA–.

Brand awareness

Brand awareness has a direct effect among other things on the acquisition costs, cross-selling potential and retention rates. The brand has been introduced in six countries and has created strong brand awareness. The aided brand awareness numbers for the six business units range between 50 and 80%. The target is to achieve an aided brand awareness of at least 70% in every country three years after launch.

Outlook

ING Direct will focus on growing all the business units to the necessary scale in savings and bringing all the business units in profit mode. The market circumstances are expected to remain in favour of ING Direct's savings product positioning and subsequent cross-selling of other products, although competition in all markets remains fierce. ING Direct expects to achieve a profit in 2003, including start-up losses of the newer business units.

IN SHORT

Stake in DiBa increased to 70%

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DiBa acquired Degussa Bank with 60,000 clients

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ING Direct USA expanded to California

—

Operational cost/asset ratio of 60 basis points

—

Average quality of fixed income securities rated at AA–

—

Aided brand awareness in 50-80% range

HOMEPAGE
WWW.INGDIRECT.IT

ING IN SOCIETY

BUILDING TRUST IN A TURBULENT WORLD

IN SHORT

ING's policy on corporate social responsibility based on trust, transparency and ethical behaviour

—

New key performance indicators developed

—

Postbank opens service points in rural areas

—

ING's sustainable equity funds outperformed their benchmark

The turbulence of 2002 demonstrated once again how important a commitment to corporate social responsibility is. There were no signs of a worldwide economic recovery and corporate scandals brought quite a few companies in serious danger. The economic problems had a substantial impact on the financial sector, including ING. Building trust among clients, investors, employees and stakeholders in society is a top priority, especially in tough times like these. Sustainable development and corporate social responsibility therefore remain high on ING's agenda.

Policy

Corporate social responsibility (CSR) has always been part of ING's way of doing business. An important feature is that CSR is becoming increasingly aligned with ING's overall business strategy. Furthermore, CSR performance is becoming subject to more objective and measurable standards, such as the guidelines of the Global Reporting Initiative (GRI).

Transparency, trust and ethical behaviour are the cornerstones of ING's CSR policy. As a worldwide financial services provider, ING is confronted with many complex social and ethical issues. An ongoing dialogue with stakeholders is therefore indispensable in order to better cope with those dilemmas. ING's policy is to constantly find ways to increase transparency in the way it does business. As part of this aim, improving ING's financial and non-financial reporting practices will provide a better insight into how ING is managing its business. ING's employees are expected to act in accordance with the ING Business Principles at all times. The business principles provide a solid framework of values and principles that cover a number of ethical, social and environmental issues.

Highlights

Stakeholder dialogue

ING made good progress on CSR with a variety of initiatives. For instance, stakeholder dialogue was improved by launching a new website, as part of ING's corporate website. The site allows interested parties to communicate directly with ING on CSR issues. As in the previous year, ING held bilateral discussions in 2002 with several NGOs. Progress was made during the year in developing new key performance indicators (KPIs) to measure ING's performance on CSR in a more systematic way.

Clients

ING also took steps to improve its dialogue with and service to clients. Postbank opened new service points in rural areas in response to growing dissatisfaction with the dwindling presence of bank branches in the countryside. ING also began to investigate the possibility of launching an exchange to trade emissions rights. The so-called 'financiële bijsluiter', a mandatory information sheet for certain financial products, was introduced in 2002 in response to new legislation in the Netherlands aimed at making retail financial products and services more transparent and easier to understand. The ING global sustainable equity funds once again outperformed their benchmark, the MSCI World. The funds benefited from a relatively defensive portfolio. ING also advises private and institutional clients on socially responsible and sustainable investment options.

Shareholders

During the year, ING laid the groundwork for a major overhaul of its corporate governance structure. The changes, made public in early 2003 (see page 76), are designed to enhance transparency and give shareholders more power, while also safeguarding the long-term interests of the Group. ING's environmental, social and ethical performance achieved good ratings during the year by asset managers of various sustainable funds. The Dow Jones and the FTSE once again included ING in their sustainability indices.

Employees

In terms of employee relations, ING introduced new measurement systems to track diversity in human resources. The Netherlands Bankers' Association signed a covenant on working conditions with the express aim to reduce stress, RSI and absenteeism in the financial sector. The covenant demonstrates that ING takes these issues seriously and underscores the Group's commitment to actively combat these conditions. Another highlight was the covenant signed by the Executive Board and the European Workers Council. The covenant articulates common guidelines for social policy and labour management in the 14 European countries where ING operates.

Sponsoring

ING's sponsoring and donations activities continued during the year. The sponsoring contracts with the Dutch Society for the Preservation of Nature (Vereniging Natuurmonumenten) and the Dutch Royal Concertgebouw Orchestra were renewed. On the occasion of the opening of ING House, the Group made donations to various institutions in Amsterdam, including the Artis Zoo, the VU Hospital, and the historic Olympic Stadium.

Sustainability

In 2002, ING's traditional Christmas package for all its employees in the Netherlands consisted exclusively of sustainable and environmentally-friendly products. And as another sign of ING's commitment to sustainable business practices, ING switched to Max Havelaar coffee at more than 40 locations in the Netherlands. The Max Havelaar brand stands for fair trade and decent wages for small-scale coffee growers in developing countries.

At the UN summit on sustainability in Johannesburg in September 2002, ING, together with other peers in the World Business Council for Sustainable Development (WBCSD), launched a CEO statement comprising four specific CSR initiatives.

Human rights

During 2002, ING continued to refine its business principles, which form the starting point for all behaviour and business relationships at ING. A project was started to investigate the possibility of adding two new business principles on human rights and sustainability. A business principle on human rights is deemed necessary in order to provide more guidance on some of the human rights dilemmas ING faces in doing business around the world. ING is preparing an internal survey among its international management on various human-rights issues. ING also regularly holds bilateral discussions with leading international human-rights organisations and specialists. In formulating the new human rights business principle – expected to be finalised in 2003 – this feedback will be taken into account.

Outlook

In addition to evaluating its business principles, ING will continue in 2003 to harmonise global reporting on non-financial issues in order to present a more unified view on sustainability issues within the company. The ING in Society Report 2002 will be published in June 2003.

IN SHORT

Modernisation of ING's corporate governance to enhance transparency and give shareholders more power

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Covenant signed with European Workers Council for social policy and labour management in Europe

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Work on new business principles on human rights and sustainability

ENVIRONMENT-FRIENDLY

ING House is made of high-quality, durable materials. The double glass façade plays an important role in the climate control. In the outer layer on the south side, flaps can be opened during warm weather. A natural stream of air along the façade will provide cooling. Additionally, cool water from a reservoir 120 metres below the building is led to the climate ceilings of ING House by means of a water pump.

HUMAN RESOURCES

IN SHORT

Top priorities: talent management, development of a performance management system and leveraging diversity

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HRM organisation to provide more strategic support

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More efficient servicing of ING businesses

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Intranet tools lighten administrative burden

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Covenant positions Central Workers Council at ING Netherlands management level

CARE FOR EMPLOYEES

In financial services, people are key. To be successful, ING must therefore create and maintain an environment which attracts talented and motivated people and in which people perform at the top of their abilities and feel appreciated. The top human resources priorities at ING are talent management, the development of a performance management system and leveraging the diversity of the workforce. The Human Resources Management (HRM) organisation is undergoing substantial changes in order to provide more strategic support and efficient services to the ING businesses at all levels. Various intranet tools became available in 2002, to alleviate the administrative burden of HRM. In the field of employee participation, the Executive Board signed a covenant with the Central Workers Council to position the Council at the management level of ING Netherlands instead of ING Group. The change is a consequence of the modernisation of ING's corporate governance.

Major Human Resources transformation

Human Resources Management is undergoing major changes in its organisation as well as in its IT systems. In 2002, an international programme team was established to support this process and to explore all opportunities for synergy and co-operation within the Group. It is felt that HR is of strategic importance throughout ING, in particular in adverse economic times.

The overall goals are to integrate people, new processes and systems to create an efficient, service-oriented organisation that supports ING's future strategic business goals. These goals have been formulated with a view to lower costs and to ensure faster, client-oriented, flexible service and high-quality information.

This resulted in the introduction of self-service e-tools on the intranet which are already in use in Belgium and the Netherlands. These tools enable employees and managers to easily access information such as company HR policies. The tools also alleviate the administrative burden of the HR organisation. Wherever sensible, HR functions will be standardised on a European or global level. HR will place greater emphasis on advisory work to support line managers in achieving their business strategies. Just like the services offered to ING's external customers, the three elements of click, call and face apply to HR. Face-to-face contact with HR will remain, depending on the complexity or sensitivity of a particular issue. Across Europe, the HR function is in different stages of development. Also, the businesses differ from one another and they operate in different environments.

ING Career Site

Another e-tool which became available worldwide in 2002 was the ING Career Site. All external vacancies and relevant job-related information of ING and its business units have been brought together on one internet site. This initiative aims to present ING on the internet as an employer of choice to future ING employees. Branding is an important tool for recruitment of new talent. In the past the internet has proven to be a very successful tool for recruitment. The site currently attracts some 1,000 visitors per day. It is an integrated part of ing.com and a first step of a Recruitment Employer Branding plan.

The ING Career Site now comprises a global Group site and individual country pages. The global site consists of several employer-related topics, such as training and development. Specific ING themes that are highlighted are the Group's commitment to diversity and the importance of a sound balance between professional career and private life.

Talent management

The key priorities with respect to talent management include expanding the Group's management recruitment search capabilities, improving management training programmes and enhancing the effectiveness of career development. In 2003, the talent management tool ING Talent Track (Phase II) will be launched.

ING attaches great importance to providing tools to employees to help manage their own careers. Special attention is being given to middle management who play a vital role in the organisation. E-learning and 'Navigate your career' are examples of instruments to help employees take more control. A new initiative 'ING Leadership Expedition' for senior leaders and a new programme called ING Interactive Series will be introduced to create a dialogue between leaders and employees. The ING Business School will execute its renewed Career Passages curriculum. Furthermore, a company-wide job posting system on the intranet is underway.

Performance and reward

ING will take the development of performance-related pay several steps further. Performance measurement will be improved by installing a system of ING Group metrics. In addition, guidance and education of the regions with respect to performance management will be intensified. Furthermore, the ING Employee Equity programme will be completely redesigned. Finally, ING leadership across the globe will continue to share some common objectives.

Diversity

In 2001, ING announced that diversity would become a natural part of its medium term plans. ING is characterised by a wide diversity of its employees and it is a challenge to derive maximum benefit from this. At all levels ING desires its staff to be a representation of its client base and the geographic and cultural mix of the locations where the Group does business. Diversity is both a business and a social matter. The Diversity Council representing ING employees from around the world has delivered a detailed measurable plan to increase the diversity level of workforce and management. Regional diversity councils are now being established and will be instrumental in reaching the Group's objectives in the coming years. The diversity councils in the US are already active, the Asian council is starting up and soon one will begin work in Europe. The primary account-ability for achieving these diversity objectives lies with our leadership.

Employee representation

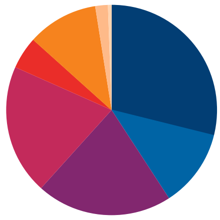
ING and the Dutch Central Workers Council concluded an agreement about the change in the Dutch structure regime (legal large company regime) as part of ING's proposals to modernise its corporate governance. The agreement followed on ING's intention to abandon the voluntary structure regime at Group level and transfer this regime to the Management Centre of ING Netherlands. For employee participation purposes this means that the Central Workers Council will be positioned at the level of ING Netherlands and that the management of ING Netherlands will in future be the first contact for the Council rather than the Executive Board of ING Group.

Given the Dutch character of the Central Workers Council, it was decided to link employee participation more strongly to the Dutch operations. As work regulations, labour laws and compensation philosophies differ widely around the world, employee participation will generally take place on a regional or country basis.

In the United States, for example, it is felt that employees are best served by ongoing direct communication with their management/leadership. An ombudsman programme has been instituted within the ING organisation in the United States, for employees who have an issue that they would like a neutral party to evaluate. Regular employee opinion surveys are also conducted in the US, as well as in the Netherlands, Belgium, Australia and parts of Asia, where ING continues to try to get input from employees on what they feel most strongly about.

EMPLOYEES

full-time equivalents, year-end 2002



The Netherlands 29%	33,833
Belgium 12%	13,457
Rest of Europe 21%	23,987
North America 20%	23,116
South America 5%	6,134
Asia 11%	12,980
Australia 2%	2,234
Other	74
Total	115,815

RISK MANAGEMENT

BALANCING RISK, RETURN AND CAPITAL

IN SHORT

Credit risks are managed by limits for countries, individual borrowers and industry sectors

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Internal banking risk rating models were converted from a ten-risk class scale to a twenty-two risk class scale

Because of the size of ING, its wide diversity of activities, types of clients and geographic regions, ING has comprehensive risk management procedures on all levels within the Group. On Executive Board level, the Risk Policy Committee evaluates and manages ING Group's overall risk profile, aiming for a good balance between risk, return and capital. This chapter discusses the principal risks that are monitored: credit risk, market risk, liquidity risk, actuarial and underwriting risk and operational risk.

Credit Risk

ING's policy is to maintain an internationally diversified loan and bond portfolio, while avoiding large risk concentrations. The emphasis is on managing business developments within the regions by means of top-down concentration limits for countries, individual borrowers and industry sectors. The aim is expanding relationship banking activities, while maintaining stringent internal risk/return guidelines. For the investment portfolios backing the insurance liabilities, ING's policy is to maintain a fixed-income investment portfolio with a diversified credit portfolio within acceptable internally and externally driven parameters.

Credit risk ING Bank

Credit risk is the risk of loss from the default by a debtor or counterparty. Credit risks arise in lending and investment activities, as well as in trading activities. Risk management is supported by general information systems and debtor and counterparty internal rating methodologies. The internal risk rating models were converted from a ten-risk class scale to a twenty-two risk class scale to provide better granularity and to meet the future requirements of the new Basel II capital accord.

RISK CLASSES ING BANK

in % of total outstandings	2002	2001
Investment Grade: 1-10	**46.5%**	49.6%
Speculative Grade: 11-17	**51.7%**	48.1%
Problem Grade:18-22	**1.8%**	2.3%
Total	**100%**	100%

Based on retail and wholesale lending activities

Credit analysis is risk/reward-oriented whereby the level of credit analysis is determined by the risk amount, tenor, structure (e.g. covers received) of the facility, and the risks entered into. Analysts make use of publicly available information in combination with in-house analysis based on information provided by the customer, peer group comparisons, industry comparisons and other quantitative tools.

DEBTOR PROVISIONING The banking credit portfolio is under constant review. A formal analysis takes place on a quarterly basis to determine the provisions for possible bad debts, using a bottom-up approach. ING is of the opinion that its loan loss provisions as of 31 December 2002 are adequate to absorb losses from ING Bank's lending and counterparty activities. The following table shows the regional specification of the addition to the provision for loan losses.

ADDITIONS TO THE PROVISION FOR LOAN LOSSES ING BANK (BASED ON RISK COUNTRY)

amounts in millions of euros

	2002	2001
Netherlands	236	160
Belgium	53	10
Rest of Western Europe	352	189
Central and Eastern Europe	80	111
North America	497	237
South America	167	149
Asia	3	-84
Other	47	-22
	1,435	750

The regions are related to the risk country of the underlying credit risk. Previously the country of the reporting unit was shown in this table. The numbers for 2001 have been restated in conformance with this new methodology.

The weak economic conditions in the USA and Germany combined with the financial crisis in Argentina and the bankruptcy of National Century Financial Enterprises (NCFE) in the USA are the primary causes of the significant increase in the provisions in 2002.

Country Risk

Country risk is the risk that ING faces attributable to events in a specific country or group of countries. Country risk is identified in lending (corporate and counterparty), trading and investment activities. All transactions and trading positions generated by ING Bank have a country risk. Country risk is further divided into economic and transfer risk. Economic risk is the concentration risk relating to any event in the risk country that may affect transactions and other exposure in that country, regardless of the currency. Transfer risk is the risk incurred through the inability of ING or its counterparties to meet their respective foreign currency obligations due to a specific country event.

LIMIT SETTING AND MONITORING In countries where ING is active, the risk profile is regularly evaluated, resulting in a country rating. Based on this rating and ING's risk appetite, country risk limits are defined. Exposures derived from lending and investment activities are then measured and reported against these country limits on a daily basis. Country risk limits are assigned for transfer risk, generally only in emerging markets. The amount of emerging markets transfer risk as a percentage of total retail and wholesale lending activities remained 6%. Exposure is closely monitored for economic country risks, although no formal limits are established. The table below shows the largest economic exposures by country. A breakdown has been made by customer type.

COUNTRY RISK PROVISIONING The country risk provision methodology is linked to the definitions with respect to determining where the country risk occurs. Some countries with perceptually high risk, but which are not in default, require no mandatory provisions for transfer risk. Instead of provisions, additional capital is allocated to transactions that incur country risk, the amount of which is related to the risk of the country as well as the risk of the transaction itself. For countries that are near default or have recently defaulted, adequate provisioning remains a requirement. The Dutch central bank monitors ING's policy with respect to capital allocation and provisioning for country risk.

IN SHORT

Provisions for loan losses increased substantially due to weak economic conditions and the bankruptcy of NCFE

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In countries where ING is active, the risk profile is regularly evaluated

LARGEST ECONOMIC EXPOSURES BY COUNTRY (ING BANK, > EUR 10 BILLION)

amounts in billions of euros

2002	CORPORATE	BANKS	FINANCIAL INSTITUTIONS	GOVERN-MENTS	OTHERS	TOTAL
Netherlands	63.1	2.2	6.3	2.1	71.7	145.4
United States	15.5	17.8	25.1	6.2	2.8	67.4
Germany	13.4	20.6	2.1	3.3	3.7	43.1
United Kingdom	12.3	12.1	11.5	0.0	0.1	36.0
Belgium	12.1	4.4	1.0	1.3	6.5	25.3
France	13.4	7.6	2.8	0.2	0.0	24.0
Poland	4.2	12.0	0.3	0.2	0.2	16.9
Spain	4.7	3.6	1.1	0.7	0.0	10.1

Economic country risk is the concentration risk relating to any event in the risk country that may affect transactions and other exposure in that country, regardless of the currency.

IN SHORT

ING Bank has a structural interest-rate risk on its balance sheet. A 1% increase can have an adverse effect of EUR 14 million (year-end 2002)

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For the insurance operations, a 1% decrease/increase in interest rates would have an adverse/positive effect on the budgeted 2003 pre-tax result of 4% and 3% respectively

LARGEST CROSS-BORDER LENDING EXPOSURES IN EMERGING MARKETS (ING BANK, > EUR 750 MILLION)

amounts in millions of euros

	Gross transfer exposure		Provisions on foreign currency loans		Country capital add-on	
	2002	2001	**2002**	2001	**2002**	2001
South Korea	**1,942**	1,537	**5**	14		
Hong Kong	**1,917**	1,912	**33**	37		
Poland	**1,832**	2,658	**65**	46		
Brazil	**1,024**	1,371	**10**		**64**	79
China	**784**	644	**23**	38		
Mexico	**759**	1,202	**2**	5		

Figures exclude local currency-denominated loans. During 2002, ING changed the methodology for calculating transfer risk. The numbers for 2001 have been restated to comply with the new methodology.

For Poland an additional provision for local and foreign currency loans of EUR 99 million was taken in 2002. The total provisions on local and foreign currency loans in Poland is EUR 458 million. Total exposure on local and foreign currency denominated loans in Poland is EUR 16.9 billion.

Credit risk ING Insurance

Within the insurance companies there are detailed investment mandates also specifying the credit risk appetite. ING Insurance's policy is to maintain a fixed-income investment portfolio with a diversified credit portfolio within acceptable internally and externally driven parameters.

DEBTOR PROVISIONING For insurance credit risks, a provision for loan losses is maintained that is considered adequate to absorb losses arising from the existing insurance investment portfolios. The provisions are reviewed on a quarterly basis. They amounted to EUR 155 million at the end of 2002 compared with EUR 165 million at the end of 2001. Similar to the practice in the banking activities, the outstanding debt and any suspense balances are written off when there is no prospect of recovering the principal.

Market Risk

Market risk ING Bank

ING's policy is to maintain an internationally diversified and mainly client-related trading portfolio, while avoiding large risk concentrations. ING applies value-at-risk and stress-testing scenarios for market risk management. Value-at-Risk measures the maximum overnight loss that could occur under normal market circumstances due to changes in risk factors (e.g. interest rate, foreign exchange rate, equity prices) if the trading positions remain unchanged for a time interval of one day.

VALUE-AT-RISK BY CATEGORY

amounts in millions of euros

	YEAR-END 2002	YEAR-END 2001
Foreign exchange	**2.5**	3.1
Equities	**10.7**	7.7
Emerging markets/ high yield	**7.7**	9.2
Interest	**9.3**	24.9
Sub-total	**30.2**	44.9
Diversification effect	**- 9.5**	- 12.1
Total	**20.7**	32.8

Apart from market risks in its trading portfolios, ING Bank has a structural interest rate risk on its balance sheet. As at 31 December 2002, an instantaneous increase in interest rates of 1% could potentially have an adverse effect on interest income of EUR 14 million (year-end 2001: EUR 105 million). The one-day 99% VaR for all banking books at year-end 2002 was EUR 65 million, compared with EUR 104 million at year-end 2001.

Market risk ING Insurance

The risk of loss occurring through adverse changes of prices in the financial markets is quantified in extensive analyses, using stochastic analyses for both assets and liabilities and the interaction between these portfolios.

INTEREST RATE RISK The insurance operations are exposed to interest rate movements with respect to guaranteed interest rates and policyholders' reasonable expectations with respect to crediting rates. The current product portfolio also comprises products where interest rate risks are entirely taken by the policyholder, thereby reducing ING's exposure to interest movements.

Through scenario-analysis the sensitivity of a 1% upward movement in interest rates and a 1% downward movement in interest rates on the budgeted 2003 pre-tax results for the insurance operations has been estimated. A simultaneous decrease in interest rates of 1% from current levels would have a negative effect of 4% (2002: 2%) on budgeted pre-tax results for the insurance operations for 2003. A simultaneous increase in interest rates of 1% from current levels would have a positive effect of 3% (2002: 2%) on budgeted pre-tax results for the insurance operations for 2003.

EQUITY RISK The insurance operations are exposed to movements in equity markets since they have an impact on the level of charges deducted for unit-linked and variable business. A 10% decrease in stock market prices would lower the pre-tax budgeted result for the insurance operations in 2003 by 9% (2002: 3%). Once the revaluation reserve is nil, any further decrease in stock-market prices will increase the 9%. The impact of a 10% change in equities increased over 2001, generally because of a change in accounting methodology and growth assumptions used in the amortisation of the DAC for the US variable business.

The continued weak equity markets have their impact on the capital base of ING Insurance and insurance business units, particularly those that have a significant exposure in equity investments, i.e. business units in the Benelux. The solvency ratio of ING insurance stands at 169% of EU target surplus as of 31 December 2002. The nature of ING's current insurance investments (which include EUR 11 billion equity and EUR 7.2 billion in real estate) mean that this ratio has been subject to significant fluctuations in recent months. Currently, the most desirable mix of assets is studied to support reserves and target surplus, not only from a profit and loss account perspective but also from a balance sheet and cost and use of capital perspective.

FOREIGN EXCHANGE RISK Foreign exchange risk in the investments backing the insurance liabilities is dealt with in the investment management processes. Locally required capital levels are invested in home currencies in order to satisfy regulatory requirements and to support local insurance business regardless of currency movements. These capital levels may affect the consolidated balance sheet when translated to euros. Depending on hedging costs and the capital exposure, up to 85% of the capital over locally required margins is currency-hedged.

Liquidity Risk

ING closely monitors its liquidity risk to maintain an adequate cushion to meet its financial liabilities when due. Liquidity risk is managed at Group and local level by a combination of existing investment mandates, guidelines for asset & liability management, specific limits for certain business units and treasury policies and procedures.

Actuarial and underwriting risks

Regarding insurance risks ING is exposed to life and non-life risks. Life risks include a broad range of participating and non-participating traditional life products, unit-linked, fixed and variable annuities, universal life, group life and pension products and guaranteed investment products. Non-life risks includes all lines of non-life business – fire, automobile, accident and health, third party liability and disability.

Actuarial risks arise with respect to the adequacy of insurance premium rate levels and provisions with respect to insurance liabilities and capital base, taking into consideration the supporting assets (fair and book value, currency and interest sensitivity), changes in interest rates and exchange rates and developments in mortality, morbidity, non-life claims frequency and amounts, lapses and expenses as well as general market conditions. Specific attention is given to the adequacy of provisions for the life business, considering the low interest rate levels in a number of countries in which ING operates. For those insurance contracts that contain high interest rate guarantees stochastic modelling is used to assess the risk of these guarantees. Consequently pricing reflects the cost of the guarantees and appropriate reserves are established accordingly. ING is of the opinion that its insurance provisions are adequate.

Underwriting risks are inherent in the process whereby applications submitted for insurance coverage are reviewed. The maximum underwriting exposure is limited through exclusions, cover limits and reinsurance.

ING Insurance's actuarial and underwriting risks are controlled at ING Group level, with the Corporate Insurance Risk Management Department being responsible for monitoring the actuarial and underwriting risk as defined above. Corporate Insurance Risk Management provides guidelines for product design, reserving, underwriting, pricing criteria and reinsurance strategy. Its responsibilities also include the monitoring of risk profiles and the review of insurance-related risk control and asset and liability management.

IN SHORT

A 10% decrease in stock market prices would lower the insurance pre-tax result by 9% in 2003. Once the revaluation reserve is nil, any further decrease in stock-market prices will increase the 9%.

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The insurance actuarial and underwriting risks are controlled at Group level

With regard to operational risk a quarterly incident reporting process was implemented in 2002

Consistent with other business in ING Group, the current embedded-value methodology is being extended to a risk-adjusted capital allocation and performance measurement tool.

Operational risk

ING's policy is to manage operational risks through clear governance, an embedded operational risk management function, and the implementation of comprehensive operational risk identification, measurement, monitoring and mitigation processes. All business managers are responsible for establishing specific internal policies, procedures and controls and for continuously monitoring and controlling of the operational risks. At the various organisational levels, the Operational Risk Management departments aim at supporting general management, and leading and co-ordinating the operational risk management efforts. The operational risk management framework is further supported by various specialised departments, like Corporate Legal, Compliance & Security and Corporate IT/Information Security. The Group's Corporate Audit Services performs independent periodic investigations into the quality of the system of internal controls and procedures of business units and recommends actions to solve any identified weaknesses. During 2002, ING implemented a structural quarterly incident reporting process for ING Bank and a likewise process is being developed for ING Insurance. ING strengthened the audit findings action tracking and the Risk & Control Self-Assessment process and Key Risk Indicator Reporting are being piloted within the various Executive Centres.

More information

Detailed figures on ING's capital level are given on page 73 and 74. A comprehensive chapter on risk management has been added to the separately issued Annual Accounts. This information is also available on www.ing.com.

AMSTERDAM, 10 MARCH 2003

THE EXECUTIVE BOARD

EWALD KIST, CHAIRMAN

MICHEL TILMANT, VICE-CHAIRMAN

FRED HUBBELL

HESSEL LINDENBERGH

CEES MAAS, CHIEF FINANCIAL OFFICER

ALEXANDER RINNOOY KAN

FINANCIAL INFORMATION

Summary of annual figures and Additional information

This chapter includes a summary of the annual figures. The summary starts with the consolidated balance sheet and profit and loss account as well as the consolidated statement of comprehensive net profit and the condensed consolidated statement of cash flows. The main items of the balance sheet and profit and loss account are specified in explanatory notes, which also include the geographical analysis of income and result before taxation.

The section Additional information includes information about RAROC, embedded value, capital base, efficiency ratios and credit ratings.

The complete Annual Accounts and related Other information are published as a separate document in conformity with the statutory requirements as stipulated in Part 9, Book 2 of the Dutch Civil Code. In addition, the most relevant information as required under the reporting requirements in the United States (US GAAP) and the rules of the American Securities and Exchange Commission (SEC) has been included in the annual accounts. The formal filing with the SEC in accordance with US GAAP is published as Annual Report on Form 20-F.

Availability of Annual Accounts and Form 20-F

The Annual Accounts (Dutch and English) and Annual Report on Form 20-F (English) are available on the ING website: www.ing.com. The printed documents can be ordered via the website, by fax (+31 411 652125) or by mail (P.O. Box 258, 5280 AG Boxtel, The Netherlands).

EVENTS AFTER THE BALANCE-SHEET DATE

At 31 December 2002, the revaluation reserve of ING Group for equity securities was EUR 0.6 billion positive (after tax). Due to a further decline of the stock markets, partly offset by hedging transactions on approximately EUR 4 billion (at 10 March 2003) of the equities securities portfolio, the revaluation reserve was approximately EUR 0.7 billion negative (after tax) at 10 March 2003 (at opening Amsterdam Stock Exchange).

The ratio of available capital versus required capital of ING Verzekeringen N.V. decreased from 169% at 31 December 2002 to approximately 157% at 10 March 2003; still well above the regulatory required capital.

AUDITOR'S REPORT

We have audited the summary annual figures of ING Groep N.V., Amsterdam, for the year 2002 as incorporated in this annual report on pages 58 to 68. This summary annual figures was derived from the annual accounts of ING Groep N.V. for 2002. In our auditor's report dated 10 March 2003 we expressed an unqualified opinion on these annual accounts.

This summary annual figures is the responsibility of the company's management. Our responsibility is to express an opinion on this summary annual figures.

In our opinion, this summary annual figures is consistent, in all material respects, with the annual accounts from which it was derived.

For a better understanding of the company's financial position and the result of its operations for the period and of the scope of our audit, the summary annual figures should be read in conjunction with the annual accounts from which the summary annual figures was derived and our auditor's report thereon.

Amsterdam, 10 March 2003

ERNST & YOUNG ACCOUNTANTS

SUMMARY ANNUAL FIGURES

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER *before profit appropriation*

amounts in millions of euros

	2002	2001
ASSETS		
Tangible fixed assets	**1,415**	2,032
Participating interests	**2,883**	2,628
Investments*	**297,581**	307,446
Lending*	**284,448**	254,214
Banks	**45,682**	54,083
Cash	**11,421**	9,264
Other assets	**51,186**	49,775
Accrued assets	**21,754**	25,677
Total	**716,370**	705,119
EQUITY AND LIABILITIES		
Shareholders' equity*	**18,254**	21,514
Preference shares of group companies	**2,146**	2,542
Third-party interests	**1,959**	1,461
Group equity	**22,359**	25,517
Subordinated loans	**2,412**	600
Group capital base	**24,771**	26,117
General provisions	**3,489**	4,587
Insurance provisions*	**195,831**	213,986
Funds entrusted to and debt securities of the banking operations	**319,824**	276,367
Banks	**96,267**	107,810
Other liabilities	**65,397**	63,349
Accrued liabilities	**10,791**	12,903
Total	**716,370**	705,119

* See notes starting on page 63.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros

	2002	2001
Premium income	**52,284**	50,460
Income from investments of the insurance operations	**11,133**	10,587
Interest result from the banking operations	**7,702**	6,121
Commission	**3,960**	4,196
Other income	**1,722**	3,124
Total income	**76,801**	74,488
Underwriting expenditure	**54,966**	52,782
Other interest expenses	**1,288**	1,270
Salaries, pension and social security costs	**7,552**	7,796
Additions to the provision for loan losses	**1,435**	750
Other expenses	**5,639**	5,824
Total expenditure	**70,880**	68,422
Result before taxation	**5,921**	6,066
Taxation	**1,089**	1,165
Result after taxation	**4,832**	4,901
Third-party interests	**332**	324
Net profit for the period	**4,500**	4,577
Operational net profit	**4,253**	4,252
Non-operational net profit	**247**	325
Net profit for the period	**4,500**	4,577
amounts in euros		
Net profit per share		
Operational profit per share	**2.20**	2.20
Basic profit per share	**2.32**	2.37
Diluted profit per share	**2.32**	2.35
Dividend per ordinary share	**0.97**	0.97

This consolidated profit and loss account is specified by insurance and banking operations and by Operational and Non-operational result on page 65.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET PROFIT

amounts in millions of euros

	2002	2001
Net profit for the period	**4,500**	4,577
Other components of comprehensive net profit:		
— unrealised revaluations	**-3,343**	-2,745
— exchange differences	**-1,041**	212
Net profit not recognised in the consolidated profit and loss account	**-4,384**	-2,533
Realised revaluations released to the profit and loss account	**-1,051**	-1,233
Comprehensive net profit for the period	**-935**	811

Comprehensive net profit for the period includes all movements in shareholders' equity during the year, except for the cumulative effect of changes in the principles of valuation and determination of results and those resulting from the write-off of goodwill, the enlargement of share capital and distributions to shareholders.

Realised revaluations previously recognised in shareholders' equity are released from shareholders' equity to the profit and loss account. As these revaluations have already been included in comprehensive net profit of the year under report and previous years, under the caption unrealised revaluations, and are also included in net profit for the period in the year of realisation, these realised results are adjusted in the comprehensive net profit for the period.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros

	2002	2001
Result before taxation	**5,921**	6,066
Adjusted for:		
— increase in insurance provisions	**7,444**	6,637
— additions to the provision for loan losses	**1,435**	750
— other	**-3,220**	-1,357
Loans and advances granted/repaid	**-30,277**	-8,154
Trading portfolio purchases/sales		
(incl. securities and property)	**2,715**	-2,631
Net investment in tangible fixed assets	**-321**	-600
Taxation	**-381**	-1,129
Movements in:		
— funds entrusted to and debt securities		
of the banking operations	**45,580**	23,356
— other assets and liabilities	**10,326**	486
Net cash flow from operating activities	**39,222**	23,424
Investments and advances	**-305,772**	-278,578
Disposals and redemptions	**272,403**	248,763
Net investment for risk of policyholders	**6,813**	2,663
Net cash flow from investing activities	**-26,556**	-27,152
Loans and subordinated loans of		
group companies	**4,070**	7,523
Private placements of shares	**438**	623
Movements in shares ING Groep N.V.	**653**	-563
Cash dividends	**-1,977**	-2,300
Net cash flow from financing activities	**3,184**	5,283
Net cash flow	**15,850**	1,555
Cash at beginning of year	**4,681**	3,486
Exchange differences	**499**	-360
Cash at year-end	**21,030**	4,681

CHANGES IN THE COMPOSITION OF THE GROUP

In 2002, ING Group acquired a 49% stake in Sul América, a leading insurance company in Brazil thus strengthening the existing partnership. As a result of the transaction ING's total investment in Sul América consists of EUR 188 million in cash, plus its 49% stake in SulAet (a joint venture formed in 1997) as well as the combined asset management operations (ING Investment Management Brazil). The goodwill amounted to EUR 245 million and is charged to Shareholders' equity. The interest in Sul América is included as a participating interest.

In 2002, ING Group increased its 49% stake in DiBa to a 70% interest by acquiring a further share participation in DiBa from BGAG, the investment company of a number of German trade unions. ING Group has an option to acquire the remaining 30%. The figures of DiBa are fully consolidated without deduction of a third-party interest. The total purchase price of the additional acquisition amounted to EUR 573 million. The goodwill amounted to EUR 532 million and is charged to Shareholders' equity.

In 2002, ING Group and ANZ, one of Australia's major banks, have formed a funds management and life insurance joint venture called ING Australia. The company is 51%-owned by ING and 49%-owned by ANZ. As part of the transaction, the new joint venture acquired net assets from ANZ. This resulted in goodwill of EUR 169 million that is charged to Shareholders' equity. Furthermore, ING Group contributed net assets to the new joint venture, which resulted in a net result of EUR 469 million. From this amount, EUR 247 million has been used for financing acquisitions and has therefore been accounted for as non-operational profit. The remainder of EUR 222 million has been recorded as operational profit.

In 2002, ING Group closed the purchase of an additional 24% stake in ING Vysya Bank in India increasing its interest to 44%. The total purchase price of the additional acquisition amounted to EUR 73 million. The goodwill amounted to EUR 55 million and is charged to Shareholders' equity. As ING Group currently enjoys management control, ING Vysya Bank has been consolidated.

In 2002, ING Group acquired the Dutch car lease company Toplease. The total purchase price of the acquisition amounted to EUR 111 million. The goodwill amounted to EUR 70 million and is charged to Shareholders' equity.

NOTES TO THE CONSOLIDATED BALANCE SHEET

amounts in millions of euros

INVESTMENTS

BREAKDOWN INVESTMENTS

	2002	2001
Land and buildings, including commuted ground rents	**10,951**	10,541
Shares and convertible debentures	**12,278**	19,502
Fixed-interest securities	**209,878**	194,543
Investments for risk of policyholders and investments of annual life funds	**64,281**	82,743
Other investments	**193**	117
	297,581	307,446

LENDING

LENDING ANALYSED BY SECURITY

	NETHERLANDS	INTERNATIONAL	TOTAL 2002	NETHERLANDS	INTERNATIONAL	TOTAL 2001
Loans guaranteed by public authorities	**8,013**	**15,750**	**23,763**	8,949	13,398	22,347
Loans secured by mortgages	**86,932**	**31,260**	**118,192**	78,789	19,502	98,291
Loans guaranteed by credit institutions	**1,184**	**6,782**	**7,966**	940	6,286	7,226
Other personal lending	**8,201**	**6,810**	**15,011**	3,738	3,259	6,997
Other corporate loans	**42,083**	**82,256**	**124,339**	33,997	89,787	123,784
	146,413	**142,858**	**289,271**	126,413	132,232	258,645
Provision for loan losses	**-999**	**-3,824**	**-4,823**	-909	-3,522	-4,431
	145,414	**139,034**	**284,448**	125,504	128,710	254,214

PROVISION FOR LOAN LOSSES

	NETHERLANDS	INTERNATIONAL	TOTAL 2002	NETHERLANDS	INTERNATIONAL	TOTAL 2001
Allocated to Lending	**999**	**3,824**	**4,823**	909	3,522	4,431
Allocated to Banks		**47**	**47**		43	43
Allocated to other assets	**18**	**248**	**266**	39	250	289
	1,017	**4,119**	**5,136**	948	3,815	4,763

MOVEMENTS IN THE PROVISION FOR LOAN LOSSES INCLUDED IN LENDING, BANKS AND OTHER ASSETS

	2002	2001
Opening balance	**4,763**	4,501
Changes in the composition of the group	**98**	
Write-offs	**-882**	-669
Recoveries	**33**	39
Additions from:		
— value adjustments to receivables	**1,435**	750
— interest income	**105**	122
Other movements	**-416**	20
Closing balance	**5,136**	4,763

SHAREHOLDERS' EQUITY

MOVEMENTS IN SHAREHOLDERS' EQUITY

	2002	2001
Shareholders' equity	**18,254**	21,514
Opening balance	**21,514**	25,274
Revaluations after taxation	**-5,435**	-3,766
Write-off of goodwill	**-1,176**	-1,908
Net profit for the period	**4,500**	4,577
Dividend paid	**-1,969**	-2,300
Exercise of warrants and options	**-2**	163
	17,432	22,040
Changes in ING Groep N.V. shares held by group companies	**822**	-526
Closing balance	**18,254**	21,514

INSURANCE PROVISIONS

BREAKDOWN INSURANCE PROVISIONS

	GROSS		REINSURANCE ELEMENT		OWN ACCOUNT	
	2002	2001	2002	2001	2002	2001
Provision for life policy liabilities	**125,945**	129,420	**5,085**	8,511	**120,860**	120,909
Provision for profit sharing and rebates	**778**	745		2	**778**	743
Provision for unearned premiums and unexpired insurance risks	**4,186**	4,351	**845**	969	**3,341**	3,382
Claims provision	**7,197**	7,016	**807**	1,124	**6,390**	5,892
Other insurance provisions	**186**	292			**186**	292
	138,292	141,824	**6,737**	10,606	**131,555**	131,218
Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds	**65,372**	83,739	**1,096**	971	**64,276**	82,768
	203,664	225,563	**7,833**	11,577	**195,831**	213,986

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

amounts in millions of euros

OPERATIONAL RESULTS BY INSURANCE OPERATIONS AND BANKING OPERATIONS

	INSURANCE OPERATIONS		BANKING OPERATIONS		ELIMINATIONS		TOTAL	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Premium income*	**52,284**	50,460					**52,284**	50,460
Income from investments of the insurance operations*	**10,926**	10,336			**73**	74	**10,853**	10,262
Interest result from the banking operations*			**7,646**	6,072	**-56**	-49	**7,702**	6,121
Commission	**1,345**	1,431	**2,615**	2,765			**3,960**	4,196
Other income*	**782**	850	**940**	2,274			**1,722**	3,124
Total income*	**65,337**	63,077	**11,201**	11,111	**17**	25	**76,521**	74,163
Underwriting expenditure	**54,966**	52,782					**54,966**	52,782
Other interest expenses	**1,305**	1,290		5	**17**	25	**1,288**	1,270
Salaries, pension and social security costs	**2,765**	2,732	**4,787**	5,064			**7,552**	7,796
Additions to the provision for loan losses			**1,435**	750			**1,435**	750
Other expenses	**2,128**	2,702	**3,511**	3,122			**5,639**	5,824
Total expenditure	**61,164**	59,506	**9,733**	8,941	**17**	25	**70,880**	68,422
Operational result before taxation*	**4,173**	3,571	**1,468**	2,170			**5,641**	5,741
Taxation	**723**	688	**333**	477			**1,056**	1,165
Operational result after taxation	**3,450**	2,883	**1,135**	1,693			**4,585**	4,576
Third-party interests	**92**	73	**240**	251			**332**	324
Operational net profit for the period	**3,358**	2,810	**895**	1,442			**4,253**	4,252
The non-operational results can be specified as follows:								
Result on sale of investments in shares regarding financing of acquisitions	**280**	325					**280**	325
Non-operational items before tax	**280**	325					**280**	325
Taxation on non-operational items							**33**	
Non-operational net profit							**247**	325
Net profit for the period							**4,500**	4,577

* See notes starting on page 66.

PREMIUM INCOME

BREAKDOWN PREMIUM INCOME

	2002	2001
Premium income from life insurance policies	**44,367**	44,557
Premium income from non-life insurance policies	**7,917**	5,903
	52,284	50,460

PREMIUMS WRITTEN FROM DIRECT LIFE BUSINESS

	POLICIES WHERE THE INSURER BEARS THE INVESTMENT RISK		POLICIES WHERE THE POLICYHOLDER BEARS THE INVESTMENT RISK		TOTAL	
	2002	2001	2002	2001	2002	2001
PERIODIC PREMIUMS						
Individual policies	**14,254**	13,348	**2,496**	2,329	**16,750**	15,677
Group policies	**2,205**	1,749	**7,646**	7,012	**9,851**	8,761
Total	**16,459**	15,097	**10,142**	9,341	**26,601**	24,438
SINGLE PREMIUMS						
Individual policies	**3,511**	3,512	**6,280**	5,529	**9,791**	9,041
Group policies	**5,945**	7,725	**739**	1,841	**6,684**	9,566
Total	**9,456**	11,237	**7,019**	7,370	**16,475**	18,607
	25,915	26,334	**17,161**	16,711	**43,076**	43,045
Indirect business/eliminations					**1,291**	1,512
					44,367	44,557

INCOME FROM INVESTMENTS OF THE INSURANCE OPERATIONS

BREAKDOWN INCOME FROM INVESTMENTS OF THE INSURANCE OPERATIONS

	2002	2001
Income from disposal of group companies	**238**	17
Income from land and buildings	**872**	665
Income from investments in shares and convertible debentures	**1,611**	1,430
Income from investments in fixed-interest securities:		
— debentures	**5,829**	5,610
— private loans	**127**	158
— mortgage loans	**1,781**	1,800
— policy loans	**208**	218
— deposits with credit institutions	**49**	104
— professional loans	**17**	16
— other	**180**	318
Deposits with insurers	**14**	
Operational result	**10,926**	10,336

Income from land and buildings includes an amount in respect of rental income allocated to business units of ING Group (the same amount is included in Other expenses) of EUR 50 million (2001: EUR 51 million).

Income from investments in land and buildings and shares and convertibles includes realised results on disposal of EUR 1,357 million (2001: EUR 1,005 million).

Income from investments for risk of policyholders of EUR -10,642 million (2001: EUR -7,864 million) is not included in Income from investments of the insurance operations.

INTEREST RESULT FROM THE BANKING OPERATIONS

This item includes the interest income and interest expense, results from interest-rate arbitrage, results from financial instruments to the extent that these serve to limit interest-rate and lending commission.

INTEREST MARGIN, ANALYSED ON A PERCENTAGE BASIS OF THE NETHERLANDS AND INTERNATIONAL OPERATIONS

	2002	2001
Netherlands	**1.87**	1.71
International	**1.01**	0.75
	1.62	1.39

The change in the interest result compared with 2001 is due to an increase of the interest margin of EUR 1,033 million (2001 compared with 2000: EUR 220 million decrease) and a growth in the average total assets of EUR 541 million (2001 compared with 2000: EUR 506 million).

OTHER INCOME

BREAKDOWN OTHER INCOME

	INSURANCE OPERATIONS		BANKING OPERATIONS		TOTAL	
	2002	2001	2002	2001	2002	2001
Income from participating interests and equity participations	**156**	346	**201**	530	**357**	876
Results from financial transactions	**112**	16	**454**	1,080	**566**	1,096
Other results	**514**	488	**285**	664	**799**	1,152
	782	850	**940**	2,274	**1,722**	3,124

TOTAL INCOME

OPERATIONAL INCOME BY GEOGRAPHICAL AREA

	INSURANCE OPERATIONS		BANKING OPERATIONS		ELIMINATIONS		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001
Netherlands	**11,971**	12,173	**4,982**	4,821	**14**	23	**16,939**	16,971
Belgium	**2,645**	2,179	**2,044**	1,957			**4,689**	4,136
Rest of Europe	**2,027**	2,111	**2,773**	3,018			**4,800**	5,129
North America	**39,383**	37,938	**600**	537	**1**		**39,982**	38,475
South America	**910**	1,496	**251**	238			**1,161**	1,734
Asia	**6,627**	5,364	**436**	476			**7,063**	5,840
Australia	**2,170**	2,179	**107**	55			**2,277**	2,234
Other	**438**	285	**8**	9			**446**	294
	66,171	63,725	**11,201**	11,111	**15**	23	**77,357**	74,813
Income between geographical areas (1)	**-834**	-648			**2**	2	**-836**	-650
	65,337	63,077	**11,201**	11,111	**17**	25	**76,521**	74,163

(1) Mainly related to reinsurance premiums ceded between group companies in different geographical areas.

OPERATIONAL RESULT BEFORE TAXATION

BREAKDOWN OF THE OPERATIONAL RESULT BEFORE TAXATION

	2002	2001
Result life	**3,519**	2,941
— Fire and other property losses	**100**	61
— Marine and aviation	**16**	10
— Motor	**193**	137
— Health	**131**	149
— Accident (1)	**170**	143
— Miscellaneous	**32**	86
— Indirect business	**12**	44
Result Non-life	**654**	630
Result Insurance operations	**4,173**	3,571
Result Banking operations	**1,468**	2,170
	5,641	5,741

(1) Including disability insurance products.

OPERATIONAL RESULT BEFORE TAXATION BY GEOGRAPHICAL AREA

	INSURANCE OPERATIONS		BANKING OPERATIONS		TOTAL	
	2002	2001	**2002**	2001	**2002**	2001
Netherlands	**2,232**	2,074	**1,510**	1,523	**3,742**	3,597
Belgium	**79**	94	**613**	521	**692**	615
Rest of Europe	**161**	178	**-311**	364	**-150**	542
North America	**1,037**	762	**-476**	-446	**561**	316
South America	**59**	79	**41**	24	**100**	103
Asia	**255**	230	**38**	193	**293**	423
Australia	**330**	85	**55**	-7	**385**	78
Other	**20**	69	**-2**	-2	**18**	67
	4,173	3,571	**1,468**	2,170	**5,641**	5,741

ADDITIONAL INFORMATION

RAROC

ING applies the Risk Adjusted Return on Capital (RAROC) framework for its banking operations to consistently measure performance on a risk-adjusted basis which is linked to shareholder value creation. The use of RAROC increases focus on decision-making in terms of risk rewards and allows ING Bank to use its scarce capital in the most efficient way. RAROC forms an integral part of the Group's planning cycle and quarterly RAROC figures are calculated and analysed for all major banking business units, business lines and segments. The development of the economic capital concept anticipates on the future internal model approach to be introduced as part of the Basle II regulatory framework. ING Group continues to develop and refine the models and data supporting the RAROC calculations. Risk-adjusted pricing tools are used as a basis for pricing certain transactions and as an important determinant in credit approval procedures.

RISK-ADJUSTED RETURN AND ECONOMIC CAPITAL

RAROC is calculated as the risk-adjusted return divided by economic capital.

The risk-adjusted return is based on similar valuation principles as applied in the financial accounts, with two important exceptions: the credit risk provisioning is replaced by expected losses reflecting statistically calculated average credit losses over the entire economic cycle; and secondly the P&L is adjusted for effects that relate to replacing actual book capital by economic capital.

Economic capital is defined as the amount of capital required to support the economic risks created by the activities employed and at the company's desired level of comfort. ING uses a confidence interval of 99.95% – consistent with the target debt rating (AA/Aa2 long term) – and a one-year time horizon. Economic capital can be regarded as the capital one should have to comply with all debt obligations.

RAROC FOR TOTAL BANKING OPERATIONS

The tables provide pre-tax RAROC figures for the banking business units of the respective Executive Centres and by segment.

RAROC BY EXECUTIVE CENTRE

	RAROC (PRE-TAX)		ECONOMIC CAPITAL *in billions of euros*	
	2002	2001	**2002**	2001
ING Europe (excl. ING Direct)	**13.8%**	13.7%	**13.6**	13.7
ING Asset Management	**5.2%**	9.5%	**0.7**	0.6
Total banking operations (excl. ING Direct)	**13.3%**	13.5%	**14.3**	14.3

RAROC BY SEGMENT

	RAROC (PRE-TAX)		ECONOMIC CAPITAL *in billions of euros*	
	2002	2001	**2002**	2001
Retail (excl. ING Direct)	**26.7%**	28.6%	**2.7**	2.9
Wholesale	**10.2%**	9.7%	**11.6**	11.4
Total banking operations (excl. ING Direct)	**13.3%**	13.5%	**14.3**	14.3

The total banking operations pre-tax RAROC corresponds to an after-tax RAROC of 10.3% (excluding ING Direct) that can be compared with 10.5% for 2001. The Executive Board has set the overall after-tax target at 12%.

ECONOMIC CAPITAL BREAKDOWN BY RISK CATEGORY

as a percentage of total

	2002	2001
Credit risk	**44%**	42%
Market risk	**19%**	19%
Transfer risk	**6%**	7%
Business risk	**17%**	18%
Operational risk	**14%**	14%
Total	**100%**	100%

The percentages shown by risk category reflect all diversification effects, including risk reduction between the risk categories. Diversification effects as a result of combining bank and insurance activities are not taken into account.

Credit risk is the risk of losses due to the inability of borrowers and counterparties to meet their repayment commitment.

Market risk is the risk of losses due to unfavourable market movements. This includes all trading and non-trading activities.

Transfer risk is the risk of losses due to the inability of a borrower or counterparty to obtain foreign currency to meet its financial obligations.

Business risk is the risk of losses due to unfavourable changes in business volumes, margins and costs.

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

EMBEDDED VALUE

Embedded value is an indicator of the economic value creation as a consequence of selling and managing long-term contracts such as life insurance, annuities and pensions. It is defined as the present value of the future earnings arising from the business on the books at the valuation date plus the free portion of capital and surplus. The value of new business provides insight into the expected profitability of the 2002 new sales. Underlying assumptions (expenses, interest rates, mortality, lapse, etc.) reflect best estimates of future expected experience. Future earnings are discounted at a rate representing the cost of capital.

At the end of 2002, the total embedded value of ING's life insurance operations was EUR 23,279 million compared to EUR 25,827 million at year-end 2001. The decrease mainly reflects the impact of lower stock prices, credit-related losses and lower currency exchange rates versus the euro.

The value of new business written during 2002 was EUR 519 million, a substantial increase over the 2001 level of EUR 336 million (revised). During 2002 ING invested EUR 1,841 million to write new life insurance business. The overall rate of return expected on this investment is 11.5%. This compares to an overall return of 11.2% in 2001. The expected internal rate of return in developing markets is 15.4%.

NEW BUSINESS VALUE
amounts in millions of euros

	2002				2001 (2)			
	ANNUAL	PREMIUMS SINGLE	IRR (1)	VALUE	ANNUAL	PREMIUMS SINGLE	IRR (1)	VALUE
Netherlands	**191**	**909**	**8.6%**	**12**	177	1,077	10.6%	29
South West Europe	**72**	**1,789**	**19.0%**	**69**	62	1,173	15.3%	32
Central Europe	**165**	**150**	**12.8%**	**26**	151	64	15.1%	18
Americas	**1,807**	**17,010**	**9.8%**	**132**	2,366	17,715	9.1%	9
Asia/Pacific	**1,109**	**1,737**	**15.4%**	**280**	1,306	814	14.9%	248
ING Group	**3,344**	**21,595**	**11.5%**	**519**	4,062	20,843	11.2%	336

(1) IRR = internal rate of return

(2) Minor restatements of 2001 premiums and new business value are reflected. Annual premiums were reduced by EUR 56 million and single premiums increased by EUR 11 million. The new business value was reduced by EUR 10 million.

Acquisition expense overruns represent the excess of the costs of acquiring new business over the expense allowances provided in product pricing. Such overruns may exist while new operations are achieving scale, while several businesses are integrating into one, or during a year when sales are lower than anticipated.

Substantial progress has been made with respect to acquisition expense overruns. During 2002 acquisition expense overruns were EUR 133 million, representing an after-tax reduction of EUR 150 million compared to 2001. Most of the decrease is from the Americas, where overruns in 2002 were EUR 68 million, a EUR 143 million reduction from the 2001 level. The overall internal rate of return for ING's life business is 12.7% excluding acquisition expense overruns.

EMBEDDED VALUE OF THE LIFE OPERATIONS
in millions of euros

	2002	2001
Free surplus	**1,526**	3,232
Value of business in force	**21,753**	22,595
Embedded value	**23,279**	25,827

EMBEDDED VALUE BY EXECUTIVE CENTRE/MANAGEMENT CENTRE
in millions of euros

	2002	2001
Netherlands	**9,476**	10,819
South West Europe	**1,064**	1,063
Central Europe	**1,253**	806
Americas	**9,122**	10,274
Asia/Pacific	**2,364**	2,865
Embedded value	**23,279**	25,827

The primary reasons for the decline in embedded value relate to the poor economic environment, e.g. negative equity returns and low investment yields.

CHANGE IN EMBEDDED VALUE OF THE LIFE OPERATIONS

in millions of euros

Reported embedded value 2001	25,827
Investment return on free surplus	-1,212
Value of new business	519
Required return	1,849
Experience variances	-2,055
Discount rate changes	1,502
Assumption changes	-1,817
Currency effects	-2,028
(Dividends) and capital injections	225
Other	469
Ending embedded value 2002	23,279

Comments with regard to the 2002 change in value can be made as follows:

— A substantial portion of the free surplus is invested in equities. The investment return on free surplus over the year was EUR -1,212 million primarily as a result of decreases in the equity portfolio.

— The required return of EUR 1,849 million is the rollup of the discount rate on the beginning value of inforce business and on the value of new business.

— Actual results for 2002 were EUR 2,055 million less than expected. Primary contributors were a fall in the equity portfolio backing general account liabilities in the Executive Centre ING Europe, a fall in the equity portfolio backing separate account liabilities in the Executive Centre ING Americas and credit related losses in the US.

— Discount rates decreased by 0.8% overall to better reflect ING's weighted average cost of capital.

— Assumption changes reduced value by EUR 1,817 million. Major assumption changes included lower assumed investment income, lower assumed separate account growth rates and higher assumed credit defaults in the Executive Centre ING Americas.

Developing markets new business value increased by 22% over 2001 to EUR 237 million.

NEW BUSINESS VALUE FROM DEVELOPING MARKETS (1)

amounts in millions of euros

	PREMIUMS ANNUAL	PREMIUMS SINGLE	IRR (2)	VALUE 2002	PREMIUMS ANNUAL	PREMIUMS SINGLE	IRR (2)	VALUE 2001
Central Europe	**132**	**52**	**12.4%**	**21**	106	12	11.5%	8
Americas	**20**	**175**	**5.5%**	**-8**	59	332	5.8%	-8
Asia/Pacific	**767**	**59**	**17.5%**	**224**	926	65	16.3%	194
ING Group	**919**	**286**	**15.4%**	**237**	1,091	409	15.8%	194

(1) Countries classified as developing markets are: Central Europe: Czech Republic, Hungary, Poland, Romania, Slovakia; Americas: Argentina, Chile, Mexico; Asia/Pacific: China, India, Indonesia, Korea, Malaysia, Philippines, Taiwan and Thailand.

(2) IRR = internal rate of return

INDEPENDENT OPINION

Watson Wyatt, an international actuarial consultancy firm, has reviewed the methodology and assumptions used by ING in the calculation of the embedded value of the life insurance business at 31 December 2002 and the value of new business written during 2002. All material business units in Europe, the Americas and Asia/Pacific were covered in the review. Watson Wyatt has concluded that the methodology adopted is appropriate and that the assumptions used are reasonable overall.

Watson Wyatt has also performed limited high level checks on the results of the calculations and has discovered no material issues. Watson Wyatt has not, however, performed detailed checks on the models and processes used.

CAPITAL BASE

BREAKDOWN CAPITAL BASE

in millions of euros

	GROUP 2002	INSURANCE 2002	BANKING 2002	GROUP 2001	INSURANCE 2001	BANKING 2001
Shareholders' equity	**18,254**			21,514		
Preference shares of group companies	**2,146**			2,542		
Subordinated loans	**2,412**			600		
Capital base ING Group	**22,812**			24,656		
Core debt (debt raised to finance subsidiaries)	**5,681**			6,202		
	28,493	**11,279**	**17,214**	30,858	15,396	15,462
Third party interests		**1,163**	**744**		975	492
Subordinated loans ING Verzekeringen N.V.		**2,250**			1,250	
Equity components not included in Tier 1 (1)			**-325**			-592
ING Group shares held and consolidation adjustments		**25**	**447**		54	1,721
Capital base:						
— ING Verzekeringen N.V.		**14,717**			17,675	
— ING Bank N.V. (Tier-1 qualifying capital)			**18,080**			17,083

(1) Includes revaluation reserve and proposed profit appropriation.

REGULATORY REQUIREMENTS

BANKING OPERATIONS

The required capital for the banking operations in accordance with the BIS requirements amounts to 8% of all risk-weighted assets, off-balance sheet items and market risk associated with trading portfolios (known as the 'BIS ratio').

CAPITAL POSITION OF THE BANKING OPERATIONS

in millions of euros

	2002	2001
Core capital (Tier 1)	**18,080**	17,083
Supplementary capital (Tier 2)	**9,116**	8,588
Available Tier-3 funds	**257**	290
Deductible	**-302**	-250
Qualifying capital	**27,151**	25,711
Required capital	**19,783**	19,454
Tier-1 ratio	**7.31%**	7.03%
BIS ratio	**10.98%**	10.57%

INSURANCE OPERATIONS

European Union directives require insurance companies established in member states of the European Union to maintain minimum capital positions.

CAPITAL POSITION OF THE INSURANCE OPERATIONS

in millions of euros

	TOTAL ING VERZEKERINGEN N.V. 2002	NON-INSURANCE COMPANIES, CORE DEBT & OTHER ELIMINATIONS 2002	INSURANCE COMPANIES 2002	TOTAL ING VERZEKERINGEN N.V. 2001	NON-INSURANCE COMPANIES, CORE DEBT & OTHER ELIMINATIONS 2001	INSURANCE COMPANIES 2001
Available capital	**14,717**	**3,131**	**17,848**	17,675	2,975	20,650
Required capital	**8,718**	**-**	**8,718**	9,845	-	9,845
Surplus capital	**5,999**		**9,130**	7,830		10,805
Ratio of available versus required capital	**169%**		**205%**	180%		210%

ING GROUP

According to an agreement ('Protocol') between the Dutch Central Bank and the Pension & Insurance Board regarding the supervision of financial conglomerates, ING Group is required to have an amount of capital, reserves and subordinated loans which is at least equal to the sum of:

— the required capital for the banking activities and
— the required capital for the insurance activities.

For regulatory purposes certain (external) subordinated loans of ING Bank N.V. and ING Verzekeringen N.V. are included.

REGULATORY REQUIRED CAPITAL ING GROUP

in millions of euros

	2002	2001
ING Groep N.V.:		
— Shareholders' equity	**18,254**	21,514
— Preference shares of group companies	**2,146**	2,542
— Subordinated loans	**2,412**	600
Capital base ING Group	**22,812**	24,656
Subordinated loans ING Bank (included in Tier 2)	**9,054**	8,344
Subordinated loans ING Verzekeringen	**2,250**	1,250
Capital base including subordinated loans	**34,116**	34,250
Required capital banking operations	**-19,783**	-19,454
Required capital insurance operations	**-8,718**	-9,845
Surplus	**5,615**	4,951

EFFICIENCY RATIOS

PERFORMANCE INDICATORS

BREAKDOWN OF THE COMBINED RATIO NON-LIFE INSURANCE

in %

	CLAIMS RATIO		COST RATIO		COMBINED RATIO	
	2002	2001	**2002**	2001	**2002**	2001
Total	**75.0**	73.8	**27.1**	29.1	**102.1**	102.9

The claims ratio expresses the claims, including claims handling expenses, as a percentage of net premiums earned. The cost ratio expresses the costs as a percentage of net premiums written. The claims ratio and the cost ratio together form the combined ratio, which, if less than 100%, means that there was an underwriting profit to be added to income from investments.

BREAKDOWN EFFICIENCY RATIOS OF (OPERATIONAL) BANKING ACTIVITIES BY EXECUTIVE CENTRE

in %

	2002	2001
ING Europe (excluding ING Direct and the restructuring provision for international wholesale banking)	**70.6**	71.3
ING Asset Management	**87.2**	88.4
Total banking operations (excluding ING Direct and the restructuring provision)	**71.0**	71.7

CREDIT RATINGS

Credit ratings are indicators for the likelihood of timely and complete repayment of interest and instalment of fixed-income securities as assigned by rating agencies.

MAIN CREDIT RATINGS OF ING

	STANDARD & POOR'S	MOODY'S
ING GROUP	A+ (1)	Aa2 (2)
ING INSURANCE		
— short term	A–1 (1)	P–1 (2)
— long term	A+	Aa2 (2)
ING BANK		
— short term	A1+ (1)	P–1 (1)
— long term	AA– (1)	Aa2 (1)
— financial strength		B+ (1)

(1) Stable outlook.

(2) Under review with a possible downgrade.

CORPORATE GOVERNANCE
RECENT DEVELOPMENTS

Good corporate governance always entails a careful balance of the short-term and long-term interests of the Group and its stakeholders as a whole. This balance must be reflected in fair, adequate and efficient corporate governance systems which are disclosed in a transparent manner. In 2002, the Supervisory Board of ING approved certain important changes to ING's corporate governance regime. ING – having followed up on virtually all recommendations made by the Dutch Peters Committee on corporate governance – is now moving to comply with some of the other recommendations by the Peters Committee and other Corporate Governance Committees.

Proposals to change governance

In November 2002, the Supervisory Board approved a proposal to change ING's corporate governance regime fundamentally. In December 2002, the Executive Board decided (with approval from the Supervisory Board) to propose to the General Meeting of Shareholders to abandon the Dutch structure regime applied at ING Group level and to amend the Articles of Association of ING Group accordingly. As a result, the structure regime will be established at the management level of ING Netherlands and the shareholders will get the right to determine the annual accounts and to appoint the members of the Supervisory and Executive Boards. Such appointments will be made on the basis of binding recommendations made by the Supervisory Board, because of the prevailing regulatory requirement that proposed members of these boards must be vetted by the Dutch central bank and the Dutch Pensions and Insurance Supervisory Authority prior to their appointment. However, the shareholders can reject such proposals with a majority of 2/3 of the votes in a shareholders' meeting in which at least 1/3 of the issued capital is present or represented. In December 2002, the Executive Board, the management of ING Netherlands and the Central Workers Council of ING signed a covenant to give further effect to this proposal.

In addition, a proposal will be made to the Annual General Meeting of Shareholders of ING Group to be held on 15 April 2003 to amend the Articles of Association of ING Groep N.V., in such a way that all depositary-receipt holders (natural and legal persons) are treated as if they were shareholders, can exchange their depositary receipts for ordinary shares or preference shares (thus removing the 1% cap) and vote on these shares, without any limitations or maximum (thus removing the existing 1% voting limitation).

If this proposal is adopted, the Conditions of Administration for the depositary receipts will be amended to the effect that holders of depositary receipts may obtain a voting proxy for the full number of their depositary receipts, without any limitation, whether they attend the Shareholders' meeting in person or are represented by or give instructions to someone else and whether in 'peacetime' or not. In the latter situation, ING will go farther than present and pending Dutch legislation. This means that all shareholders and depositary-receipt holders can exercise their voting rights during the Annual General Meeting of Shareholders either (1) in person, or (2) by means of a proxy to another person (3) or by means of a binding voting instruction to the Stichting Administratiekantoor ING Groep. This also means that the Stichting Administratiekantoor ING Groep will only exercise a vote to its own discretion for those depositary receipts the holders of which neither attend the Annual General Meeting, nor gave a voting proxy to another person, nor gave a voting instruction to the Stichting Administratiekantoor ING Groep itself. This way, ING aims to intensify the commitment of providers of capital to the company.

Furthermore, the Supervisory Board decided to create a Corporate Governance Committee, in addition to its present Committees: the Audit Committee and the Remuneration and Nomination Committee. All Committees will – by nature – be totally independent from ING. Each of these committees will have its own charter (drafted to comply with applicable regulation, like the US Sarbanes-Oxley Act), which includes its rights and obligations.

The primary tasks of the Corporate Governance Committee will be to perform an annual evaluation of ING's corporate governance as a whole and the governance of the Executive Board, to make proposals to the Supervisory Board for improvements and to ensure that the corporate governance of ING as a whole and the policy on which it is based is fully transparent and communicated in the Annual Report and to the Annual General Meeting.

It was further decided that the Stichting Administratiekantoor ING Groep will be renamed Stichting ING Aandelen ('Trust Office ING Shares') and amend its Articles of Association to reflect that its objectives will be to promote the interests of the shareholders and the depositary-receipt holders, but with a view to the interests of all others concerned with ING. It will also promote proxy solicitation and communication between ING and its shareholders and the depositary-receipt holders. In agreement with one of the recommendations by the Dutch Peters Committee, the Stichting will in future publicly explain its voting behaviour at the Annual General Meeting. In agreement with another recommendation by the Dutch Peters Committee, the Board of the Stichting ING Aandelen resolved that members of the Supervisory or Executive Board of ING can no longer have a seat on the Board of the Stichting.

Finally, the Board of the Stichting Cumulatief Preferente Aandelen ING Groep decided to rename the Stichting into Stichting Continuïteit ING ('Trust Office ING Continuity') and that members of the Supervisory or Executive Board of ING can no longer have a seat on the Board of this Stichting.

ING'S GOVERNANCE

General Meeting of Shareholders

ISSUE OF SHARES IN THE FORM OF DEPOSITARY RECEIPTS In order to promote balanced decision-making in the General Meeting of Shareholders, ING Group's ordinary and preference shares are available in the form of non-voting bearer depositary receipts. The voting rights attached to the ordinary and preference shares are exercised by the Stichting Administratiekantoor ING Groep, an independent trust office. The Stichting (which will be renamed Stichting ING Aandelen) will vote in accordance with the interests of the shareholders and the depositary-receipt holders, but also with a view to the interests of all others concerned with ING. The report of the Stichting for 2002 is included on page 89. The non-voting depositary receipts of ordinary and preference shares can currently be exchanged for the underlying registered shares with full voting rights to a maximum of 1% of the share capital. This restriction will be lifted. In order to be able to exercise voting rights at the Annual General Meeting of Shareholders, the Stichting currently grants proxies only under normal circumstances (i.e. in 'peacetime' only) to holders of bearer depositary receipts who attend the Annual General Meeting of Shareholders in person, subject to a maximum of 1% of the relevant part of the issued share capital. These restrictions will be lifted as well.

Under the amended Conditions of Administration, holders of depositary receipts may give binding voting instructions to the Stichting. In anticipation hereof, the Board of the Stichting resolved that it will consider voting instructions given by holders of depositary receipts for the 2003 Annual General Meeting of Shareholders as binding.

CUMULATIVE PREFERENCE SHARES The authorised capital of ING Group is made up of ordinary shares, preference shares and cumulative preference shares. The latter have never been issued. ING Group has granted the Stichting Cumulatief Preferente Aandelen ING Groep (which will be renamed Stichting Continuïteit ING) a call option on cumulative preference shares. Reference is also made to the information on page 90.

AGENDA FOR THE MEETING OF SHAREHOLDERS The Executive Board and the Supervisory Board draw up the agenda for the Shareholders' Meeting. Pursuant to the Articles of Association, providers of capital (shareholders and holders of depositary receipts for shares) who alone or together represent at least 0.1% of the issued share capital are entitled to have items included on the agenda, provided the request is submitted at least 50 days prior to the meeting.

Executive Board

RULES The Executive Board has drawn up a set of rules governing the manner in which it functions. These rules, which were approved by the Supervisory Board, are currently being updated in connection with the adoption of the new corporate governance regime for ING.

COMPENSATION, LOANS, GRANTED OPTION RIGHTS AND HOLDING OF SECURITIES The compensation of and loans and options granted to the members of the Executive Board and the policies on which such compensation and grants are based, are disclosed in the annual accounts as well as on pages 81-84 of this report. Executive Board members are permitted to hold shares of the company as long-term investments.

Supervisory Board

PROFILE OF THE SUPERVISORY BOARD The Supervisory Board of ING Group has drawn up a profile to serve as a benchmark for its composition and to ensure its independent position from ING. This profile was approved by the Central Workers Council and the Annual General Meeting of Shareholders in 2002. The profile is available at the company's offices in Amsterdam and on the company's website [www.ing.com]. No more than one former member of the Executive Board can be appointed to the Supervisory Board for every five Supervisory Board members. Former Executive Board members cannot be appointed chairman or vice-chairman of the Supervisory Board. Former ING Executive Board members will, in case of an appointment to the Supervisory Board, observe a waiting period of one year following their retirement from the Executive Board. Currently, former ING Executive Board members can be appointed as a member of a Supervisory Board committee following their appointment to the Supervisory Board. They can only be appointed chairman of such a committee after a period of four years following their retirement from the Executive Board. Under new charters for these committees, which were approved early 2003, they can only be appointed after having observed a waiting period of five years following their retirement from the Executive Board.

RULES The Supervisory Board has drawn up a set of rules governing the manner in which it functions. These rules also set forth the duties of the three Supervisory Board Committees: the Audit Committee, the Remuneration and Nomination Committee and the Corporate Governance Committee. These rules and the charters for the committees are being modernised in connection with the adoption of the new corporate governance regime for ING.

REAPPOINTMENT OF SUPERVISORY BOARD MEMBERS Supervisory Board members retire at the next Shareholders' Meeting following completion of a term of office of four years. Supervisory Board members may be reappointed twice to serve another term of four years. Supervisory Board members are obliged to retire no later than in the year in which they reach the age of 70 or, in exceptional circumstances, 72 or after having served on the Supervisory Board for a period of twelve years. The reappointment of Supervisory Board members is carefully considered and is in no way automatic. There is a set reappointment procedure to be followed. In agreement with recent legislation, it will be proposed to the General Meeting of Shareholders to partially lift this maximum age restriction.

As a structure company within the meaning of the Netherlands Civil Code, ING Group currently has a controlled co-optation system for Supervisory Board membership. This means that the members are appointed (or re-appointed) by the Supervisory Board itself, although the Central Workers Council and the Shareholders' Meeting have the right to recommend candidates and to raise objections. In connection with the abandonment of the structure regime at Group level and in line with regulatory requirements, this co-optation system for Supervisory Board membership will be replaced by a system providing for appointment by the Shareholders' Meeting on the basis of binding recommendations by the Supervisory Board.

OTHER OFFICES HELD/INDEPENDENCE OF SUPERVISORY BOARD MEMBERS Each year, the members of the Supervisory Board are required to give details of any other directorships and paid offices they may hold. The exercise of such offices by a member of the Supervisory Board may not conflict with the interests of ING Group in any way whatsoever. Responsibility for the proper performance of the duties associated with membership of the ING Supervisory Board in relation to those other offices is a matter for the individual Supervisory Board members and, as from 2003, the Corporate Governance Committee of the Supervisory Board, which committee will also advise the Supervisory Board on conflict of interest issues, if and when these would arise.

REMUNERATION AND HOLDING OF SECURITIES The remuneration paid to Supervisory Board members is determined by the Annual General Meeting of Shareholders and is not dependent on the company's results. For the remuneration paid to members of the Supervisory Board in 2002, reference is made to pages 85 and 86.

Supervisory Board members are permitted to hold shares of the company as long-term investments. As at year-end 2002, members of the Supervisory Board held an aggregate of 16,698 depositary receipts for ordinary shares (specified on page 86). They did not hold any depositary receipts for preference shares. If Supervisory Board members hold ING options that were granted in their former capacity as member of the ING Executive Board, these options are subject to the ING stock option plan (see page 86) and insider trading rules prevailing within ING.

INFORMATION ON MEMBERS OF THE SUPERVISORY BOARD

Cor Herkströter, Chairman
(1937 - Dutch nationality)
Principal former position: Chairman Committee of Managing Directors Royal Dutch/Shell Group. First appointment Supervisory Board ING Group: May 1998, Chairman as of May 1999. Chairman of the Remuneration & Nomination Committee and the Corporate Governance Committee. Current term of office: until the 2006 Annual General Meeting of Shareholders (AGM).

Mijndert Ververs, Vice-Chairman
(1933 - Dutch nationality)
Principal former position: Chairman Executive Board Wolters Kluwer N.V. Appointed to the Supervisory Board of Nationale-Nederlanden in 1991. First appointment Supervisory Board ING Group: May 1994; Vice-Chairman as of May 1996; temporary chairmanship for more than two years as of November 1996. Resumed vice-chairmanship in May 1999. Chairman of the Audit Committee as of April 2001. Current and last term of office: until the 2003 AGM.

Lutgart van den Berghe
(1951 - Belgian nationality)
Principal present positions: Executive Director of the Vlerick Leuven Gent Management School and Professor at the University of Gent (Belgium). Appointed to the Supervisory Board of Nationale-Nederlanden in 1991. First appointment Supervisory Board ING Group: May 1994. Member of the Audit Committee. Current and last term of office: until the 2003 AGM.

Luella Gross Goldberg
(1937 - American nationality)
Principal former position: Member Board of Directors ReliaStar Financial Corp. First appointment Supervisory Board ING Group: April 2001. Member of the Corporate Governance Committee. Current term of office: until the 2005 AGM.

Paul van der Heijden
(1949 - Dutch nationality)
Principal present positions: Rector Magnificus and Professor of Labour Law and Industrial Relations, University of Amsterdam. First appointment Supervisory Board ING Group: May 1995, also on the recommendation of the Central Workers Council. Member of the Remuneration & Nomination Committee and the Corporate Governance Committee. Current term of office: until the 2003 AGM in which he will be proposed for reappointment.

Aad Jacobs
(1936 - Dutch nationality)
Principal former positions: Chairman Executive Board Nationale-Nederlanden and ING Group. First appointment Supervisory Board ING Group: June 1998, following his retirement from the chairmanship of the Executive Board of ING Group. Member of the Audit Committee, Chairman as of 15 April 2003. Current term of office: until the 2003 AGM in which he will be proposed for reappointment.

Godfried van der Lugt
(1940 - Dutch nationality)
Principal former positions: Chairman Executive Board ING Bank and ING Group. First appointment Supervisory Board ING Group: April 2001, one year after his retirement from the chairmanship of the Executive Board of ING Group. Current term of office: until the 2005 AGM.

Paul Baron de Meester
(1935 - Belgian nationality)
Principal present positions: Honorary chairman of Belgische Betonmaatschappij Besix-Betonimmo N.V. and Professor-Emeritus at the Catholic University Leuven. First appointment Supervisory Board ING Group: May 1998. Member of the Audit Committee. Current term of office: until the 2005 AGM.

Johan Stekelenburg
(1941 - Dutch nationality)
Principal present position: Mayor of the city of Tilburg. First appointment Supervisory Board ING Group: September 1997, also on the recommendation of the Central Workers Council. Current term of office: until the 2006 AGM.

Hans Tietmeyer
(1931 - German nationality)
Principal former position: Governor of the Deutsche Bundesbank. First appointment Supervisory Board ING Group: May 2000. Current and last term of office: until the 2003 AGM.

Jan Timmer
(1933 - Dutch nationality)
Principal former positions: President and Chairman Executive Board Philips Electronics. First appointment Supervisory Board ING Group: October 1996. Member of the Remuneration & Nomination Committee and the Corporate Governance Committee. Current term of office: until the 2003 AGM in which he will be proposed for reappointment.

Karel Vuursteen
(1941 - Dutch nationality)
Principal former position: Chairman Executive Board Heineken. First appointment Supervisory Board ING Group: April 2002. Current term of office: until the 2006 AGM.

New appointments

At the Annual General Meeting of Shareholders of 15 April 2003, the Supervisory Board will propose to appoint Claus Hoffmann (German nationality) and Wim Kok (Dutch nationality) as members of the Supervisory Board. The proposed appointment of Claus Hoffmann – former CFO of Robert Bosch GmbH – is based on his extensive expertise and experience as board member of a multinational corporation, especially in the field of corporate finance and controlling. The proposed appointment of Wim Kok – former Minister of Finance and Prime Minister of the Netherlands – is based on his extensive expertise and experience with regard to national, European and global economic, social and political issues.

INFORMATION ON MEMBERS OF THE EXECUTIVE BOARD

Ewald Kist, Chairman
(1944 - Dutch nationality)
Appointment Executive Board ING Group: July 1993. Vice-Chairman as of April 1999. Chairman as of May 2000. Joined ING (Nationale-Nederlanden) in 1969. Main responsibilities: Strategy, Communications, Audit Services.

Michel Tilmant, Vice-Chairman
(1952 - Belgian nationality)
Appointment Executive Board ING Group: May 1998. Vice-Chairman as of May 2000. Joined ING (after merger with BBL) in 1998. Main responsibilities: ING Europe/retail and wholesale markets, ING Direct, Operations/IT.

Fred Hubbell
(1951 - American nationality)
Appointment Executive Board ING Group: May 2000. Joined ING (after merger with Equitable of Iowa) in 1997. Main responsibilities: ING Americas and ING Asia/Pacific.

Hessel Lindenbergh
(1943 - Dutch nationality)
Appointment Executive Board ING Group: January 1995. Joined ING (NMB Bank) in 1983. Main responsibilities: Global Clients and Financial Institutions. Retirement: as per 1 July 2003.

Cees Maas, Chief Financial Officer
(1947 - Dutch nationality)
Appointment Executive Board ING Group: July 1992. Chief Financial Officer as of July 1996. Joined ING in 1992. Former position: Treasurer-General Ministry of Finance. Main responsibilities: Control & Finance, Tax, Legal & Compliance, Investor Relations, Risk Management.

Alexander Rinnooy Kan
(1949 – Dutch nationality)
Appointment Executive Board ING Group: September 1996. Joined ING in 1996. Former position: President VNO-NCW Federation. Main responsibilities: Asset Management, Information Technology, Human Resources & Management Development, Procurement, E-business.

REMUNERATION EXECUTIVE BOARD

General policy

ING's remuneration policy for the members of the Executive Board is consistent with that for other senior executives within the Group. Its objectives are to attract and retain high-quality people and motivate them towards excellent performance, in accordance with ING's strategic and financial goals. The remuneration of the Executive Board is determined by the Supervisory Board on the basis of a proposal of its Remuneration and Nomination Committee. The remuneration package consists of a base salary, a short-term performance-related cash bonus and a long-term incentive currently in the form of stock options. In order to maintain a competitive remuneration package, benchmarking against comparable companies is carried out regularly.

Currently, the Supervisory Board is reviewing the compensation structure and level for the Executive Board, because it believes that the current compensation package is no longer adequate and competitive. It has commissioned a report from an external consultant to advise on the future Executive Board reward strategy. Key recommendations in this report include that variable (performance-driven) rewards should be more strongly emphasized over fixed pay and benefits. Short-term incentives should be linked to a combination of targeted financial and non-financial drivers and not solely to growth in earnings per share, while long-term incentives should be linked to long-term drivers and sustained shareholder value creation. The long-term incentives should be realised through a combination of stock options and shares in ING Group. In the near future, the Supervisory Board expects to complete its review and to put a compensation philosophy in place that will guide Executive Board rewards from 2003 onwards and be applied, as appropriate, to the reward structure of other senior executives in the Group.

Base salary

So far, the base salaries were reviewed every two years against developments in the market. It was decided not to change the base salaries for 2002 compared with 2001. The base salaries of the non-Dutch Executive Board members are related to their respective home-country practices.

Short-term and long-term incentives

The variable remuneration of the Executive Board so far was linked to the growth in earnings per share (EPS) of ING Group as an objectively measurable criterion and to the collective and individual performance of the members of the Executive Board. The EPS part of the formula currently in place would result in zero variable payment over 2002.

The Supervisory Board used its discretionary power to set the variable component over 2002 as follows. No (short-term) cash bonus will be granted, but the Executive Board members will receive – as a long-term incentive – 35,000 stock options (same level as over 2001). In addition, the Supervisory Board adopted a conditional share award policy, pursuant to which the Executive Board members may be granted a number of conditional share awards in ING Group in 2003 out of a total pool of 50,000 ING shares made available for this purpose, by way of a long-term incentive remuneration in respect of 2002. The Supervisory Board has the intention to award on or about 16 May 2003, out of this pool a number of 7,000 Conditional Share Awards per member of the Executive Board. If granted, the Executive Board members must hold the conditional shares for a minimum period of two years from the grant date, and they will lapse in case the member concerned will leave the employ of the company (other than through a scheduled retirement) within this period. The terms of this arrangement and the grant date are subject to regulatory and compliance restrictions.

Pensions

The pensions of the Dutch members of the Excutive Board are based on defined benefit plans, which are insured through a contract with Nationale-Nederlanden Levensverzekering Maatschappij N.V. Members of the Excutive Board retire by the end of the month in which they reach the age of 60. By mutual agreement the retirement date can be extended to the end of the month in which they reach the age of 61 or 62. Their prospective pensions amount to a maximum of 60% of their base salaries. Just as for the other ING employees in the Netherlands, the pension rights of the members of the Excutive Board are free of premium. The non-Dutch members of the Excutive Board have a pension plan related to their home-country practices.

REMUNERATION OF THE EXECUTIVE BOARD

amounts in thousands of euros

	2002	2001
PERIODIC REMUNERATION		
Base salary	4,942	5,021
PROFIT SHARING AND BONUS		
Short-term performance-related bonus	0	697
REMUNERATION PAYABLE IN THE FUTURE		
Pension costs (premiums paid)	1,098	1,107
	6,040	6,825

number of options	2002	2001
PROFIT SHARING AND BONUS		
Long-term incentives	210,000	210,000

REMUNERATION OF THE INDIVIDUAL MEMBERS OF THE EXECUTIVE BOARD

amounts in thousands of euros

2002			LONG-TERM INCENTIVES (1)		
	BASE SALARY	SHORT-TERM PERFORMANCE RELATED BONUS	MARKET VALUE OPTIONS	NUMBER OF OPTIONS	PENSION COSTS
MEMBERS OF THE EXECUTIVE BOARD					
Ewald Kist	708	0	139	35,000	180
Michel Tilmant	1,090	0	139	35,000	262
Fred Hubbell	1,374	0	139	35,000	0
Hessel Lindenbergh	590	0	139	35,000	203
Cees Maas	590	0	139	35,000	224
Alexander Rinnooy Kan	590	0	139	35,000	229
	4,942	0	834	210,000	1,098

(1) As part of the long-term incentives the members of the Executive Board may also be granted a number of conditional share awards in ING Group in 2003 out of a total pool of 50,000 ING shares made available for this purpose.

2001			LONG-TERM INCENTIVES		
	BASE SALARY	SHORT-TERM PERFORMANCE RELATED BONUS	MARKET VALUE OPTIONS	NUMBER OF OPTIONS	PENSION COSTS
MEMBERS OF THE EXECUTIVE BOARD					
Ewald Kist	708	94	238	35,000	182
Michel Tilmant	1,090	177	237	35,000	264
Fred Hubbell	1,453	192	238	35,000	0
Hessel Lindenbergh	590	78	238	35,000	208
Cees Maas	590	78	238	35,000	225
Alexander Rinnooy Kan	590	78	238	35,000	228
	5,021	697	1,427	210,000	1,107

LOANS AND ADVANCES TO THE MEMBERS OF THE EXECUTIVE BOARD

amounts in thousands of euros

	AMOUNT OUTSTANDING 31 DECEMBER	AVERAGE INTEREST RATE	REPAYMENTS	AMOUNT OUTSTANDING 31 DECEMBER	AVERAGE INTEREST RATE	REPAYMENTS
			2002			2001
MEMBERS OF THE EXECUTIVE BOARD						
Ewald Kist	**862**	**5.6%**		862	5.6%	
Hessel Lindenbergh	**358**	**5.1%**		358	5.1%	
Cees Maas	**461**	**5.6%**	**17**	478	5.6%	16
Alexander Rinnooy Kan	**889**	**3.5%**		889	3.8%	
	2,570	**4.8%**	**17**	2,587	4.9%	16

No loans and advances have been granted to other members of the Executive Board.

INFORMATION ON THE OPTIONS OUTSTANDING AND THE MOVEMENTS DURING THE FINANCIAL YEAR OF OPTIONS GRANTED TO THE MEMBERS OF THE EXECUTIVE BOARD AS AT 31 DECEMBER 2002

	NUMBER OF OPTIONS				AMOUNTS IN EUROS		
	OUTSTANDING AS AT 31 DEC 2001	GRANTED IN 2002	EXERCISED IN 2002(1)	OUTSTANDING AS AT 31 DEC 2002	EXERCISE PRICE	SHARE PRICE AT EXERCISE DATE	EXPIRY DATE
Ewald Kist	100,000		**100,000**		17.72	28.60	1 May 2002
	50,000			**50,000**	31.85		26 May 2003
	50,000			**50,000**	25.87		28 May 2004
	50,000			**50,000**	28.68		3 Apr 2005
	50,000			**50,000**	35.26		15 Mar 2006
		35,000		**35,000**	29.39		11 Mar 2012
Michel Tilmant	50,000			**50,000**	26.10		28 May 2004
	20,000			**20,000**	28.30		3 Apr 2005
	30,000			**30,000**	28.68		3 Apr 2005
	30,000			**30,000**	35.26		15 Mar 2006
	20,000			**20,000**	35.80		15 Mar 2006
		21,000		**21,000**	29.39		11 Mar 2012
		14,000		**14,000**	29.50		11 Mar 2012
Fred Hubbell	50,800			**50,800**	31.85		26 May 2003
	40,000			**40,000**	25.87		28 May 2004
	50,000			**50,000**	28.68		3 Apr 2005
	50,000			**50,000**	35.26		15 Mar 2006
		35,000		**35,000**	29.39		11 Mar 2012
Hessel Lindenbergh	100,000		**100,000**		17.72	28.60	1 May 2002
	50,000			**50,000**	31.85		26 May 2003
	50,000			**50,000**	25.87		28 May 2004
	50,000			**50,000**	28.68		3 Apr 2005
	50,000			**50,000**	35.26		15 Mar 2006
		35,000		**35,000**	29.39		11 Mar 2012
Cees Maas	100,000		**100,000**		17.72	28.60	1 May 2002
	50,000			**50,000**	31.85		26 May 2003
	50,000			**50,000**	25.87		28 May 2004
	50,000			**50,000**	28.68		3 Apr 2005
	50,000			**50,000**	35.26		15 Mar 2006
		35,000		**35,000**	29.39		11 Mar 2012
Alexander	34,000		**34,000**		17.72	28.60	1 May 2002
Rinnooy Kan	50,000			**50,000**	31.85		26 May 2003
	50,000			**50,000**	25.87		28 May 2004
	50,000			**50,000**	28.68		3 Apr 2005
	50,000			**50,000**	35.26		15 Mar 2006
		35,000		**35,000**	29.39		11 Mar 2012

(1) Exercised at expiry date

In 2003, to each member of the Executive Board 35,000 options with a term of ten years and vesting after three years were granted relating to the financial year 2002 (2001: 35,000). The exercise price of these options is EUR 12.65, being the Euronext Amsterdam Stock Market opening price of the ING Group share on 3 March 2003.

ING Group shares held by members of the Executive Board

As at 31 December 2002, Fred Hubbell (including direct family) held 1,050,000 ING Group shares (2001: 1,053,000) of which 405,000 (2001: 405,000) are held in a trust. Other members of the Executive Board (including direct family) did not hold ING Group shares.

REMUNERATION SUPERVISORY BOARD

In 2002, the remuneration of the members and former members of the Supervisory Board amounted to EUR 0.6 million (2001: EUR 0.6 million). The remuneration of the chairman and vice-chairman amounted to EUR 68,100; other members received a remuneration of EUR 38,600. Members of a Supervisory Board Committee not being chairman or vice-chairman of the Supervisory Board, received a remuneration of EUR 1,800 for that membership.

REMUNERATION OF THE MEMBERS AND FORMER MEMBERS OF THE SUPERVISORY BOARD
in thousands of euros

	2002	2001
MEMBERS OF THE SUPERVISORY BOARD		
Cor Herkströter	**68**	68
Mijndert Ververs	**68**	68
Lutgart van den Berghe	**41**	40
Luella Gross Goldberg (1)	**39**	29
Paul van der Heijden	**40**	40
Aad Jacobs	**41**	40
Godfried van der Lugt (1)	**39**	29
Paul Baron de Meester (2)	**48**	48
Johan Stekelenburg	**39**	39
Hans Tietmeyer	**39**	39
Jan Timmer	**40**	40
Karel Vuursteen (3)	**29**	
	531	480
FORMER MEMBERS OF THE SUPERVISORY BOARD		
Jan Berghuis	**55**	40
Jan Kamminga	**51**	39
	637	559

(1) Member as of 18 April 2001.
(2) Including a compensation to match his former remuneration as a member of the BBL Supervisory Board.
(3) Member as of 17 April 2002.

As at 31 December 2002, the amount of loans and advances outstanding to the Supervisory Board was EUR 1.6 million at an average rate of 4.7%. This amount concerns a loan to Aad Jacobs. No loans and advances were outstanding to other members of the Supervisory Board. In 2001, the total amount of outstanding loans and advances to members and former members of the Supervisory Board was EUR 4.6 million at an average interest rate of 5.4%.

As at 31 December 2002 two members of the Supervisory Board held option rights that were granted in earlier years when they were members of the Executive Board, specified in the table below.

INFORMATION ON THE OPTIONS OUTSTANDING AND THE MOVEMENTS DURING THE FINANCIAL YEAR OF OPTION RIGHTS HELD BY MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2002

	NUMBER OF OPTIONS			AMOUNTS IN EUROS		
	OUTSTANDING AS AT 31 DEC 2001	EXERCISED IN 2002(1)	OUTSTANDING AS AT 31 DEC 2002	EXERCISE PRICE	SHARE PRICE AT EXERCISE DATE	EXPIRY DATE
Aad Jacobs	118,000	**118,000**		17.72	28.60	1 May 2002
	50,000		**50,000**	31.85		26 May 2003
	20,840		**20,840**	25.87		28 May 2004
Godfried van der Lugt	108,000	**108,000**		17.72	28.60	1 May 2002
	50,000		**50,000**	31.85		26 May 2003
	50,000		**50,000**	25.87		28 May 2004
	50,000		**50,000**	28.68		3 April 2005

(1) Exercised at expiry date.

ING GROUP SHARES HELD BY MEMBERS OF THE SUPERVISORY BOARD

MEMBERS OF THE SUPERVISORY BOARD (1)	2002	2001
Cor Herkströter	**1,616**	1,616
Lutgart van den Berghe	**886**	886
Luella Gross Goldberg	**6,000**	6,000
Paul van der Heijden	**1,716**	0
Aad Jacobs	**0**	1,890
Paul Baron de Meester	**4,970**	4,970
Karel Vuursteen	**1,510**	0
	16,698	15,362

(1) ING Group shares of direct family included; members of the Supervisory Board (including direct family) not mentioned in this table did not hold ING Group shares.

STOCK OPTION PLAN

ING Group has granted option rights on ING Group shares to a number of senior executives (members of the Executive Board and the Executive Committees, general managers and other officers nominated by the Executive Board), to all ING Group staff in the Netherlands and to a considerable number of employees outside the Netherlands. The purpose of the option scheme, apart from promoting a lasting growth of ING Group, is to attract, retain and motivate senior executives and staff.

ING Group purchases direct or indirect its own shares at the time options are granted in order to fulfil the obligations with regard to the existing stock option plan and to hedge the position risk of the options concerned. The purpose of this policy is to avoid an increase in the number of shares, causing a dilution of the net profit per share. As at 31 December 2002, 28,437,105 own shares were held in connection to the option plan (2001: 69,088,290). As a result the granted option rights were hedged, taking into account the following parameters: strike price, opening price, zero coupon interest rate, dividend yield, expected volatility and employee behaviour.

The option rights are valid for a period of five or ten years. Option rights that are not exercised within this period lapse.

Each year, the ING Group Executive Board will take a decision as to whether the option scheme is to be continued and, if so, to what extent. Option rights granted will remain valid until expiry date, even if the option scheme is discontinued. The option rights are subject to certain conditions, including a certain continuous period of service. The exercise prices of the options are the same as the quoted prices of ING Group shares at the date on which the options are granted.

NUMBER OF OPTIONS OUTSTANDING AND EXERCISABLE, ANALYSED IN ACCORDANCE WITH YEAR OF ISSUE AND EXERCISE PRICE

	ORIGINAL NUMBER OF OPTIONS	OPTIONS OUTSTANDING AS AT 1 JANUARY 2002	OPTIONS OUTSTANDING AS AT 31 DECEMBER 2002	EXERCISE PRICE IN EUROS
1997	3,328,700	365,710		17.33
	860,000	610,000		17.72
	11,821,324	1,755,664		19.31
	26,000	3,000		20.08
	7,330	7,330		20.65
	487,200	79,200		20.69
	168,800	37,000		20.90
1998	101,400	68,800	**65,900**	18.15
	57,000	30,000		19.67
	51,200	39,200	**29,200**	25.41
	5,409,500	1,910,628	**1,880,428**	26.82
	481,000	242,400	**240,300**	30.29
	14,740,830	8,860,012	**8,720,700**	31.85
1999	4,962,540	3,255,238	**3,028,714**	25.25
	48,000	44,000	**44,000**	25.50
	576,626	504,146	**252,244**	25.67
	8,733,946	8,025,656	**7,560,556**	25.87
	1,412,200	1,373,200	**1,335,700**	26.10
	201,500	176,200	**169,800**	26.62
	1,408,438	1,009,646	**832,200**	26.92
2000	1,528,300	1,506,300	**1,506,300**	28.30
	17,853,130	15,669,488	**15,250,068**	28.68
	210,800	195,404	**194,104**	30.16
	1,872,376	1,766,912	**1,698,178**	35.26
	477,900	452,900	**445,300**	37.55
	865,580	768,320	**712,100**	37.74
2001	4,000	4,000	**4,000**	28.50
	341,103	341,103	**341,103**	28.60
	621,312	621,312	**600,362**	33.26
	900	900	**900**	33.33
	19,631,082	19,217,882	**18,253,388**	35.26
	1,555,720	1,553,720	**1,553,720**	35.80
	561,844	550,644	**522,544**	36.95
2002	**62,150**		62,150	**19.25**
	125,479		125,479	**23.12**
	187,090		185,090	**28.55**
	88,750		88,750	**28.60**
	19,515,286		19,212,256	**29.39**
	1,057,650		1,056,050	**29.50**
	121,443,986	**71,045,915**	**85,971,584**	

MOVEMENTS IN THE OPTION RIGHTS

	OPTIONS OUTSTANDING 2002	2001	2000	WEIGHTED AVERAGE EXERCISE PRICE 2002	2001	2000
EXECUTIVE BOARD						
Opening balance	**1,474,800**	1,399,680	1,431,342	**27.54**	23.34	19.55
Granted	**210,000**	300,000	300,000	**29.40**	35.30	28.66
Exercised	**334,000**	224,880	121,776	**17.72**	11.75	5.62
Transferred to Employees (1)			209,886			
Closing balance	**1,350,800**	1,474,800	1,399,680	**30.26**	27.54	23.34
EMPLOYEES						
Opening balance	**69,571,115**	54,944,160	44,739,610	**30.45**	28.02	26.11
Granted	**20,826,405**	22,415,961	22,508,086	**29.32**	35.18	29.76
Exercised	**3,028,910**	3,687,126	9,461,758	**20.44**	25.30	23.20
Expired	**2,747,826**	4,101,880	3,051,664	**30.51**	28.38	26.53
Transferred from the Executive Board (1)			209,886			
Closing balance	**84,620,784**	69,571,115	54,944,160	**30.53**	30.45	28.02

(1) The options of former members of the Executive Board are included in the movements in option rights of employees.

The weighted average fair value of options granted in 2002 was EUR 6.78 (2001: EUR 8.71; 2000: EUR 8.67).

SUMMARY OF STOCK OPTIONS OUTSTANDING AND EXERCISABLE AS AT 31 DECEMBER 2002

RANGE OF EXERCISE PRICE IN EUROS	OPTIONS OUTSTANDING AS AT 31 DECEMBER 2002	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED AVERAGE EXERCISE PRICE	OPTIONS EXERCISABLE AS AT 31 DECEMBER 2002	WEIGHTED AVERAGE EXERCISE PRICE
15.00 – 20.00	**128,050**	**5.19**	**18.68**	**65,900**	**18.15**
20.00 – 25.00	**125,479**	**9.65**	**23.12**	**1,000**	**23.12**
25.00 – 30.00	**52,776,459**	**5.88**	**28.16**	**15,793,331**	**26.28**
30.00 – 35.00	**9,756,366**	**0.79**	**31.86**	**9,062,680**	**31.82**
35.00 – 40.00	**23,185,230**	**5.80**	**35.45**	**3,469,413**	**35.57**

OPTIONS IN-THE-MONEY AND OPTIONS OUT-OF-THE-MONEY

	2002	2001	2000
In-the-money		21,146,021	56,343,840
Out-of-the-money	**85,971,584**	49,899,894	

PRO FORMA RESULT IF STOCK OPTIONS WERE RECOGNISED IN THE PROFIT AND LOSS ACCOUNT (1)

	AS REPORTED 2002	PRO FORMA 2002	AS REPORTED 2001	PRO FORMA 2001	AS REPORTED 2000	PRO FORMA 2000
Net profit (in millions of euros)	**4,500**	**4,386**	4,577	4,427	11,984	11,834
Basic profit per share (in euros)	**2.32**	**2.27**	2.37	2.30	6.27	6.21
Diluted profit per share (in euros)	**2.32**	**2.27**	2.35	2.29	6.18	6.12

(1) The amounts in the pro forma columns reflect the figures if the fair value of the stock options at the time they were granted were recognised in the profit and loss account.

The options granted do not cause costs for ING Group except administrative costs for the stock option plan and funding costs resulting from the purchase of own shares. Due to timing differences in granting option rights and buying shares to hedge them, results can occur if shares are purchased at a different price than the exercise price of the options. These results are recognised in Shareholders' equity. However, ING Group does not intentionally create a position and occurring positions are closed as soon as possible. If option rights expire, the results on the (sale of) shares which were bought to hedge these option rights are either debited or credited to Shareholders' equity.

The fair values have been determined by using an option-pricing model. This model takes the risk free interest rate into account, as well as the expected life of the options granted, the expected volatility of the certificates of ING Group shares and the expected dividends.

REPORTS OF THE 'STICHTINGEN'

STICHTING ADMINISTRATIEKANTOOR ING GROEP

Report to holders of depositary receipts

In compliance with the provisions of Article 16 of the Conditions for the Administration of Registered Shares of ING Groep N.V. dated 24 January 1991 and most recently amended on 29 June 2001, we hereby report the following to the holders of depositary receipts.

During the 2002 financial year, the Stichting carried out duties in relation to the administration of ordinary and preference shares against which bearer depositary receipts have been issued. On 9 April 2002, the Board met to discuss the 2001 annual report and the agenda for the Annual General Meeting of Shareholders on 17 April 2002.

During its meeting on 3 December 2002, the Board decided to amend the Articles of Association and the Conditions for the Administration of Registered Shares of ING Groep N.V. The Stichting will be renamed Stichting ING Aandelen ('Trust Office ING Shares'). The objectives of the Stichting will also change: it must promote the interests of shareholders and depositary receipt holders, ING Board members are no longer allowed to become members of the Board of the Stichting and the Board of the Stichting will grant proxy to depositary receipt holders to vote during a Shareholders' meeting without any further restrictions and at all times. Accordingly, each depositary-receipt holder who registered to attend a General Meeting of Shareholders and is actually present – either in person or by proxy – at this meeting, will be granted a proxy to vote. A depositary-receipt holder who does not attend the General Meeting of Shareholders is entitled to give binding voting instructions to the Stichting. These changes are subject to an amendment to the Articles of Association of ING Group by the 2003 Annual General Meeting of Shareholders.

During its meeting on 3 December 2002, the Board of the Stichting was further informed about the general course of business up to 30 September 2002.

As at 31 December 2002, ordinary shares totalling EUR 478,242,585.60 nominal value, against which 1,992,677,440 depositary receipts in denominations of EUR 0.24 nominal value had been issued, and A preference shares totalling EUR 104,496,540.- nominal value, against which 87,080,450 depositary receipts in denominations of EUR 1.20 nominal value had been issued, had been taken into administration. The composition of the Board is currently as follows: John Simons (Chairman), Huib Blaisse, Ton Regtuijt, Ton Risseeuw, Jan Veraart, Cor Herkströter and Mijndert Ververs. The latter two members will resign once the amendment to the Articles of Association of the Stichting ING Aandelen takes effect, which is expected to take place after the Annual General Meeting of 15 April 2003.

The administrator of the Stichting (Administratiekantoor van het Algemeen Administratie- en Trustkantoor B.V., Amsterdam) performs the activities involved in the day-to-day administration of the shares.

AMSTERDAM, 10 MARCH 2003
BOARD OF STICHTING
ADMINISTRATIEKANTOOR ING GROEP

Statement of independence

The Board of Stichting Administratiekantoor ING Groep and the Executive Board of ING Groep N.V. hereby declare that in their joint opinion the requirements concerning the independence of the members of the Board of Stichting Administratiekantoor ING Groep contained in Annex X of the Rules Relating to Securities of Euronext Amsterdam N.V., Amsterdam, have been complied with.

AMSTERDAM, 10 MARCH 2003

BOARD OF STICHTING ADMINISTRATIEKANTOOR ING GROEP

EXECUTIVE BOARD OF ING GROEP N.V.

STICHTING CUMULATIEF PREFERENTE AANDELEN ING GROEP

The Stichting Cumulatief Preferente Aandelen ING Groep, established in Amsterdam, was founded on 22 January 1991.

A call-option agreement has been concluded between the Stichting and ING Groep N.V. This agreement gives the Stichting the right to acquire cumulative preference shares in the capital of ING Groep N.V. up to a maximum of 900 million cumulative preference shares. Whenever the Stichting acquires cumulative preference shares, it may acquire any number of cumulative preference shares in such a way that immediately after these cumulative preference shares have been issued, no more than one third of the total issued share capital of ING Groep N.V. consists of cumulative preference shares. If and whenever new shares – other than cumulative preference shares – are issued subsequently, the Stichting may again exercise its right, subject to the provisions of the preceding sentence. On acquisition of cumulative preference shares, 25% of the nominal value is to be paid up.

During its meeting on 3 December 2002, the Board of the Stichting decided to amend its Articles of Association. The main changes are that the Stichting is renamed Stichting Continuïteit ING ('Trust Office ING Continuity') and that no ING Board members can be a member of the Board of the Stichting.

On 1 April 2002, Henk Goris stepped down from the Board having reached the statutory age limit. The composition of the Board is currently as follows: Ad Timmermans (Chairman), Bas Kortmann, Allard Metzelaar, Wim van Vonno, Lutgart van den Berghe, Paul van der Heijden and Ewald Kist (non-voting member). The latter three members will resign once the amendment to the Articles of Association of the Stichting ING Aandelen takes effect, which is expected to take place after the Annual General Meeting of 15 April 2003.

Statement of independence

The Board of Stichting Cumulatief Preferente Aandelen ING Groep and the Executive Board of ING Groep N.V. hereby declare that in their joint opinion the requirements concerning the independence of the members of the Board of Stichting Cumulatief Preferente Aandelen ING Groep contained in Annex X of the Rules Relating to Securities of Euronext Amsterdam N.V., Amsterdam, have been complied with.

AMSTERDAM, 10 MARCH 2003

BOARD OF STICHTING CUMULATIEF PREFERENTE AANDELEN ING GROEP

EXECUTIVE BOARD OF ING GROEP N.V.

WORKERS COUNCILS AND ADVISORY COUNCIL

CENTRAL WORKERS COUNCIL

AS AT 1 JANUARY 2003

Hans Zuidema, *Chairman*
Mirjam Busse, *Secretary*
Jan van Hest, *Deputy Chairman*
Hans Bakkenist, *Deputy Secretary*
Albert Akker, Ronald Boekkamp,
Rinus Brakenhoff, Ronald Brands,
Foppe van Dijk, Geert van Drimmelen,
Fred Halberstadt, Martin Hermanns,
Hans Janssen, Rinus Koster, Bert Langendam,
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EUROPEAN WORKERS COUNCIL

AS AT 1 JANUARY 2003

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Mathieu Blondeel, Deputy Secretary, *Belgium*
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Olivier Vandueren,
Jean-Claude Van den Abeele, *Belgium*
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José Sanz Gomez, *Spain*
Marie Phillips, Charles Robertson,
United Kingdom

ING GROUP ADVISORY COUNCIL

AS AT 1 JANUARY 2003

The ING Group Advisory Council advises the Executive Board regarding strategic, social and policy issues or developments that are relevant to ING.

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Chairman Executive Board Schiphol Group, the Netherlands
Hans de Boer, *Chairman MKB-Nederland (Netherlands Federation of Small and Medium-sized Enterprises)*
Yuan Chen, *President State Development Bank, China*
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Marc Eyskens, *former Prime Minister of Belgium*
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Ben Verwaayen, *CEO BT Group, United Kingdom*
Eckart Wintzen, *Managing Director Ex'tent, the Netherlands*

DISCLAIMER

Certain of the statements contained in this Annual Report are statements of future expectations and other forward-looking statements. These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, (i) general economic conditions, in particular economic conditions in ING's core markets, (ii) performance of financial markets, including emerging markets, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, and (x) changes in the policies of governments and/or regulatory authorities. ING assumes no obligation to update any forward-looking information contained in this document.

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no. 33231073

PRODUCTS & SERVICES

RETAIL CLIENTS

Insurance

ING's life insurance and pension products range from guaranteed-benefit to investment-linked products. In several core markets, ING also provides insurance cover for risks such as fire and property, motor, health, accident and disability.

Savings

ING offers a full range of savings instruments from basic savings deposits to ING Direct's high return, no-fees internet savings accounts and sophisticated products that combine savings and investments.

Investing – mutual funds, securities brokerage

ING offers a wide array of investment products, such as country and sector mutual funds, both ING funds and third-party funds, and various forms of securities brokerage.

Personal loans and mortgages

From a credit limit on a current account to a mortgage loan tied to a securities portfolio, ING can provide the ideal financial solution for most situations in all countries where it offers full retail banking services.

Private banking

Private banking products and services offered include investment management, portfolio management, pension planning, lending, estate planning and trust services.

WHOLESALE CLIENTS

Corporate and investment banking

ING offers corporate clients all types of credit: from a current account overdraft facility to a bridge loan for a take-over deal. Specialisations are trade and commodity finance and structured finance. In addition, ING supports its corporate clients with a range of investment-banking products, mainly focusing on M&A advisory.

Payments – cash management

Optimisation of cash flows can liberate money tied up in numerous local bank accounts for more productive use. ING's know-how and experience translate into effective solutions.

Pensions – employee benefits

More and more companies offer their employees benefits such as pensions, healthcare insurance, sick pay and disability benefits. ING has developed a unique and flexible approach to provide tailor-made employee benefits services. ING combines these services with administrative support, financial-education programmes and advisory services.

Financial markets

Corporate and institutional clients can rely on ING for sales, trading and distribution of equity and debt-market products, including research, treasury, foreign exchange, money markets and derivatives. ING also offers integrated brokerage, cash and derivatives clearing, settlement and securities lending. European custody and administration of securities portfolios are provided in partnership with Bank of New York.

INSTITUTIONAL CLIENTS

Institutional investment management

Institutional investors can tap into ING's global experience in asset management, in the form of discretionary portfolio management or by participating in pooled funds and mutual funds.

Fund administration services

Enabling investors to outsource non-core functions, ING provides a comprehensive range of fund administration, custody, trust, banking and accounting services.

Real estate

Developing, financing, managing and investing in real estate require specialised skills. As the second largest real-estate investor in the world, ING has demonstrated its command of these skills. To institutional investors, ING offers a family of real-estate funds focusing on retail property, offices and residential property.

Private equity and alternative assets

ING has several specialised units that offer opportunities to make direct or indirect investments in unlisted securities. Hedge funds and products such as collateralised debt obligations can produce attractive returns.

www.ing.com

ING PUBLICATIONS

- Summary Annual Report, in Dutch, English, French and German;
- Annual Report, in Dutch and English;
- Annual Report ING in Society, in Dutch and English (available in June 2003);
- Annual Accounts, in Dutch and English;
- Annual Report on Form 20-F, in English (in accordance with SEC guidelines).

These publications are available on www.ing.com.

The publications can be ordered on the internet: www.ing.com, by fax: +31 411 652125 or by mail: P.O. Box 258, 5280 AG Boxtel, the Netherlands.