OFFERING MEMORANDUM CONFIDENTIAL

$1,000,000,000

ING BANK

ING BANK N.V.

5.125% Subordinated Notes Due 2015

The 5.125% Subordinated Notes Due 2015 will bear interest at a rate of 5.125% per annum from and including April 17, 2003, to but excluding May 1, 2015, payable semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2003. Payment of principal of the subordinated notes may be accelerated only if we are wound up and subject to the prior consent of the Dutch Central Bank. There is no right of acceleration if we default in the payment of interest or principal. Subject to the prior consent of the Dutch Central Bank, we may redeem the subordinated notes, in whole, but not in part, in the event of tax law changes requiring the payment of additional amounts.

The subordinated notes will not be deposits but direct, unsecured and subordinated obligations of ING Bank N.V. and will rank *pari passu* among themselves and at least *pari passu* with all our other present and future unsecured and subordinated obligations, save for those that have been accorded by law preferential rights.

Investing in the subordinated notes involves risks that are described in the "Risk Factors" section beginning on page 7 of this offering memorandum.

Offering Price to Investors[(1)]: 99.271%

(1) Plus accrued interest, if any.

THE SUBORDINATED NOTES ARE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD EXCEPT IN A TRANSACTION THAT IS EXEMPT FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. ACCORDINGLY, THE SUBORDINATED NOTES OFFERED HEREBY ARE BEING OFFERED AND SOLD (i) IN THE UNITED STATES IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A AND (ii) OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT ("REGULATION S"). FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THE SUBORDINATED NOTES, SEE "TRANSFER RESTRICTIONS."

Subordinated notes sold pursuant to Rule 144A will be offered and sold in minimum denominations of U.S.$100,000 or any amount in excess thereof which is a multiple of U.S.$1,000. Subordinated notes sold pursuant to Regulation S will be offered and sold in minimum denominations of U.S.$1,000 or any amount in excess thereof which is a multiple of U.S.$1,000.

The initial purchasers will deliver the subordinated notes in book-entry form only through the facilities of The Depository Trust Company ("DTC") on or about April 17, 2003. Beneficial interests in the subordinated notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants, including Clearstream Banking, société anonyme, Luxembourg and Euroclear Bank S.A./N.V.

ING Financial Markets **JPMorgan** **Merrill Lynch & Co.**

The date of this offering memorandum is April 11, 2003.

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CERTAIN U.S. MATTERS

The subordinated notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), any state securities commission or any U.S. regulatory authority and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons except to certain qualified institutional buyers in reliance on Rule 144A under the Securities Act ("Rule 144A"). The subordinated notes are not transferable except in accordance with the restrictions described herein. See "Transfer Restrictions".

Prospective purchasers are hereby notified that sellers of the subordinated notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. By purchasing subordinated notes, each purchaser will be deemed to have made the acknowledgements, representations, warranties and agreements described under the heading "Transfer Restrictions" in this offering memorandum.

The distribution of this offering memorandum and the offer of the subordinated notes in certain jurisdictions may be restricted by law. Persons into whose possession this offering memorandum comes are required by us and the initial purchasers and their respective directors, officers and affiliates to inform themselves about and to observe any such restrictions. Neither we, the initial purchasers nor any of their respective directors, officers or affiliates has any responsibility therefor.

No person has been authorized to give any information or to make any representations other than those contained in this offering memorandum, and, if given or made, such information or representations must not be relied upon as having been authorized. Effective from the date of commencement of discussions concerning the offering, you and each of your employees, representatives, or other agents may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and structure (as such terms are used in Sections 6011, 6111 and 6112 of the U.S. Internal Revenue Code and the U.S. Treasury Regulations promulgated thereunder) of the offering and all materials of any kind, including opinions or other tax analyses, that we have provided to you relating to such U.S. federal income tax treatment and structure. This offering memorandum does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this offering memorandum nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

NOTICE TO NEW HAMPSHIRE RESIDENTS

Neither the fact that a registration statement or an application for a license has been filed under Chapter 421-B of the New Hampshire revised statutes with the state of New Hampshire nor the fact that a security is effectively registered or a person is licensed in the state of New Hampshire constitutes a finding by the Secretary of State of New Hampshire that any document filed under RSA 421-B is true, complete and not misleading. Neither any such fact nor the fact that an exemption or exception is available for a security or a transaction means that the Secretary of State has passed in any way upon the merits or qualifications of, or recommended or given approval to, any person, security or transaction. It is unlawful to make, or cause to be made, to any prospective purchaser, customer or client any representation inconsistent with the provisions of this paragraph.

AVAILABLE INFORMATION

We have agreed that, for so long as any of the subordinated notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15 of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from the reporting requirements of the Exchange Act pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required by Rule 144(d)(4) under the Securities Act.

SERVICE OF PROCESS AND ENFORCEABILITY OF CERTAIN FOREIGN JUDGMENTS

We are incorporated in The Netherlands and most of our assets are located outside the United States. In addition, most of our directors and officers and certain experts named in this offering memorandum are non-residents of the United States and most of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such persons with respect to matters arising under the federal securities laws of the United States, or to enforce against them judgments of courts of the United States whether or not predicated upon the civil liability provisions of the federal securities or other laws of the United States or any state thereof. The United States and The Netherlands do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, you would not be able to enforce in The Netherlands a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, even if the judgment is not based only on the U.S. federal securities laws, unless and to the extent a competent court in The Netherlands gives binding effect to the judgment. Service of process in the State of New York, United States, can be made to the General Counsel of ING Bank's representative office.

NOTICE TO INVESTORS

We herewith notify you that the subordinated notes have been and will be offered only to persons (including legal entities) established, resident or domiciled outside The Netherlands as provided in article 3 of the Exemption Regulation pursuant to the Securities Transactions Supervision Act 1995 *(Vrijstellingsregeling Wet toezicht effectenverkeer 1995)*. In connection therewith, we hereby declare that the relevant rules in any country where subordinated notes are or will be offered are and will be complied with.

SUMMARY

You should read this summary together with the more detailed information about us and the subordinated notes being sold in this offering and our historical consolidated financial statements and notes to the historical consolidated financial statements appearing elsewhere in this offering memorandum. You should also read the entire offering memorandum carefully, especially where the risks of investing in our subordinated notes are discussed under "Risk Factors".

In this offering memorandum, "we", "us", "our", "ING Bank" and similar terms refer to ING Bank N.V. and any or all of its subsidiaries as the context requires.

General

We, ING Bank N.V., are an international banking group of Dutch origin. With total assets of approximately EUR 477 billion as of December 31, 2002 and with an average number of full-time employees of over 61,000 world-wide in 2002, we rank among the major banks of Europe.

We form the main part of the banking activities of ING Groep N.V., also called ING Group. ING Group is the holding company of a broad spectrum of companies (together called ING), which offer banking, insurance and asset management products to over 60 million private, corporate and institutional clients in 60 countries. ING Group's banking activities are conducted through ING Bank and its subsidiaries. ING Group is a listed company and holds all shares of ING Bank N.V. ING Group is listed on the stock exchanges of Amsterdam, Brussels, Frankfurt, New York (NYSE), Paris and the Swiss Stock Exchange.

We are represented in most countries where ING Group has operations through a large network of subsidiaries, offices and agencies. We offer our commercial and retail customers a full range of banking and financial services, including lending, stockbroking, insurance broking, fund management, leasing, factoring, investment banking and the provision of funds for venture capital purposes.

We are active in various market segments through several business units and market our products and services under a variety of well-recognized and strong brand names, including ING Bank and Postbank in The Netherlands, Bank Brussels Lambert in Belgium, ING BHF-Bank in Germany, ING Bank Slaski in Poland and ING Direct worldwide.

Our home markets are the Benelux countries, where we are the market leader in integrated financial services, and Poland. We also have market positions in the rest of Europe and smaller market positions in wholesale banking in North America, South America, Asia and Australia. In The Netherlands, we are currently the second biggest bank with a 25% market share based on total assets and a 26% market share based on total deposits. We are also the fourth largest bank in Belgium.

Recent Developments

On February 5, 2003, ING Group announced that ING Bank's 70% owned subsidiary Allgemeine Deutsche Direktbank ("DiBa"), the largest direct bank in Germany, signed a share purchase and transfer agreement with Fineco/Capitalia of Italy to acquire Entrium, Germany's second largest direct bank with 965,000 clients and total assets of EUR 1.7 billion. The total value of the transaction is EUR 300 million. The transaction is expected to close in mid-2003, subject to customary closing conditions.

Strategy

As the banking arm of ING Group, ING Bank is a key factor in all elements of ING Group's overall strategy. ING Group aims to be a leading, global, client-focused, innovative and low-cost provider of financial services through the preferred distribution channels of its clients in markets where ING Group can create value. ING Bank's strategy is to provide financial services and products to its customers in accordance with the strategy it shares with ING Group. This strategy is:

- to strengthen our capital base and improve other key ratios to maintain a solid financial foundation;
- to optimize our existing portfolio of businesses;
- to create value for our clients with a multi-product/multi-channel approach;
- to develop our special skills; and
- to further lower our cost base.

The Offering

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this offering memorandum. For a more complete description of the subordinated notes, see "Description of the Subordinated Notes" and the documents described therein.

Issuer	ING Bank N.V.
Fiscal Agent	JPMorgan Chase Bank
Notes Offered	US$1,000,000,000 aggregate principal amount of 5.125% Subordinated Notes Due 2015. The subordinated notes will be issued under a fiscal agency agreement between us and JPMorgan Chase Bank, as fiscal agent, and will constitute a series of our subordinated debt securities as described in this offering memorandum.
Maturity	The subordinated notes will mature on May 1, 2015.
Interest	The subordinated notes will bear interest at a fixed rate of 5.125% per annum.
Interest Payment Dates	Interest payments on the subordinated notes will be payable semi-annually in arrears in equal payments on May 1 and November 1 of each year, commencing November 1, 2003.
Regular Record Dates	The regular record dates for each interest payment date will be April 15 and October 15 of each year.
Further Issues	We are at liberty from time to time without the consent of the noteholders to create and issue further notes having terms and conditions the same as or similar to the subordinated notes such that the same shall be consolidated and form a single series with the outstanding subordinated notes. See "Description of the Subordinated Notes — Further Issues."
Redemption	The subordinated notes may not be redeemed prior to maturity, unless there should occur certain changes in the treatment of the subordinated notes for taxation purposes (e.g., payments becoming subject to withholding tax). In such case, we may redeem the subordinated notes in whole, but not in part, on the next interest payment date, at their aggregate principal amount, together with any interest accrued to the date of such redemption. Subordinated notes so redeemed will forthwith be canceled and accordingly may not be reissued or resold. Notwithstanding the foregoing, the subordinated notes may only be redeemed upon receipt by us of the written approval of the Dutch Central Bank to redeem the subordinated notes. See "Description of the Subordinated Notes — Redemption and Purchase — Redemption for Tax Reasons."
Additional Amounts	We will make all payments in respect of the subordinated notes without withholding or deduction for or on account of taxes levied in The Netherlands, subject to certain exceptions as provided in this offering memorandum. In the event that any such deduction is made, we will, save in certain limited circumstances, be required to pay additional amounts to cover

	the amounts so deducted. See "Description of the Subordinated Notes — Additional Amounts."
Subordination	The subordinated notes constitute our direct, unsecured and subordinated obligations. The subordinated notes rank *pari passu* among themselves and will rank at least *pari passu* with all our other present and future unsecured and subordinated obligations, save for those that have been accorded by law preferential rights. In the event that an order is made, or an effective resolution is passed, for our winding up or liquidation or if we are declared bankrupt or a moratorium (*surséance van betaling* resulting from the application of emergency measures as referred to in Chapter X of the Dutch Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*)) (a "moratorium") is declared with respect to us, then and in any such event the claims of the persons entitled to be paid amounts due in respect of the subordinated notes shall be subordinated to all other claims in respect of any of our other indebtedness except for other subordinated indebtedness (as defined below), provided that, in any such event, no amount shall be eligible for setting-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of the subordinated notes in respect of our obligations thereunder until all our other indebtedness admissible in any such dissolution, bankruptcy or moratorium (other than subordinated indebtedness) has been paid or discharged in full. "subordinated indebtedness" means any of our indebtedness, including any guarantee by us, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of us to be, subordinated to the rights of all of our unsubordinated creditors in the event of our dissolution or if we are declared bankrupt or if a moratorium is declared with respect to us. See "Description of the Subordinated Notes — Status and Subordination."
Remedies in the Event of Default	If we default on the payment of interest or principal (including additional amounts thereon) in respect of the subordinated notes and such default continues for more than 14 days, any noteholder may take such proceedings against us as it may think fit to enforce such payment; provided, however, that we will not, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by us. In the event that an order is made, or an effective resolution is passed, for our winding up or liquidation, or if we are declared bankrupt or a moratorium is declared with respect to us, the subordinated notes shall become forthwith due and payable at the redemption amount, together with any accrued interest to the date of repayment, without presentment, demand, protest or other notice of any kind.

	In any such event of default, repayment of the subordinated notes prior to maturity is subject to receipt by us of the written approval of the Dutch Central Bank. See "Description of the Subordinated Notes — Events of Default — Limitation on Remedies."
Waiver of Right to Set-Off	By accepting a subordinated note, each holder will be deemed to have waived any right of set-off, counterclaim or combination of accounts with respect to the subordinated notes that they might otherwise have against us, whether before or during our winding-up.
Status of the Subordinated Notes	For the purposes of the solvency guidelines of the Dutch Central Bank (De Nederlandsche Bank N.V.) to which we are subject, the subordinated notes will qualify as Tier 2 capital, as referred to in such solvency guidelines.
Book-entry System; Delivery and Form	The subordinated notes initially sold within the United States to "qualified institutional buyers" in accordance with Rule 144A under the U.S. Securities Act of 1933 (the "Securities Act") will be offered and sold in minimum denominations of U.S. $100,000 or any amount in excess thereof which is a multiple of U.S. $1,000 and will be represented by interests in a global registered certificate (the "144A global note"), deposited with JPMorgan Chase Bank, as custodian (the "custodian") for, and registered in the name of Cede & Co., as nominee of, The Depository Trust Company ("DTC"). Subordinated notes sold to non-U.S. persons will be offered and sold in minimum denominations of U.S. $1,000 or any amount in excess thereof which is a multiple of U.S. $1,000 and will be evidenced by interests in a global registered note (the "Reg S global note" and together with the 144A global note, the "global notes") deposited with the custodian, and registered in the name of Cede & Co. as nominee of DTC. Beneficial interests in such global notes will be shown on, and transfers thereof will be effected through, records maintained by DTC, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg, respectively and its participants. The subordinated notes will not be issued in definitive form, except under certain limited circumstances described in this offering memorandum. See "Description of the Subordinated Notes — Book-entry System; Delivery and Form."
Governing Law	The subordinated notes and the fiscal agency agreement will be governed by, and construed in accordance with, the laws of the State of New York, except that the subordination provisions of the subordinated notes (as described under "Description of the Subordinated Notes — Status and Subordination") will be governed by, and construed in accordance with, the laws of The Netherlands.

Use of Proceeds	The net proceeds of ING Bank from the sale of the subordinated notes offered pursuant to this offering memorandum are expected to be approximately $985,960,000 after deduction of underwriting discounts and commissions and before other expenses of the offering of the subordinated notes. We will use the net proceeds of the issue and sale of the subordinated notes for general corporate purposes and to further strengthen our capital base.
Ratings	The subordinated notes are expected to be assigned, on issue, a rating of Aa3 by Moody's Investors Service Limited and A+ by Standard & Poor's Ratings Services, a division of the McGraw Hill Companies Inc.
U.S. Transfer Restrictions	The subordinated notes have not been and will not be registered under the Securities Act and may not at any time be offered, sold or otherwise transferred except as described under "Transfer Restrictions."
Risk Factors	See "Risk Factors" and other information in this offering memorandum for a discussion of factors you should carefully consider before deciding to invest in the subordinated notes.

RISK FACTORS

Risks Related to the Offering of the Subordinated Notes

Our obligations under the subordinated notes will be subordinated to our senior unsecured indebtedness.

The subordinated notes are by their terms subordinated in right of payment to all current and future senior unsecured indebtedness of ING Bank. By reason of the subordination of the notes, in the event of a winding up of ING Bank, although the notes would become immediately due and payable at their principal amount together with accrued interest thereon, the assets of ING Bank would be available to pay such amounts only after all the senior indebtedness of ING Bank had been paid in full. As of December 31, 2002, we had the following senior obligations: EUR 96,267 million to Banks, EUR 247,115 million in Funds entrusted (including savings accounts), EUR 75,493 million in debt securities, EUR 17,636 million in other liabilities that are due within one year and EUR 8,759 million in accrued liabilities.

We are not prohibited from issuing further debt which may rank pari passu with or senior to the subordinated notes.

Subject only to the conditions described in "Description of the Subordinated Notes — Subordination," there is no restriction on the amount of debt that we may issue that ranks senior to the subordinated notes or on the amount of securities that we may issue that rank *pari passu* with the subordinated notes. The issue of any such debt or securities may reduce the amount recoverable by you upon our bankruptcy or may increase the likelihood of a deferral of payments on the subordinated notes. As of December 31, 2002, we had EUR 13,175 million of subordinated liabilities.

There are limitations on the remedies available to you should we fail to pay amounts due on the subordinated notes.

Upon a payment default, the sole remedy available to you for recovery of amounts owing in respect of any payment or principal of, or interest on, the subordinated notes will be the institution of proceedings to enforce such payment. Notwithstanding the foregoing, we shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by us. See "Description of the Subordinated Notes — Limitation of Remedies."

You will be deemed to have waived all rights of set-off.

Subject to applicable law, you may not exercise or claim any right of set-off in respect of any amount we owe you arising under or in connection with the subordinated notes and you will be deemed to have waived all such rights of set-off. See "Description of the Subordinated Notes — Status and Subordination — Waiver of right to set-off."

We may redeem the subordinated notes at any time if certain tax law changes requiring additional amounts occur.

Upon the occurrence of certain tax events described more fully in this offering memorandum under "Description of the Subordinated Notes — Redemption for Tax Reasons," the subordinated notes will be redeemable at any time in whole, but not in part, at our option. Any redemption of the subordinated notes will be subject to the conditions described under "Description of the Subordinated Notes — Redemption for Tax Reasons."

The subordinated notes are a new issue of securities, and there is no assurance that a trading market will exist or that it will be liquid.

The subordinated notes are a new issue of securities and have no established trading market and there can be no assurance that an active trading market will develop. Even if an active trading market does develop, no one, including the initial purchasers, is required to maintain its liquidity. The liquidity and the market prices for the subordinated notes can be expected to vary with changes in market and economic conditions, our financial condition and prospects and other factors that generally influence the market prices of securities.

Risks Related to the Financial Services Industry

We operate in highly competitive industries, including in our home market.

There is substantial competition in The Netherlands and the other countries in which we do business. In The Netherlands, which is our largest market, a national policy historically favoring open markets and the presence of large domestic competitors in the banking sectors has resulted in intense competition for virtually all of our products and services. In addition, the Dutch market is a mature market and one in which we already have significant market shares in most lines of business. We are currently the second largest bank in The Netherlands, with a 25% market share based upon total assets and a 26% market share based on total deposits. Our main competitors are ABN Amro, with a 34% market share based upon total assets and a 38% market share based on total deposits, and Rabo with a 21% market share based on total assets and a 20% market share based upon total deposits. We also face significant competition in our other major markets. The level of competition in The Netherlands and our significant markets could adversely impact our ability to further increase or even maintain our market share.

In Belgium, we are the fourth largest bank and our main competitors are Fortis Utrecht N.V., Dexia S.A. and KBC Bank N.V. Increasing competition in these markets may significantly impact our results if we are unable to match the products and services with our competitors.

Changes in interest rates and other market factors may adversely affect our banking and asset management businesses.

Fluctuations in interest rates affect the returns we earn on fixed interest investments. Interest rate changes also affect the market values of, and the amounts of capital gains or losses we take on, the fixed interest securities we hold.

Our management of interest rate sensitivity affects the results of our operations. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. The composition of our banking assets and liabilities, and any gap position resulting from that composition, causes our net interest income to vary with changes in interest rates. In addition, variations in interest rate sensitivity may exist within the repricing periods or between the different currencies in which we hold interest rate positions. A mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on our financial condition or results of operations.

In addition to interest rates, market conditions and activity levels in the securities markets generally also significantly affects our banking, securities trading and brokerage activities. We also offer a number of financial products that expose us to risks associated with fluctuations in interest rates, securities prices or the value of real estate assets.

Risks Related to Our Business

Our results may be affected by regional market exposures and macroeconomic trends.

In 2002, we derived approximately 44% of our income from our operations in The Netherlands. Accordingly, changes in the Dutch economy and levels of Dutch consumer spending and downturns in the Dutch real estate, securities and other markets may have a material adverse effect on our operations.

Similarly, we derived approximately 19% of our 2002 operational income from our operations in Belgium, and 25% in the rest of Europe, including Germany, the United Kingdom, France, Poland and Spain, and as a result, changes in the economy or financial markets in Europe may have a material adverse effect on our results. In each of 2001 and 2002, continued weak economic conditions in multiple markets, including Europe and the United States, required significant additions to our provision for loan losses, including provisions for a number of large individual exposures. There can be no assurance that we will not experience loan losses or need to increase provisions in the future due to continued stagnation or deterioration of the economies in which we operate.

We also conduct commercial banking and investment banking operations in the emerging markets of South America, Asia and Central and Eastern Europe and are an active trader of emerging market loans and debt securities. Historically, our capital markets and securities trading activities in emerging markets have been more volatile than those in developed countries and are subject to certain risks, such as political and currency volatility risks, which we do not face in our more mature markets. In the past, we have experienced significant fluctuations in the results of our emerging markets trading operations and no assurance can be given that such fluctuations will not occur in future periods.

In addition, our investment banking, securities trading and brokerage activities and the results therefrom tend to be more volatile than other parts of our businesses as they are significantly affected by the levels of activity in the securities markets, which in turn may be affected by, among other factors, the level and trend of interest rates. ING also offers a number of financial products which expose it to certain risks associated with fluctuations in interest rates, securities prices or the value of real estate assets.

Fluctuations in exchange rates could adversely affect results of our operations outside the European Union.

We publish our consolidated financial statements in euros. In addition, our obligations are primarily denominated in euros. In 2002, we derived approximately 13% of our income from operations outside Europe. Because of this exposure to non-euro currencies, fluctuations in the exchange rates used to translate foreign currencies, particularly the U.S. dollar, the Australian dollar, the Canadian dollar and the Japanese yen, into euros will impact our reported result from operations and cash flows from year to year. Exchange rate fluctuations will also affect the value (denominated in euros) of our investments in our non-European subsidiaries.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. Forward-looking statements may be, but are not necessarily, identified by words such as "believe," "expect," "anticipate," "intend," "target," "estimate," "plan," "assume," "may," "will," "could" and similar expressions. While we may make forward-looking statements in other parts of this offering memorandum, these types of statements are particularly likely to appear in the section called "Our Business." In many cases, we include a discussion of the factors that are most likely to cause forward-looking statements to differ from actual results together with the forward-looking statements themselves. Other factors that could cause actual results to differ from our expectations include:

- changes in general economic conditions, including, in particular, economic conditions in our core markets;
- changes in performance of financial markets, including emerging markets;
- changes affecting interest rate levels, securities prices or the value of real estate assets;
- changes affecting currency exchange rates, including the euro-U.S. dollar exchange rate;
- increasing levels of competition in The Netherlands, Belgium and emerging markets;
- changes in laws and regulations;
- regulatory changes relating to the banking industry;
- changes in the policies of central banks and/or foreign governments; and
- general competitive factors, in each case on a global, regional and/or national basis.

These risks, uncertainties and assumptions may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Moreover, potential investors should not interpret statements regarding past trends or activities as representations that these trends and activities will continue in the future.

We undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

The net proceeds to ING Bank from the sale of the subordinated notes offered pursuant to this offering memorandum are expected to be approximately $985,960,000 after deduction of underwriting discounts and commissions and before other expenses of the offering of the subordinated notes. We will use the net proceeds of the issue and sale of the subordinated notes for general corporate purposes and to further strengthen our capital base.

PRESENTATION OF FINANCIAL INFORMATION

The financial information contained herein relates to our audited financial statements which appear under "Financial Statements" at page F-1 of this offering memorandum, except that certain financial information contained in "Selected Statistical Information" relates to the financial statements of ING Group.

In this offering memorandum, references to "euro" or "€" are to the currency introduced at the start of the third stage of Economic and Monetary Union, or EMU, pursuant to the Treaty establishing the European Economic Community as amended by the Treaty on the European Union. Certain, but not all, amounts in this offering memorandum have been converted into euro. The conversion rates between the euro and the participating member states' national currencies were irrevocably fixed on January 1, 1999. Since January 1, 1999, the value of the national currency of a country participating in EMU in the national currency of another country (whether a participating member state or not) may be determined only through the bilateral conversion method, *i.e.*, by converting the first currency into euro and then converting this euro equivalent into the second currency.

We have historically compiled our financial statements in Dutch Guilders. In this offering memorandum, Dutch Guilder amounts in our financial statements, before and after January 1, 1999, have been translated into euro at NLG 2.20371 per euro, the fixed conversion rate from January 1, 1999. However, no Dutch Guilder-euro exchange rates were actually quoted prior to January 1, 1999. This offering memorandum also contains translations of certain euro and Dutch Guilder amounts into U.S. dollars. These translations do not mean that the euro and Dutch Guilder amounts are actually equivalent to the U.S. dollar amounts, or could have been or will be converted into U.S. dollars at the rate indicated or at all.

Certain figures in this offering memorandum have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the figures which precede them.

Throughout this offering memorandum, we have used industry data and projections obtained from industry surveys, market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. We have not independently verified this data or determined the reasonableness of such assumptions. We have indicated in this offering memorandum where information has come from internal sources.

Exchange Rates

A significant portion of our revenues and expenses is denominated in euro or the legacy currencies of the countries participating in EMU, while the remainder is denominated in other currencies. For a discussion of the impact of exchange rate fluctuations on our financial condition and results of operations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Results of Operations — Exchange Rate Fluctuations."

For the periods from January 1, 1998 through April 10, 2003, the average, high, low and period-end noon buying rates for the euro are shown expressed as U.S. dollars per EUR 1.00.

Year	Average(1)	High	Low	Period-end
1998	1.1113	1.2147	1.0549	1.1741
1999	1.0666	1.1812	1.0016	1.0070
2000	0.9207	1.0335	0.8270	0.9388
2001	0.8909	0.9535	0.8370	0.8901
2002	0.9495	1.0485	0.8594	1.0485
2003 (through April 10, 2003)	1.0734	1.1062	1.0361	1.0803

(1) The average of the noon buying rates in the City of New York for cable transfers in euro as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of each full calendar month during the relevant period.

CAPITALIZATION

The following table sets out the capitalization of ING Bank in accordance with Dutch GAAP as of December 31, 2002, both actual as of December 31, 2002 and adjusted to give effect to this offering.

	At December 31, 2002		As Adjusted	
	EUR	USD(1)	EUR	USD(1)
	(In millions)			
Banks	96,267	103,997	96,267	103,997
Funds entrusted	247,115	266,958	247,115	266,958
Debt securities	75,493	81,555	75,493	81,555
Other liabilities	17,636	19,052	17,636	19,052
Subordinated liabilities	13,175	14,233	14,101	15,233
Total debt(2)	449,686	485,795	450,612	486,795
Minority interests	744	804	744	804
Capital and reserves of Stichting Regio Bank	428	462	428	462
Shareholders' equity	14,664	15,842	14,664	15,842
Total capitalization	465,522	502,903	466,448	503,903

(1) For your convenience, we have translated euro amounts into U.S. dollars at the Noon Buying Rate on April 10, 2003, of U.S.$1.0803 to EUR 1.00.

(2) For purposes of this capitalization table, accrued liabilities of EUR 8,759 million, general provisions of EUR 1,597 million and EUR 1,233 million paid into the Fund for general banking risks were not included.

Between December 31, 2002 and February 28, 2003, long-term debt increased by EUR 274 million.

Except as disclosed herein, since December 31, 2002, there has not been a material adverse change in the share capital and indebtedness of ING Bank.

SELECTED HISTORICAL FINANCIAL DATA

The following selected financial data is derived from the audited consolidated financial statements of ING Bank N.V. as at and for the five years ended December 31, 2002. The financial statements for the five years ended December 31, 2002 have been audited by KPMG Accountants N.V. This selected financial data should be read in conjunction with such financial statements (including the notes thereto), as well as the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering memorandum. Our consolidated financial statements have been prepared in accordance with Dutch GAAP, which differs in certain significant respects from U.S. generally accepted accounting principles. See "Summary of Principal Differences between Dutch GAAP and U.S. GAAP."

	Year Ended December 31,					
	2002	2002	2001	2000	1999	1998
	USD(1)			(EUR millions)		
Selected Profit and Loss Account Data:						
Interest income	25,801	23,883	24,800	24,736	19,086	18,999
Interest expense	17,722	16,405	18,864	18,893	13,342	13,722
Net interest result	8,079	7,478	5,936	5,843	5,744	5,277
Income from securities and participating interests	213	197	557	552	286	221
Commission	2,825	2,615	2,765	3,628	2,856	2,322
Results from financial transactions	490	454	1,080	1,531	1,210	471
Other revenue	315	292	651	404	373	391
Other income	3,843	3,558	5,053	6,115	4,725	3,405
Total income	11,922	11,036	10,989	11,958	10,469	8,682
Staff costs	5,171	4,787	5,068	4,927	4,406	3,904
Other administrative expenses	3,433	3,178	2,765	3,366	2,454	2,395
Depreciation	444	411	449	567	566	581
Operating expenses	9,049	8,376	8,282	8,860	7,426	6,880
Value adjustments to receivables	1,550	1,435	750	400	580	908
Value adjustments to financial fixed assets	147	136	—	—	—	—
Additions to the Fund for general banking risks	151	140	140	140	114	109
Total expenses	10,897	10,087	9,172	9,400	8,120	7,897
Result before taxation	1,025	949	1,817	2,558	2,349	785
Taxation	294	272	426	732	613	245
Result after taxation	731	677	1,391	1,826	1,736	540
Third-party interests	42	39	28	45	40	47
Net profit for the period	689	638	1,363	1,781	1,696	493
Non distributable profit of Stichting Regio Bank(2)	46	43	37	32	32	24
Profit available for distribution	643	595	1,326	1,749	1,664	469

The table below sets forth selected balance sheet data for ING Bank as of December 31, 2000, 2001 and 2002.

	As of December 31,		
	2002	2001	2000
	(EUR millions)		
Selected Balance Sheet Data:			
Assets			
Cash	8,782	8,050	3,449
Short-dated government paper	8,398	4,653	3,055
Banks	45,682	54,082	44,156
Public sector loans and advances	14,194	9,480	8,613
Private sector loans and advances	270,444	246,412	238,827
Loans and advances	284,638	255,892	247,440
Interest-bearing securities	99,994	85,751	73,585
Shares	8,020	10,719	11,925
Participating interests	1,845	1,113	1,303
Property and equipment	6,184	5,686	5,480
Other assets	5,919	5,873	6,097
Accrued assets	7,649	11,537	9,903
Total assets	477,111	443,356	406,393
Equity and Liabilities			
Banks	96,267	107,810	94,675
Savings accounts	115,156	69,562	52,431
Other funds entrusted	131,959	134,307	135,991
Funds entrusted	247,115	203,869	188,422
Debt securities	75,493	74,408	66,252
Other liabilities	17,636	16,337	16,678
Accrued liabilities	8,759	10,189	11,148
General provisions	1,597	1,924	2,825
	446,867	414,537	380,000
Fund for general banking risks	1,233	1,146	1,054
Subordinated liabilities	13,175	11,127	9,235
Shareholder's equity	14,664	15,670	15,198
Third party interests	744	492	559
Capital and reserves of Stichting Regio Bank	428	384	347
Group equity	15,836	16,546	16,104
Group capital base	30,244	28,819	26,393
Total equity and liabilities	477,111	443,356	406,393
Contingent debts	23,283	25,984	20,014
Irrevocable facilities	63,866	63,269	57,939
Contingent liabilities	87,149	89,253	77,953

	At December 31,		
	2002	2001	2000
Additional financial data and selected ratios			
Interest Margin	1.59%	1.36%	1.46%
BIS ratio(3)	10.98%	10.57%	10.75%
Tier 1 ratio	7.31%	7.03%	7.22%
Ratio of net charge-offs to average loans and advances to banks and customers	0.27%	0.22%	0.31%
RAROC (pre-tax, excluding ING Direct)	13.3%	13.5%	14.7%

(1) Euro amounts have been translated into U.S. dollars at the exchange rate of $1.0803 to EUR 1.00, the noon buying rate in New York City on April 10, 2003 for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York.

(2) Assets, liabilities, income and expenses of Stichting Regio Bank are included in full in our profit and loss account. By virtue of this savings bank's legal status as a non-profit organization (Stichting), its net profit is not eligible for distribution to the shareholders of ING Bank, but is instead added to this organization's reserves. These reserves, together with the capital, are shown separately as a part of ING Bank equity.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based on, and should be read in conjunction with the audited consolidated financial statements of ING Bank for the years ended December 31, 2002, 2001 and 2000 and the related notes thereto included elsewhere in this offering memorandum. The consolidated financial statements have been prepared in accordance with Dutch GAAP, which differs in certain significant respects from U.S. GAAP. You should refer to "Summary of Principal Differences between Dutch GAAP and U.S. GAAP" below for a description of the significant differences between Dutch GAAP and U.S. GAAP. Unless otherwise indicated, financial information for ING Bank included herein is presented on a consolidated basis under Dutch GAAP.

Factors Affecting Results of Operations

General Market Conditions

ING Bank's results of operations are affected by a variety of market conditions, including economic cycles, banking industry cycles and fluctuations in stock markets, interest and foreign exchange rates. In 2002, 44% of ING Bank's total income and more than 100% of its consolidated results before taxation (taking into account losses in the rest of Europe and North America) were derived from its Dutch operations. Accordingly, changes in the Dutch economy and levels of Dutch consumer spending and downturns in the Dutch real estate, securities and other markets may have a material effect on our operations. Similarly, we derived approximately 19% of our 2002 income from our operations in Belgium, and 25% in the rest of Europe, and as a result, changes in the economy or financial markets in Europe may have a material adverse effect on our results. Since the second half of 2001, the growth in the European markets has slowed, linked to the over-all slow-down of the world's major economies. These changing conditions have had an impact on our result in our home markets, The Netherlands, Belgium and Poland, as well as in our other European markets. Our German operations have been affected by the particularly strong decline in growth in the German market.

Although management expects the foregoing factors will continue to affect ING Bank's consolidated results of operations, management believes that the impact of any one of these factors, other than fluctuations in exchange rates, has been and continues to be reduced by ING Bank's expansion into different geographic markets. However, management realizes that because of spin-off effects, a crisis in a major financial market or a protracted downturn across multiple economic markets can have a material negative impact on our results of operations. The developments on the stock markets worldwide have an increasing effect on the development of commissions and fee income related to the value of the assets under management and as a consequence on the results of ING Bank.

We have significant commercial banking and investment banking operations in the emerging markets of South America, Asia and Central and Eastern Europe and are an active trader of emerging market loans and debt securities. Historically, ING Bank's capital markets and securities trading activities in emerging markets have been more volatile than those in developed countries and are subject to certain risks, such as political and currency volatility risks, which it does not have in its more mature markets. During the last three years, we have experienced significant fluctuations in the results of our emerging markets trading operations and no assurance can be given that such fluctuations will not occur in future periods.

In addition, our investment banking, securities trading and brokerage activities and the results therefrom tend to be more volatile than other parts of our businesses as they are significantly affected by the levels of activity in the securities markets, which in turn may be affected by, among other factors, the level and trend of interest rates. ING Bank also offers a number of financial products which expose it to certain risks associated with fluctuations in interest rates, securities prices or the value of real estate assets.

Interest Rates

Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) can affect our results. However, our future profitability may also be affected by a variety of other factors, and, as a result, management believes that recurring cyclical changes in prevailing interest rates, and other interest rate changes in general, are not likely to have a significant impact on our long-term profitability.

Over the past several years, movements in both short- and long-term interest rates have affected the level and timing of recognition of gains and losses on securities held in our various investment portfolios. Generally, a sustained period of lower interest rates will reduce the investment income yield of our investment portfolios over time as higher-yielding investments are called or mature and proceeds are reinvested at lower rates. However, declining interest rates can lead to higher returns if interest-earning assets re-price more slowly than interest-bearing liabilities or the volume of average interest-earning assets grows, as a result of higher amounts of credit demand, assuming a positive interest rate spread. Conversely, rising interest rates should, over time, increase investment income but may, at the same time, reduce the market value of pre-existing investments of our portfolios. This can also lead to higher returns if interest-earning assets re-price faster than interest-bearing liabilities or the interest-rate spread widens, assuming these effects are not offset by lower volumes of average interest-earning assets or a deterioration in the quality of our loan portfolio or an increase in provisions for possible credit risks. Management believes that the diversity of our investment portfolio and the geographic spread of our businesses tend to moderate the effect of movements in interest rates in any one market.

Our investment banking, securities trading and brokerage activities are significantly affected by the levels of activity in the securities markets, which in turn may be affected by, among other factors, the level and trend of interest rates. Results of our asset management activities may also be affected by interest rates, since management fees are generally based on the value of assets under management, which fluctuates with changes in the level of interest rates.

Exchange Rate Fluctuations

We publish our consolidated financial statements in euros. Because a substantial portion of our income and expenses are denominated in currencies other than euros, we have a financial reporting translation exposure attributable to fluctuations in the values of these currencies against the euro. Fluctuations in the exchange rates used to translate these currencies may have a significant impact on our reported results of operations from year to year. The impact of these fluctuations in exchange rates is mitigated to some extent by the fact that the revenues and related expenses, as well as assets and liabilities, of each of our non-euro reporting subsidiaries are generally denominated in the same currencies. We partially hedge against fluctuations in the values of these foreign currencies against the euro as a means to reduce this impact.

Our policy is to hedge the excess capital of foreign operations in order to minimize the impact on capital base ratios, as required capital base amounts are not hedged.

For each of the years 2002, 2001 and 2000, the year-end exchange rates (which are the rates we use in the preparation of the consolidated financial statements for balance sheet items not denominated in euros) and the average annual exchange rates (which are the rates we use in the preparation of the consolidated financial statements for income statement items not denominated in euros) were as follows:

	Average		
	2002	2001	2000
U.S. dollar	0.9458	0.8950	0.9263
Australian dollar	1.7404	1.7366	1.5968
Canadian dollar	1.4838	1.3850	1.3738
Dutch guilder	2.2037	2.2037	2.2037
Pound sterling	0.6279	0.6196	0.6085
Japanese yen	117.9310	108.6980	99.6408

	Year-end		
	2002	2001	2000
U.S. dollar	1.0487	0.8853	0.9300
Australian dollar	1.8594	1.7338	1.6748
Canadian dollar	1.6548	1.4072	1.3927
Dutch guilder	2.2037	2.2037	2.2037
Pound sterling	0.6505	0.6110	0.6228
Japanese yen	124.4000	116.2500	106.8000

Off-Balance-Sheet Arrangements

Contingent Liabilities

In the normal course of business, ING Bank is a party in activities the risks of which are not reflected, in whole or part, in the consolidated financial statements. In response to the needs of our customers, we offer financial products related to loans. These products include traditional off-balance sheet credit-related financial instruments.

Contingent Liabilities

	2002	2001
	(EUR millions)	
Contingent liabilities in respect of:		
— discounted bills	6	6
— guarantees	16,783	20,013
— irrevocable letters of credit	6,030	5,776
— other	464	189
Contingent debts	23,283	25,984
Irrevocable facilities	63,866	63,269
Total contingent liabilities	87,149	89,253

Guarantees relate both to credit and non-credit substitute guarantees. Credit-substitute guarantees are guarantees given by ING Bank in respect of credit granted to customers by a third party. Many of them are expected to expire without being drawn on and therefore do not necessarily represent future cash outflows.

Irrevocable letters of credit mainly secure payments to a third party for a customer's foreign and domestic trade transactions in order to finance a shipment of goods. Our credit risk in these transactions is limited since these transactions are collateralized by the commodity shipped and are of a short duration. Other contingent liabilities mainly relate to acceptances of bills and are of a short-term nature.

Irrevocable facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients. Many of these facilities are for a fixed duration and bear interest at a floating rate. Our credit risk in these transactions is limited. Most of the unused portion of irrevocable credit facilities is secured by customers' assets or counter-guarantees by the central government and exempted bodies under the regulatory requirements. Irrevocable facilities also include commitments made to purchase securities to be issued by governments and private issuers.

Special Purpose Entities (SPE)

We have established a number of special purpose entities ("SPEs") and engage in activities with SPEs, for example as investor, administrator or provider of other financial services. A number of SPEs which are controlled by us are included in the consolidated financial statements.

The non-consolidated SPEs include asset-backed commercial paper programs. In the normal course of business, we structure financing transactions for our clients assisting them in obtaining sources of liquidity by selling our clients' receivables or other financial assets to an SPE. The SPE issues asset-backed commercial paper to the market to fund the purchases. ING Bank, in its role as administrative agent, facilitates these transactions by providing structuring, accounting, funding and operations services. As ING Bank has no ownership or controlling interest in these SPEs, nor does it service the transferred assets, the SPEs are not included in the consolidated financial statements.

We support the commercial paper programs by providing the SPE with short term stand by liquidity facilities. Primarily these liquidity facilities are meant to cover temporary disruptions in the commercial paper market. Once drawn these facilities bear normal credit risk. A number of programs are supported by granting structured liquidity facilities to the SPEs concerned, in which ING Bank, in addition to normal liquidity facilities, covers the credit risk incorporated in these programs itself, and, as a consequence, might suffer credit losses from it. Furthermore, under Program Wide Credit Enhancements, we guarantee, to a limited amount, all remaining losses incorporated in the SPEs to the commercial paper investors. All facilities, which vary in risk profile, are granted to the SPEs subject to normal ING Bank analysis procedures regarding credit risk and liquidity risk. The fees received for services provided and for facilities are charged on market conditions. The normal non-structured stand by liquidity facilities and the structured facilities are reported under irrevocable facilities.

Critical Accounting Policies

ING Bank has identified the accounting policies that are most critical to its business operations and the understanding of its results. These critical accounting policies are those which involve the most complex or subjective decisions or assessments, and relate to provisions for loan losses, the determination of the fair values of financial assets and liabilities, and the determination of impairments. In each case, the determination of these items is fundamental to the financial condition and results of operations, and requires management to make complex judgments based on information and financial data that may change in future periods. As a result, determinations regarding these items necessarily involve the use of assumptions and subjective judgments as to future events and are subject to change, as the use of different assumptions or data could produce materially different results. For a further discussion of the application of these accounting policies, reference is made to the applicable notes to the consolidated financial statements and the information below.

Provisions for Loan Losses

Management regularly assesses the adequacy of the provisions for loan losses by performing ongoing evaluations of the loan portfolio. A formal analysis of specifically identified loans takes place every quarter, including evaluation of economic risks associated with each loan, the current financial condition of the borrower, the economic environment in which the borrower operates, the level of delinquent loans and the value of collateral. Credit ratings are assigned to the borrowers by allocating all outstanding loans into various risk rating categories on a regular basis.

In determining the amount of the provisions, corporate loans are assessed on a case-by-case basis and the following factors are considered:

- the financial standing of the customer, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period and the extent of our commitments to the customer;
- the realizable value of any security for the loan; and
- the costs associated with obtaining repayment and realization of any such security.

For certain homogeneous groups of small personal and corporate loans, provisions are assessed using statistical techniques.

We also maintain an unallocated provision for loan losses that is required to adequately capture various subjective and judgmental aspects of credit risk assessment that are not considered on an individual basis. Considerable judgment is exercised in determining the extent of the provision and is based on management's evaluation of the risk in the portfolio, current economic conditions, loss experience in recent years and credit and geographical concentration trends. Changes in such judgments and analyses may lead to changes in provisions over time.

Fair Value of Financial Assets and Liabilities

Fair value determinations for financial assets and liabilities are based generally on listed market prices or broker or dealer price quotations. If prices are not readily determinable or if liquidating the positions is reasonably expected to affect market prices, fair value is based on either internal valuation models or management's estimate of amounts that could be realized under current market conditions, assuming an orderly liquidation over a reasonable period of time. Certain financial instruments, including OTC derivative instruments, are valued using pricing models that consider, among other factors, contractual and market prices, correlations, time value, credit, yield curve volatility factors and/or prepayment rates of the underlying positions. The use of different pricing models and assumptions could produce materially different estimates of fair value.

Impairments

The carrying value of all assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. The determination of impairment is specifically relevant to the investments in equity securities and fixed interest securities. In order to determine whether negative revaluations on equity securities represent impairment, all equity securities for which the market value has been significantly below cost price for a considerable period of time are individually reviewed. A distinction is made between negative revaluations due to general market fluctuations and due to issuer-specific developments. The impairment review focuses on issuer-specific developments regarding financial condition and future prospects, taking into account the intent and ability to hold the securities under our long term investment strategy.

In order to determine whether investments in fixed interest securities are impaired, all fixed interest securities for which the market value has been significantly below cost price for a considerable period of time are individually reviewed. Distinction is made between negative revaluations due to general interest rate and other market fluctuations and due to issuer-specific developments. The impairment review focuses on issuer-specific developments regarding financial condition and prospects of the issuer identifying whether repayment of interest and principal is expected, taking into account the intent and ability to hold the securities under our long term investment strategy.

Although all individual securities are reviewed to ensure that no material impairments are required to be charged to the profit and loss account, the identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices. Further developments after the balance sheet date may indicate that certain unrealized losses that existed as of the balance sheet date will result in impairment in future periods, resulting in a negative impact on the profit and loss account for future periods.

Results of Operations

The following table sets forth certain summary financial data of ING Bank N.V. for the years indicated:

	Year Ended December 31,		
	2002	2001	2000
	(EUR millions)		
Interest income	23,883	24,800	24,736
Interest expense	16,405	18,864	18,893
Net interest result	7,478	5,936	5,843
Commissions	2,615	2,765	3,628
Other income			
Income from securities and participating interests	197	557	552
Result from financial transactions	454	1,080	1,531
Other revenue	292	651	404
Total other income (excluding commissions)	943	2,288	2,487
Total income	11,036	10,989	11,958
Staff costs	4,787	5,068	4,927
Other administrative expenses	3,178	2,765	3,366
Depreciation	411	449	567
Operating expenses	8,376	8,282	8,860
Result before addition to the provision for loan losses	2,660	2,707	3,098
Addition to the provision for loan losses	1,435	750	400
Value adjustments to financial fixed assets	136	—	—
Addition to the Fund for general banking risks	140	140	140
Total expenses	10,087	9,172	9,400
Result before taxation	949	1,817	2,558
Taxation	272	426	732
Third party interests	39	28	45
Total net profit	638	1,363	1,781

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Overview

The result before taxation from operations for 2002 decreased by EUR 868 million, or 47.8%, to EUR 949 million from EUR 1,817 million for 2001. This decrease was largely caused by substantially higher risk costs, resulting in an increase of the addition to the provision for loan losses by EUR 685 million to EUR 1,435 million. In the fourth quarter 2002, a significant provision was created with respect to a potential loss on National Century Financial Enterprises in the United States. In addition, the decrease of EUR 1,345 million, or 58.8% in "other income," resulted primarily from adverse market conditions, including substantially lower income from securities and participating interests. Included in the full year 2002 result are the exceptional profit of EUR 94 million on the sale of Cedel shares and the creation of a EUR 128 million provision for the restructuring of the international wholesale banking activities outside the Benelux. In spite of the restructuring provision, the result before addition to the provision for loan losses decreased only marginally by EUR 47 million, or 1.7%, to EUR 2,660 million. Total income rose by EUR 47 million, or 0.4%, due to strongly increased interest results, while the other income components suffered severely from the disappointing market circumstances. Operating expenses increased by EUR 94 million, or 1.1%, due to the further expansion of ING Direct (including the consolidation of DiBa), the restructuring provision and the increased investments in synergy projects. Although most banking units were affected by the deterioration of economic conditions, both Postbank and ING Direct reported a strongly improved result before taxation.

For the first time and ahead of plan, ING Direct (including DiBa as from 2002) reported a positive pre-tax result of EUR 13 million in the fourth quarter of 2002. For the full year 2002, the loss before taxation amounted to EUR 67 million, which was much better than expected and a strong improvement compared to the loss of EUR 199 million in 2001. The strong growth in funds entrusted and client base combined with the current steep yield curve led to a substantial increase in income, exceeding the rise in expenses. The operations in Canada, Australia and the USA reported profits for the full year (after cost of capital).

Exchange rate movements increased the result before taxation by EUR 44 million.

Total income increased by EUR 47 million, or 0.4%, to EUR 11,036 million from EUR 10,989 million for 2001. Adjusted for currency translation and excluding the consolidation effect of DiBa, Toplease and ING Vysya Bank, total income decreased by EUR 130 million, or 1.2%.

Operating expenses increased by EUR 94 million, or 1.1%, to EUR 8,376 million, from EUR 8,282 million for 2001. Adjusted for currency translation and excluding the consolidation effect of DiBa, Toplease and ING Vysya Bank, operating expenses decreased by EUR 9 million. Excluding the EUR 128 million restructuring provision for international wholesale banking, operating expenses decreased by EUR 137 million or 1.7%.

Excluding the continued rapidly expanding ING Direct operations and the EUR 128 million restructuring provision for international wholesale banking, the **efficiency ratio** (operating expenses as a percentage of total income) was 72.9% for 2002, a slight improvement compared to 73.3% for 2001. Including ING Direct and the restructuring provision, the efficiency ratio was 75.9% for 2002, compared to 75.4% for 2001.

The **net interest result** for 2002 increased by EUR 1,542 million, or 26.0%, to EUR 7,478 million from EUR 5,936 million for 2001, reflecting a higher average balance sheet total and an improvement of the interest margin. The widening of the interest margin can be attributed to improved product margins, a steepening of the average yield curve and strong growth in retail savings.

Interest Margin of ING Bank N.V. (net interest result as a percentage of average balance sheet total) was 1.59% for 2002 as compared to 1.36% for 2001. In 2002, interest margin was 1.80% in domestic markets and 1.01% in foreign markets. For further information on general trends affecting net interest result at the ING Group level, see "— Net Interest Result for the Banking Operations of ING Group".

Commissions for 2002 decreased by EUR 150 million, or 5.4%, to EUR 2,615 million, from EUR 2,765 million for 2001. In particular, securities commissions and management fees were lower, reflecting the sharp fall of the stock markets and the reluctance of (private) clients to invest in securities.

Other income (excluding commissions) for 2002 decreased by EUR 1,345 million, or 58.8%, to EUR 943 million, from EUR 2,288 million for 2001. The decrease occurred in all components. Income from securities and participating interests was EUR 360 million lower, while the results from financial transactions and other revenue dropped by EUR 626 million and EUR 359 million respectively.

The **addition to the provision for loan losses** increased by EUR 685 million, or 91.3%, to EUR 1,435 million, from EUR 750 million for 2001. The deterioration of economic conditions and the significant provision with respect to a potential loss on National Century Financial Enterprises in the U.S. caused the strong increase in 2002 compared to 2001.

Effect of Acquisitions/Consolidations

The consolidation of DiBa (as of January 1, 2002), Toplease (as of May 1, 2002) and ING Vysya Bank (as from October 1, 2002) contributed to our 2002 total income, total operating expenses and result before taxation as follows:

	Year Ended December, 31		Consolidation effect
	2002	2001	
	(EUR millions)		
Net interest result	201		201
Commissions	34		34
Other income (excluding commissions)	67	2	65
Total income	302	2	300
Staff costs	74		74
Other expenses	165		165
Operating expenses	239		239
Gross result	63	2	61
Addition to the provision for loan losses	10		10
Result before taxation	53	2	51

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Overview

The result before taxation for 2001 decreased by EUR 741 million, or 29%, to EUR 1,817 million from EUR 2,558 million for 2000. This decrease was largely due to lower income and a substantially higher addition to the provision for loan losses in the second half of 2001, as a consequence of the deterioration in global market circumstances. In the second half of 2001, the result before taxation (EUR 606 million) was 50.0% lower than in the first half of 2001 and 23.8% lower than the result before taxation in the second half of 2000. Compared with full year 2000 most banking units showed a decrease in the result before taxation. Postbank however, showed a marked increase in operational results.

Included in the full year 2000 result before taxation are the profit on the sale of the Crédit Commercial de France shares (EUR 293 million) and Libertel shares (EUR 376 million), partly offset by a provision of EUR 486 million for the integration/reorganization of the former Executive Centre Corporate & Investment Banking (CIB).

Furthermore, the expanding ING Direct activities also had a negative impact on the overall banking result. The loss increased from EUR 143 million in 2000 to a loss of EUR 199 million before taxation in 2001. Meanwhile the oldest ING Direct operation in Canada delivered a positive operational result for the full year 2001 and ING Direct Australia turned into profit in the fourth quarter (after cost of capital).

Excluding the EUR 486 million integration/reorganization provision, the result before taxation of the former CIB decreased from EUR 280 million in 2000 to EUR 169 million in 2001, mainly attributable to low income levels from equity market activities and substantially higher additions to the provision for loan losses. The severe deterioration in revenues was partly offset by substantially lower operating expenses as a result of the restructuring and integration of activities. In 2001, all wholesale activities, including CIB, were combined under the Executive Centre ING Europe. A substantial downscaling in investment banking, especially in equities, reduced former full-time CIB staff from 9,600 to 7,300 and lowered operating expenses by 23%.

Total income decreased by EUR 969 million, or 8.1%, to EUR 10,989 million from EUR 11,958 million for 2000. The decrease can be attributed to substantial lower commission revenue partly offset by a higher net interest result.

Operating expenses decreased by EUR 578 million, or 6.5% to EUR 8,282 million, from EUR 8,860 million for 2000 reflecting tight cost control, lower bonuses and the sale of the U.S. investment banking activities combined with the restructuring and integration of the former CIB for which a provision of EUR 486 million was provided for in 2000.

Excluding the expanding ING Direct activities and the EUR 486 million provision for the former CIB, the **efficiency ratio** (operating expenses as a percentage of total income) was 73.3% for 2001, compared to 68.7% for 2000. Including ING Direct and the CIB provision, the efficiency ratio was 75.4% for 2001, compared to 74.1% for 2000.

Exchange rate movements increased the result before taxation marginally by EUR 2 million.

The **net interest result** for 2001 increased by EUR 93 million, or 1.6%, to EUR 5,936 million from EUR 5,843 million for 2000. The increase can be attributed to the growth of the average balance sheet total, partly offset by a slight narrowing of the total interest margin. In the course of 2001, the yield curve steepened resulting in an improvement of the interest margin in the third and fourth quarter.

Interest Margin of ING Bank N.V. was 1.36% for 2001 as compared to 1.46% for 2000. In 2001, interest margin was 1.62% in domestic markets and 0.77% in foreign markets, and in 2000 it was 1.89% in domestic markets and 0.81% in foreign markets. For further information on general trends affecting net interest result at the ING Group level, see "— Net Interest Result for the Banking Operations of ING Group."

Commissions for 2001 decreased by EUR 863 million, or 23.8%, to EUR 2,765 million, from EUR 3,628 million for 2000. In particular, securities commissions and management fees were lower, reflecting the downturn across the equity markets.

Other income excluding commissions for 2001, which includes results from financial transactions, decreased by EUR 199 million, or 8%, to EUR 2,288 million, from EUR 2,487 million for 2000. The decrease was primarily due to substantially lower results from financial transactions, which was only partly offset by increased Other revenue.

The addition to the provision for loan losses increased by EUR 350 million, or 87.5%, to EUR 750 million, from EUR 400 million for 2000. The deterioration of economic conditions necessitated the strong increase in 2001, compared to the very low level in 2000.

Commissions

The following table sets forth the components of commission income for the years indicated for ING Bank:

	Year Ended December 31, 2002	2001	2000
	(EUR millions)		
Funds transfer	592	526	503
Securities business	731	884	1,572
Insurance brokerage	117	89	94
Management fees	688	751	853
Brokerage and advisory fees	197	203	266
Other	290	312	340
Total	2,615	2,765	3,628

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Total commissions for 2002 decreased by EUR 150 million, or 5.4%, to EUR 2,615 million, from EUR 2,765 million for 2001.

Funds Transfer

Commission from funds transfer increased by EUR 66 million, or 12.5%, to EUR 592 million from EUR 526 million for 2001. ING Bank's commission from domestic funds transfer, primarily at Postbank, increased by EUR 30 million, or 8.4%. Commission from international funds transfer increased by EUR 36 million, or 21.7%, notably due to DiBa and BBL.

Securities Business

Commission from the securities business decreased by EUR 153 million, or 17.3%, to EUR 731 million from EUR 884 million for 2001. The decrease occurred both in The Netherlands (decrease of EUR 34 million or 21.4%) and outside The Netherlands (decrease of EUR 119 million or 16.3%), following the sharp fall of the stock markets and the continuing reluctance of private clients to invest in securities.

Insurance Brokerage

The commission from insurance brokerage increased by EUR 28 million, or 31.5%, to EUR 117 million from EUR 89 million for 2001. The increase can be attributed to BBL, reflecting increased sales in Belgium.

Management Fees

Management fees decreased by EUR 63 million, or 8.4%, to EUR 688 million from EUR 751 million for 2001, also caused by the sharp fall of the stock markets and the reluctance of private clients to invest in securities. In particular, Baring Asset Management and ING Furman Selz Asset Management reported lower management fees.

Brokerage and Advisory Fees

In 2002, brokerage and advisory fees decreased by EUR 6 million, or 3.0% to EUR 197 million from EUR 203 million for 2001.

Other

Other commission income decreased by EUR 22 million, or 7.1%, to EUR 290 million from EUR 312 million for 2001.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Commissions for 2001 decreased by EUR 863 million, or 23.8%, to EUR 2,765 million, from EUR 3,628 million for 2000.

Funds Transfer

Commission from funds transfer increased by EUR 23 million, or 4.6%, to EUR 526 million from EUR 503 million for 2000. ING Bank's commissions from domestic funds transfer, primarily at Postbank, increased by EUR 14 million, or 4.0%. Commissions from international funds transfer increased by EUR 9 million, or 5.8%.

Securities Business

Commissions from the securities business decreased by EUR 688 million, or 43.8%, to EUR 884 million from EUR 1,572 million for 2000. The decrease occurred both in The Netherlands (decrease of EUR 117 million or 42.7%) and outside The Netherlands (decrease of EUR 571 million or 44.0%), due to the downturn across the stock markets. The deterioration was mainly attributable to former CIB, BBL, BHF-Bank, ING Bank Netherlands and Postbank.

Insurance Brokerage

The commission from insurance brokerage decreased by EUR 5 million, or 5.3%, to EUR 89 million from EUR 94 million for 2000.

Management Fees

Management fees decreased by EUR 102 million, or 12.0%, to EUR 751 million from EUR 853 million for 2000. This decrease was also caused by adverse market conditions which mainly affected Baring Asset Management, ING Furman Selz Asset Management and former CIB.

Brokerage and Advisory Fees

Brokerage and advisory fees decreased by EUR 63 million, or 23.7%, to EUR 203 million from EUR 266 million for 2000. The decrease can be attributed to former CIB, and reflects the sale in 2001 of CIB's U.S. investment banking operations.

Other

Other commission income decreased by EUR 28 million, or 8.2%, to EUR 312 million from EUR 340 million for 2000.

Other Income

The following table sets forth the components of other income for the years indicated:

	Year Ended December 31,		
	2002	2001	2000
	(EUR millions)		
Income from securities and participating interests	197	557	552
Result from financial transactions	454	1,080	1,531
Other revenue	292	651	404
Total	943	2,288	2,487

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Other income decreased by EUR 1,345 million, or 58.8%, to EUR 943 million from EUR 2,288 million.

Income from Securities and Participating Interests

Income from securities and participating interests consists of dividends, other income from shares held in the investment portfolio and the results from participating equity interests. Despite the exceptional profit of EUR 94 million on the sale of Cedel shares, income from securities and participating interests decreased by EUR 360 million, or 64.6%, to EUR 197 million from EUR 557 million. This strong decrease is mainly attributable to ING BHF-Bank and resulted from a sale of participating interests and the international wholesale banking units. In 2001, this item included a EUR 40 million profit on the sale of the U.S. investment banking activities and relatively high results on participating interests.

Result from Financial Transactions

The result from financial transactions includes exchange rate differences and capital gains and losses on securities held in the trading portfolio, as well as valuation differences on equity participations. Also included in this item are exchange rate differences in connection with holding assets and liabilities in foreign currencies, the results of the associated forward contracts and the results from financial instruments other than those serving to hedge interest rate risks. Asset trading results are also included in this item. The accounting principles for recognition of result from financial transactions under Dutch and US GAAP are different. See "Summary of Principal Differences between Dutch GAAP and U.S. GAAP."

The result from financial transactions can be analyzed as follows:

	Year Ended December 31,	
	2002	2001
	(EUR millions)	
Result from securities trading portfolio	201	617
Result from currency trading portfolio	242	464
Other results	11	(1)
Total	454	1,080

Result from Securities Trading Portfolio

The result from the securities trading portfolio for 2002 decreased by EUR 416 million, or 67.4%, to EUR 201 million from EUR 617 million for 2001. The ongoing fall in equity prices impacted the result from securities trading negatively. The decrease mainly reflects lower trading results at BBL, international wholesale banking and the former ING Furman Selz Asset Management (revaluation of seed capital investments).

Result from Currency Trading Portfolio

The result from the currency trading portfolio for 2002 decreased by EUR 222 million, or 47.8%, to EUR 242 million from EUR 464 million for 2001. The decrease occurred mainly in the Americas (reflecting in part the impact of the devaluation of the Brazilian Real) and Central Europe.

Other Results

Other results, which include asset trading, equity participations, interest derivatives and the effects of revaluations in hyperinflationary countries, for 2002 improved by EUR 12 million to EUR 11 million from EUR (1) million for 2001. The improvement can be attributed to a smaller downward revaluation of equity participations in 2002 compared to the downward revaluation in 2001.

Other Revenue

"Other revenue" for 2002 decreased by EUR 359 million, or 55.1%, to EUR 292 million from EUR 651 million for 2001. The decrease is due, among others, to losses relating to operational problems in car leasing and securities brokerage at ING Bank. Furthermore, notably BBL, international wholesale banking and Postbank reported lower Other revenue compared to the high level in 2001.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Other income decreased by EUR 199 million, or 8%, to EUR 2,288 million from EUR 2,487 million.

Income from Securities and Participating Interests

Income from securities and participating interests consists of dividends, other income from shares held in the investment portfolio and the results from participating equity interests. Income from securities and participating interests increased by EUR 5 million, or 0.9%, to EUR 557 million from EUR 552 million. In 2000, income from securities and participating interests includes the result of the sale of Crédit Commercial de France shares, amounting to EUR 293 million. The increase includes EUR 40 million profit on the sale of the U.S. investment banking activities of former CIB and substantially higher results on participating interests, especially at BHF-Bank.

Results from Financial Transactions

The results from financial transactions includes exchange rate differences and capital gains and losses on securities held in the trading portfolio, as well as valuation differences on equity participations. Also included in this item are exchange rate differences in connection with holding assets and liabilities in foreign currencies, the results of the associated forward contracts and the results from financial instruments other than those serving to hedge interest rate risks. Asset trading results are also included in this item. The accounting principles for recognition of result from financial transactions under Dutch and US GAAP are different. (See "Summary of Principal Differences between Dutch GAAP and U.S. GAAP" below).

The result from financial transactions can be analyzed as follows:

	Year Ended December 31,	
	2001	**2000**
	(EUR millions)	
Result from securities trading portfolio	617	674
Result from currency trading portfolio	464	379
Other results	(1)	478
Total	1,080	1,531

Result from Securities Trading Portfolio

The result from the securities trading portfolio for 2001 decreased by EUR 57 million, or 8.5%, to EUR 617 million from EUR 674 million for 2000. The decrease was mainly due to the relatively low result in the fourth quarter of 2001 (EUR 25 million) in comparison to the corresponding quarter of the previous year (EUR 117 million).

Result from Currency Trading Portfolio

The result from the currency trading portfolio for 2001 increased by EUR 85 million, or 22.4%, to EUR 464 million from EUR 379 million for 2000. The increase was mainly attributable to former CIB and Bank Slaski.

Other Results

Other results, which include asset trading, equity participations, interest derivatives and the effects of revaluations in hyperinflationary countries, for 2001 decreased by EUR 479 million to EUR (1) million from EUR 478 million for 2000. This deterioration was due to lower results on derivatives (mainly related to securities trading) and a downward revaluation of equity participations. In addition, in 2000 Other results includes the profit on the sale of shares in the Dutch mobile phone company Libertel, amounting to EUR 376 million.

Other Revenue

Other revenue for 2001 increased by EUR 247 million, or 61.1%, to EUR 651 million from EUR 404 million for 2000. The increase was partly caused by higher results on the sale of property (EUR 67 million) and leasing income (EUR 41 million). The remaining increase can be attributed to BBL, ING Bank Netherlands and Baring Asset Management.

Operating Expenses

The following table sets forth the components of Operating expenses:

	Year Ended December 31,		
	2002	2001	2000
	(EUR millions)		
Staff costs	4,787	5,068	4,927
Other administrative expenses	3,178	2,765	3,366
Depreciation	411	449	567
Operating expenses	8,376	8,282	8,860

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Total operating expenses increased by EUR 94 million, or 1.1%, to EUR 8,376 million, from EUR 8,282 million for 2001. Expenses were increased by the EUR 128 million restructuring provision for international wholesale banking created in the third quarter of 2002. Adjusted for currency translation and excluding the effect of the consolidation of DiBa, Toplease and ING Vysya Bank and excluding the restructuring provision, operating expenses decreased by EUR 137 million, or 1.7%. This decrease reflects the sale of the U.S. investment banking activities in April 2001 on the one hand and stringent cost control and lower bonus accruals in 2002 on the other.

Staff Costs

Despite the impact of the collective labor agreement and higher pension costs mainly in The Netherlands, total staff costs decreased by EUR 281 million, or 5.5%, to EUR 4,787 million in 2002, reflecting lower bonus accruals and a change in the staff composition (fewer staff in investment banking, more in ING Direct and newly acquired ING Vysya Bank) from EUR 5,068 million in 2001. In The Netherlands, the average number of staff (full time equivalents) decreased by 3.6% from 23,474 in 2001 to 22,639 in 2002. Outside The Netherlands, the average number of staff employed increased by 1,253, or 3.4%, from 37,297 in 2001 to 38,550 in 2002. Excluding the consolidation of DiBa and ING Vysya Bank average foreign headcount decreased in 2002 by approximately 1,200.

Other Administrative Expenses

Other administrative expenses increased by EUR 413 million, or 14.9%, to EUR 3,178 million from EUR 2,765 million in 2001. This increase was mainly due to ING Direct, the consolidation of DiBa, Toplease and ING Vysya Bank and the restructuring provision for international wholesale banking.

Depreciation

Total depreciation decreased by EUR 38 million, or 8.5%, to EUR 411 million in 2002, from EUR 449 million in 2001.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Operating expenses for 2001 decreased by EUR 578 million, or 6.5%, to EUR 8,282 million, from EUR 8,860 million for 2000, reflecting the sale of the U.S. investment banking activities, tight cost control and lower bonuses. Adjusted for currency translation, the EUR 486 million restructuring provision for the former CIB and excluding the effect of the reclassification of Locabel at BBL, operating expenses decreased by EUR 28 million, or 0.3%. As from September 2000, interest income and depreciation expenses in our Locabel leasing operations in Belgium have been netted under Other income.

Staff Costs

Staff costs increased by 2.9%, to EUR 5,068 million in 2001. Adjusted for currency translation, staff costs rose by EUR 112 million, or 2.3%. This was mainly due to an increased average number of staff and higher salaries, which were offset to some extent by lower bonuses. In The Netherlands, the average number of staff (full time equivalents) rose by 0.7% from 23,311 in 2000 to 23,474 in 2001. Outside The Netherlands, the average number of staff employed increased by 748, or 2.0%, from 36,449 in 2000 to 37,297 in 2001. The growth in foreign headcount (notably ING Direct, Bank Slaski and ING Asset Management) was mitigated by the sale of the U.S. investment banking activities.

Other Administrative Expenses

Other administrative expenses decreased by EUR 601 million, or 17.9%, to EUR 2,765 million in 2001. Adjusted for currency translation and the EUR 486 million restructuring provision for the former CIB, other administrative expenses were EUR 118 million or 4.1% lower, reflecting tight cost controls and the sale of the U.S. investment banking activities.

Depreciation

Total depreciation decreased by EUR 118 million, or 20.8%, from EUR 567 million in 2000 to EUR 449 million in 2001. EUR 96 million of the decrease was attributable to the reclassification of Locabel.

Addition to the Provision for Loan Losses

The continued weak economic conditions and the bankruptcy of National Century Financial Enterprises (NCFE) in the United States required an addition to the provision for loan losses of EUR 510 million in the fourth quarter 2002. This is a strong increase compared to the third quarter of 2002 (EUR 300 million). The total addition to the provision for loan losses in 2002 rose by EUR 685 million, or 91.3%, to EUR 1,435 million from EUR 750 million for 2001, corresponding with 59 basis points of average credit risk weighted assets against 33 basis points for the full year 2001.

In 2001, the addition to the provision for loan losses rose by EUR 350 million, or 87.5%, to EUR 750 million, primarily due to the deterioration of economic conditions generally, as well as provisions for a number of large individual exposures, including Argentina and Enron. Of such increase EUR 110 million and EUR 138 million was incurred in our operations in North and South America, respectively. The addition in 2001 corresponds with 32 basis points of the credit risk weighted assets against a very low 19 basis points in 2000.

Value Adjustments to Financial Fixed Assets

At the end of 2002, the fair value of shares in the investment portfolio and of the participating interests dropped below the cost or purchase price. Consequently, an amount of EUR 136 million was charged against the profits and losses for the period (EUR 84 million relating to shares and EUR 52 million relating to participating interests).

Taxation

The effective taxation rate for the net profit was 28.7% (EUR 272 million), 23.4% (EUR 426 million) and 28.6% (EUR 732 million) in 2002, 2001 and 2000 respectively, compared to a statutory rate of 34.5% in 2002 and 35% in 2001 and 2000 in The Netherlands. The difference between the effective and statutory rates reflected the effect of foreign tax rates and other items. The relatively low taxation rate in both 2002 (28.7%) and 2001 (23.4%) was mainly caused by non-taxable gains on the sale of investments and to a substantially lower tax ratio of the Belgian banking operations. In 2002, the value adjustments to financial fixed assets were also non-taxable.

Total Net Profit

Total net profit for 2002 decreased by EUR 725 million, or 53.2%, to EUR 638 million, from EUR 1,363 million for 2001. Total net profit for 2001 decreased by EUR 418 million, or 23.5%, to EUR 1,363 million, from EUR 1,781 million for 2000.

Risk Adjusted Return on Capital

The Risk-Adjusted Return on Capital, or RAROC, measures performance on a risk-adjusted basis. RAROC is calculated as the economic return divided by economic capital. The economic returns of RAROC are based on the principles of valuation and calculation of results applied in the annual accounts. The credit risk provisioning is replaced by statistically expected losses reflecting average credit losses over the entire economic cycle. ING Bank continues to develop and refine the models supporting the RAROC calculations. ING Direct is excluded.

The following table sets forth the RAROC (pre-tax) and the economic capital of the banking operations:

	RAROC (Pre-tax)		Economic Capital	
	Full Year,		Full Year,	
	2002	2001	2002	2001
	(in %)		(EUR billions)	
ING Europe	13.8	13.7	13.6	13.7
ING Asset Management	5.2	9.5	0.7	0.6
Total ING Bank	13.3	13.5	14.3	14.3
Wholesale	10.2	9.7	11.6	11.4
Retail	26.7	28.6	2.7	2.9

The overall (pre-tax) RAROC figure was 13.3%, a slight deterioration of 0.2% compared to 2001. Excluding the restructuring provision for international wholesale banking created in the third quarter 2002 the overall RAROC was 14.2%. Compared to 2001, RAROC of the wholesale activities improved by 0.5% to 10.2%. The RAROC performance of the retail activities was a satisfactory 26.7% against 28.6% in 2001. Total economic capital remained unchanged at EUR 14.3 billion compared to full year 2001.

Geographic Breakdown

The following table sets forth the geographic distribution of our net income and result before taxation:

	Income			Result Before Taxation		
	Year Ended December 31,			Year Ended December 31,		
	2002	2001	2000	2002	2001	2000
	(EUR millions)			(EUR millions)		
The Netherlands	4,832	4,661	4,851	1,317	1,323	1,705
Belgium	2,044	1,993	2,414	593	524	832
Rest of Europe	2,772	3,018	2,835	(328)	351	343
North America	602	541	997	(475)	(446)	(416)
South America	251	237	271	41	23	159
Asia	421	476	537	24	191	85
Australia	107	55	37	55	(7)	(9)
Other	7	8	16	(2)	(2)	(1)
	11,036	10,989	11,958	1,225	1,957	2,698
Additions to the funds for general banking risks				140	140	140
Value adjustments to financial fixed assets				136		
Total				949	1,817	2,558

The Netherlands

Income for 2002 increased by EUR 171 million, or 3.7%, to EUR 4,832 million, from EUR 4,661 million for 2001. The net interest result rose due to increased interest margins and growth of the average balance sheet total. Commissions increased slightly, where higher funds transfer commission (mainly at Postbank) was offset by lower securities commission. Other income decreased, due to substantial lower results from financial transactions and a loss relating to operational problems in securities brokerage at ING Bank. Operating expenses increased. The addition to the provision for loan losses increased by EUR 94 million as a result of the deteriorated economic climate. The result before taxation decreased by EUR 6 million, or 0.5%, to EUR 1,317 million, from EUR 1,323 million for 2001.

Belgium

Income for 2002 rose by EUR 51 million, or 2.6%, to EUR 2,044 million, from EUR 1,993 million for 2001. This increase was mainly due to higher interest results and the exceptional profit on the sale of Cedel shares. Result from financial transactions and commission income was lower. Operating expenses decreased, mainly due to lower staff numbers and cost control measures. Compared to a release in 2001, loan loss provisioning increased by EUR 72 million in 2002, but is still relatively low. The result before taxation increased by EUR 69 million, or 13.2%, to EUR 593 million, from EUR 524 million for 2001.

Rest of Europe

In spite of the consolidation of DiBa, income for 2002 decreased by EUR 246 million, or 8.2%, to EUR 2,772 million, from EUR 3,018 million for 2001. In addition to lower results from financial transactions and lower commissions, income from securities and participating interests also dropped sharply (mainly at ING BHF Bank). The interest result, however, increased, due in part to DiBa. Operating expenses increased, mainly due to the consolidation of DiBa and the restructuring provision for the international wholesale banking activities, partly charged to this geographical region. The addition to the provision for loan losses increased by EUR 179 million, mainly due to higher risk costs of ING BHF Bank and the international wholesale banking activities. As a result, the result before taxation decreased by EUR 679 million to EUR (328) million, from EUR 351 million for 2001.

North America

Income in North America for 2002 increased by EUR 61 million, or 11.3%, to EUR 602 million, from EUR 541 million for 2001. This increase was caused by higher interest results (mainly ING Direct USA and Canada), which was largely offset by lower results from financial transactions and lower income from securities and participating interests (in 2001 this included a gain of EUR 40 million on the sale of the US investment banking activities). Operating expenses decreased due to the sale of the US investment banking activities in April 2001, partly offset by higher expenses of ING Direct USA and the part of the restructuring provision charged to this region. The addition to the provision for loan losses increased sharply by EUR 236 million, in part due to the provisioning for National Century Financial Enterprises. The result before taxation decreased by EUR 29 million to EUR (475) million, from EUR (446) million for 2001. In 2002 the ING Direct operations in the United States and Canada reported positive results for the full year.

South America

Income in South America for 2002 increased by EUR 14 million, or 5.9%, to EUR 251 million, from EUR 237 million for 2001. Higher interest results were largely offset by lower results from financial transactions. Despite the restructuring provision for international wholesale banking, operating expenses decreased due to cost containment actions. The addition to the provision for loan losses increased by EUR 27 million compared to the already high level in 2001, due to ongoing high Argentina provisioning. The result before taxation increased by EUR 18 million to EUR 41 million, from EUR 23 million for 2001.

Asia

In spite of the consolidation of ING Vysya Bank, operational income in Asia for 2002 decreased by EUR 55 million, or 11.6%, to EUR 421 million, from EUR 476 million for 2001. The decrease was mainly due to lower commission income. Operating expenses increased, entirely due to the Asian share of the restructuring provision for international wholesale banking and ING Vysya Bank. Compared to the release of country risk provisions in 2001, the addition to the provision for loan losses increased by EUR 91 million, but is still relatively low. As a result, the result before taxation decreased by EUR 167 million, or 87.4%, to EUR 24 million, from EUR 191 million for 2001.

Australia

Income in Australia for 2002 increased by EUR 52 million, or 94.5%, to EUR 107 million, due to an increase in net interest result (mainly ING Direct Australia). Operating expenses also increased, while the addition to the provision for loan losses decreased. The result before taxation improved by EUR 62 million to EUR 55 million, from EUR (7) million for 2001.

Liquidity and Capital Resources

ING Bank Consolidated Cash Flows

The principal sources of funds for ING Bank's operations are growth of the deposit base, private loans, repayments of loans, disposals and redemptions of investments, sales of trading portfolio securities, interest income and commission income. The major uses of funds are advances of loans and other credits, investments, purchases of trading portfolio securities, interest expense and administrative expenses. At December 31, 2002, 2001 and 2000, ING Bank had EUR 18,391 million EUR 3,467 million, and EUR 597 million, respectively, of cash and cash equivalents.

ING Bank's operating activities had a EUR 30,100 million cash inflow for the year ended December 31, 2002, compared with a cash inflow of EUR 10,307 million for the year ended December 31, 2001, and a cash outflow of EUR 12,128 million for the year ended December 31, 2000. The EUR 19,793 million increase in cash provided from operations from 2001 to 2002 was largely attributable to the increase of loans and advances and the decrease of trading portfolio offset by an increase in growth of funds entrusted. In the year 2002 the cash outflow employed in loans and advances compared with the year 2001 increased partly due to the consolidation of DiBa and Vysya Bank and a strong increase of reverse repurchases and corporate and residential mortgages. At the same time, the depreciation of most currencies against the euro had a negative effect on bank lending. Savings accounts, as part of the funds entrusted, grew strongly in the year 2002 mainly because of increased thrift as a result of the uncertain economic climate.

The EUR 22,435 million increase in cash provided from operations from 2000 to 2001 was largely attributable to the decrease of loans and advances and the trading portfolio, partly offset by an increase in growth of funds entrusted. For the year 2001 compared to the year 2000, the cash outflow employed in loans and advances decreased mainly because of the impact of the sale of the U.S. investment banking activities of approximately EUR 20 billion and a lower organic growth in securities borrowing due to deteriorating economic conditions worldwide. Savings accounts, as part of the funds entrusted, grew strongly in the year 2001 mainly because of increased thrift as a result of the uncertain economic climate.

Net cash generated from investment activities was EUR 17,759 million cash outflow, EUR 8,657 million cash outflow and EUR 1,723 million cash outflow in 2002, 2001 and 2000, respectively, mainly reflecting the investment in interest-earning securities exceeding the dispositions and redemptions of interest-earning securities. Investment in interest-earning securities was EUR 70,273 million, EUR 68.522 million and EUR 32,380 million in 2002, 2001 and 2000, respectively. Dispositions and redemptions of interest-earning securities was EUR 52,537 million, EUR 59,921 million and EUR 31,335 million in 2002, 2001 and 2000, respectively.

Net cash flow from financing activities amounted to EUR 1,750 million, EUR 1,571 million and EUR 1,926 million in 2002, 2001 and 2000, respectively.

The operating, investment and financing activities described above resulted in a positive net cash flow of EUR 14,091 million in 2002 and of EUR 3,221 million in 2001 and a negative net cash flow EUR 11,925 million in 2000.

The net cash and cash-equivalents at year-end 2002 was EUR 18,391 million, EUR 3,467 million at year-end 2001 and EUR 597 million at year-end 2000.

Capital Adequacy

Capital adequacy and the use of capital are monitored by ING Bank and its subsidiaries, employing techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practices (the "Basel Committee") and implemented by the EU and the Dutch Central Bank for supervisory purposes.

The Dutch Central Bank, in conjunction with other bank supervisors, regards the risk asset ratio developed by the Basel Committee as a key supervisory tool and sets individual ratio requirements for banks in The Netherlands. This ratio was designed to meet the dual objectives of strengthening the soundness and stability of the international banking system and of creating a fair and consistent supervisory framework for international banks by means of an international convergence of capital measurement and capital standards. The technique involves the application of risk weightings to assets (which for this purpose includes both balance sheet assets and off-balance sheet items) to reflect the credit and other risks associated with broad categories of transactions and counterparties.

The Basel Committee guidelines set a minimum total risk asset ratio for all international banks of 8%. Bank capital adequacy requirements have also been established pursuant to EU directives. These directives, as implemented in The Netherlands, set forth capital standards similar to those of the Basel Committee guidelines.

In addition, the EC Capital Adequacy Directive (the "CAD") became effective January 1, 1996. This directive establishes minimum capital requirements for banks and investment firms for market risks. The CAD is based on a proposal by the Basel Committee.

The risk asset approach to capital adequacy emphasizes the importance of Tier 1 (core) capital, comprising primarily Group equity, including the Fund for general banking risks. In determining a bank's risk asset ratio, the rules limit qualifying Tier 2 supplementary capital to an amount equal to Tier 1 capital. Tier 2 capital includes subordinated debt and fixed asset revaluation reserves.

The concept of risk weighting assumes that banking activities generally involve some risk of loss. For risk weighting purposes, commercial lendings are taken as a bench-mark to which a risk weighting of 100% is ascribed. Other transactions, which are considered to present lower levels of risk than commercial lending, may qualify for reduced weightings. Off-balance sheet items are generally converted to credit risk equivalents by applying credit conversion factors laid down by the Basel Committee. The resulting amounts are then risk-weighted according to the nature of the counterparty. As a result, credit substitutes, such as standby letters of credit and acceptances, are allocated the same risk weightings as similar on-balance sheet lending, while transaction-related off-balance sheet items, such as performance bonds, are allocated a lower weighting in recognition of the smaller likelihood of loss from these instruments.

In the case of interest and exchange rate related contracts, the risks involved relate to the potential loss of cash flows rather than notional principal amounts. These risks are represented by the replacement cost (as defined by the Dutch Central Bank) of the contracts plus an add-on to reflect potential future volatility in replacement cost arising from movements in market rates.

The following table sets forth the risk-weighted capital ratios of ING Bank N.V. as of December 31, 2002, 2001 and 2000, in each case calculated under The Netherlands' implementation of the relevant EC directives.

	Year Ended December 31,		
	2002	2001	2000
	(EUR millions, other than percentages)		
Risk-Weighted Assets	247,287	243,174	219,868
Consolidated group equity:			
Tier 1 Capital	18,080	17,083	15,883
Tier 2 Capital	9,116	8,588	7,709
Tier 3 Capital	257	290	283
Supervisory deductions	(302)	(250)	(237)
Total qualifying capital	27,151	25,711	23,638
Tier 1 Capital Ratio	7.31%	7.03%	7.22%
Total Capital Ratio (Tier 1, 2 and 3)	10.98%	10.57%	10.75%

ING Bank's management believes that working capital is sufficient to meet our current and reasonably foreseeable needs.

SELECTED STATISTICAL INFORMATION

The following section discusses selected statistical information regarding ING Group's banking operations. This information is contained in ING Group's Annual Report on Form 20-F filed on March 27, 2003 with the SEC. The banking operations of ING Group include all of ING Bank's and its subsidiaries' operations as well as a number of other entities, including, for accounting purposes, ING Groep N.V. itself, as well as ING Capital Funding I LLC, ING Capital Funding II LLC and ING Capital Funding III LLC, which are holding certain issued Tier 1 securities, and certain smaller entities, such as ING International Financial Holdings, ING Craft and Tapirus. However, there are differences between the accounting principles of ING Bank and ING Group under Dutch GAAP. Both ING Group and ING Bank follow generally accepted accounting principles in The Netherlands (Dutch GAAP), but ING Bank is also subject to the specific requirements under Dutch GAAP applicable to banks only. This results in differences between the financial information of ING Group's banking operations and that of ING Bank and its subsidiaries. The main differences are:

- the fund for general banking risks of ING Bank is not recognized by ING Group and, therefore, forms part of the equity of ING Group whereas for ING Bank the movements in the fund for general banking risks are recognized in the profit and loss account; and
- ING Bank recognizes depreciation on buildings, whereas for ING Group no depreciation is applicable; since both ING Group and ING Bank recognize buildings at fair value on the balance sheet, there is no impact on equity for either company.

In addition, the following differences between ING Bank and ING Group result from differences arising in consolidation of ING Bank into the ING Group consolidated accounts:

- transactions and balances with ING Group companies (other than group companies of ING Bank) are presented by ING Bank as transactions with third parties, whereas these are eliminated in the consolidation of ING Group; and
- in 2002 the negative balance of the revaluation reserve on shares/participating interests is presented by ING Bank in its profit and loss account as value adjustments to financial fixed assets; for ING Group, the negative balance has been netted with positive balances of the revaluation reserves of other group companies.

The following table sets forth the differences in amounts of certain financial data for ING Group's banking operations and ING Bank and its subsidiaries. You should refer to this table and the financial information set forth elsewhere in this offering memorandum while reviewing the statistical information set forth below for ING Group's banking operations.

Comparison of Financial Data for Banking Operations of ING Group and ING Bank

	At or for the Year Ended December 31, 2002				At or for the Year Ended December 31, 2001			
	Banking Operations of ING Group	ING Bank	Percentage Difference(1)	Difference in Amounts(1)	Banking Operations of ING Group	ING Bank	Percentage Difference(1)	Difference in Amounts(1)
	(EUR millions)				(EUR millions)			
Total income	11,201	11,036	1%	165	11,111	10,989	1%	122
Net interest result	7,646	7,478	2%	168	6,072	5,936	2%	136
Total operating expenses	8,298	8,376	(1)%	(78)	8,191	8,282	(1)%	(91)
Operational result before taxation	1,468	949	35%(2)	519	2,170	1,817	16%(2)	353
Investments	84,042	78,444	7%(3)	5,598	68,448	63,602	7%(3)	4,846
Debt securities	75,493	75,493	0%	0	74,400	74,408	0%	0
Provision for loan losses	5,136	5,136	0%	0	4,763	4,763	0%	0
Total assets	477,058	477,111	0%	53	443,356	443,356	0%	0
Total interest income	24,088	23,883	1%	205	24,318	24,800	(2)%	(482)
Total interest expense	16,442	16,405	0%	37	18,246	18,864	(3)%	(616)
Total net interest result	7,646	7,478	2%	168	6,072	5,936	2%	136
Bank lending	284,448	284,638	0%	(190)	254,214	255,892	(1)%	(1,678)
Non-accrual and past due loans	6,171	6,171	0%	0	6,078	6,078	0%	0

(1) The difference in amounts is expressed as the difference of the financial data for the banking operations of ING Group as compared to the data for ING Bank, and the percentage differences are calculated accordingly.

(2) The differences of 16% and 35%, respectively, are mainly due to inclusion of Fund for general banking risks under equity in ING Group accounts, as discussed in the introductory paragraph of this section above.

(3) The difference of 7% in both 2001 and 2002 is mainly due to the fact that for ING Group, the line item shortdated government paper is included in investments whereas for ING Bank, it is a separate line item in its annual accounts. Furthermore, for ING Group, the items office buildings and real property are included in the investment portfolio, whereas for ING Bank, these items are included in property and equipment.

The following table sets forth the reconciliation of certain financial data for ING Group's banking operations and ING Bank and its subsidiaries in more detail, relating mainly to value adjustments resulting from the differences in accounting principles and certain intercompany items.

Reconciliation of Banking Operations of ING Group to ING Bank Results

	At or for the Year Ended December 31, 2001				
	ING Bank	Value Adjustment(1)	Insurance(2)	Holding(3)	Banking Operations of ING Group
			(EUR millions)		
Income	10,989	(7)	(38)	167	11,111
Operating expenses	8,282	(84)	(7)		8,191
Gross result	2,707	77	(31)	167	2,920
Additions to provision for loan losses	750				750
Additions to the Fund for general banking risks	140	(140)			
Result before taxation	1,817	217	(31)	167	2,170
Taxation	426	76	(9)	(16)	477
Third-party interests	28		(1)	224	251
Net profit	1,363	141	(21)	(41)	1,442

	At or for the Year Ended December 31, 2002			
	ING Bank	Value Adjustment(1)	Holding(3)	Banking Operations of ING Group
		(EUR millions)		
Income	11,036	(7)	172	11,201
Operating expenses	8,376	(73)	(5)	8,298
Gross result	2,660	66	177	2,903
Additions to provision for loan losses	1,435			1,435
Additions to the Fund for general banking risks	140	(140)		
Value adjustment to financial fixed assets(4)	136	(136)		
Result before taxation(4)	949	342	177	1,468
Taxation	272	70	(9)	333
Third-party interests	39		201	240
Net profit	638	272	(15)	895

(1) Valuation adjustments relate to the difference between the accounting principles of ING Bank and ING Group.

(2) The adjustment relating to insurance is only applicable for 2001, when BBL Insurance and 50% of the income of the restructuring of a former insurance acquisition (Savia) were transferred to ING Group's insurance operations.

(3) The holding column sets forth the results of ING Groep N.V. and other sub-entities that are allocated to the banking operations of ING Group.

(4) In 2002, the result of ING Bank was reduced by € 136 million because of the negative revaluation reserve as of the end of December 2002. For ING Group, this reserve was positive. As a result, the € 136 million decrease was accounted for as a valuation adjustment for ING Group.

The tables below set forth selected statistical information regarding ING Group's banking operations. Unless otherwise indicated, average balances, when used, are calculated from monthly data and the distinction between domestic and foreign is based on the location of the office where the assets and liabilities are booked, as opposed to the domicile of the customer. However, ING Group believes that the presentation of these amounts based upon the domicile of the customer would not result in material differences in the amounts presented below.

Net Interest Result for the Banking Operations of ING Group

The interest income and net interest result figures in the following table (other than Other net interest result and Total net interest result) include interest on non-accruing loans and do not reflect (i) interest income on amortized results investments; (ii) lending commissions; (iii) interest income on off-balance sheet instruments; (iv) other interest income not considered to be directly related to interest-earning assets; (v) interest expense on off-balance sheet instruments; or (vi) other interest expense not considered to be directly related to interest-bearing liabilities, all of which are reflected in the Other net interest result and Total net interest result below, which corresponds to the net interest result line item in the consolidated financial statements of ING Group. A reconciliation of the interest income, interest expense and net interest result figures below to the corresponding line items in the consolidated financial statements of ING Group is contained in the table under "— Average Balances and Interest Rates" below for the banking operations of ING Group.

	Year Ended December 31,		
	2002	2001	2000
	(EUR millions)		
Total			
Interest income(1)	21,603	23,289	23,312
Net interest result(1)	7,093	5,779	5,618
Other net interest result(2)	553	293	168
Total net interest result	7,646	6,072	5,786
Average interest-earning assets	449,562	416,025	383,680
Average interest-bearing liabilities	422,650	396,427	357,810
Domestic			
Interest income(1)	8,873	9,051	8,471
Net interest result(1)	3,656	2,739	2,162
Average interest-earning assets	174,962	163,714	141,286
Average interest-bearing liabilities	160,660	157,770	141,618
Foreign			
Interest income(1)	12,730	14,238	14,841
Net interest result(1)	3,437	3,040	3,456
Average interest-earning assets	274,600	252,311	242,394
Average interest-bearing liabilities	261,990	238,657	216,192
Gross yield(3)			
Domestic	5.07%	5.53%	6.00%
Foreign	4.64%	5.64%	6.12%
Total	4.81%	5.60%	6.08%
Interest spread(4)			
Domestic	1.82%	1.53%	1.55%
Foreign	1.09%	0.95%	0.85%
Total	1.37%	1.18%	1.13%

	Year Ended December 31,		
	2002	2001	2000
	(EUR millions)		
Interest margin			
Domestic	2.09%	1.67%	1.53%
Foreign	1.25%	1.20%	1.43%
Total	1.58%	1.39%	1.46%

(1) See "— Average balances and Interest rates."

(2) Additional net interest result required to reconcile Total net interest result to consolidated financial statements of ING Group. See "— Average balances and Interest rates."

(3) 'Gross yield' is the average interest rate earned on 'Average interest-earning assets'. See "— Average balances and Interest rates."

(4) 'Interest spread' is the difference between the average interest rate earned on 'Average interest-earning assets' and the average interest rate paid on 'Average interest-bearing liabilities'. See "— Average balances and Interest rates."

Year ended December 31, 2002 compared to year ended December 31, 2001

The total net interest result for the banking operations of ING Group in 2002 increased by EUR 1,574 million, from EUR 6,072 million in 2001 to EUR 7,646 million in 2002, representing a EUR 33.5 billion, or 8.1%, increase in volume, combined with an increase of the interest margin by 19 basis points. Both domestic and international operations recorded volume growth, of 6.9% and 8.8%, respectively. The increase in the interest margin was especially attributable to the domestic operations (42 basis points); in the international operations there was a slight increase of 5 basis points. The EUR 11.2 billion increase in volume of average interest-earning assets in the domestic operations was mainly caused by an increase of EUR 13.6 billion in average loans and advances, partly offset by a decrease of EUR 1.9 million in average time deposits to banks. The increase in volume of the average interest-earning assets in the international operations of EUR 22.3 billion, attributable primarily to the consolidation of DiBa, was mainly caused by an increase of EUR 14.0 billion in average interest-earning securities and an increase of EUR 11.9 billion in average loans and advances.

The change in total net interest result in 2002 can be allocated by average rate and volume effects as follows:

	(EUR millions) (1)
Increase due to changes in average rates	371
Increase due to changes in average balances	944
Increase due to changes in average rates and balances	1,315
Increase due to changes in other net interest (from reconciliation)	259
Total changes in total net interest result	1,574

(1) See "— Analysis of changes in net interest income".

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

The total net interest result for the banking operations of ING Group in 2001 increased by EUR 286 million, from EUR 5,786 million in 2000 to EUR 6,072 million in 2001, representing a EUR 32.3 billion, or 8.4%, increase in volume, combined with a decrease of the interest margin of 7 basis points. Both domestic and international operations recorded volume growth, of 15.9% and 4.1%, respectively. The interest margin in the international operations decreased by 23 basis points, while the interest margin of the domestic operations rose by 14 basis points. The EUR 22.4 billion increase in volume of average interest-earning assets in the domestic operations was mainly caused by an increase of EUR 15.6 billion in average loans and advances and EUR 4.2 billion in average interest-earning securities. The increase in volume of the average interest-earning assets in the international operations of EUR 9.9 billion was caused by an increase of EUR 11.9 billion in average interest-earning securities.

The change in total net interest result in 2001 can be allocated by average rate and volume effects as follows:

	(EUR millions) (1)
Increase due to changes in average rates	294
Decrease due to changes in average balances	(133)
Increase due to changes in average rates and balances	161
Increase due to changes in other net interest (from reconciliation)	125
Total changes in total net interest result	286

(1) See "— Analysis of changes in net interest income".

Average Balances and Interest Rates

The following tables show the banking operations, average interest-earning assets and average interest-bearing liabilities, together with average rates, for the periods indicated. The interest income, interest expense and average yield figures include interest on non-accruing loans and do not reflect:

- income on amortized results investments;
- lending commissions;
- interest income on off-balance sheet instruments;
- other income not considered to be directly related to interest-earning assets;
- interest expense on off-balance sheet instruments, or
- other expense not considered to be directly related to interest-bearing liabilities,

all of which are reflected in the corresponding interest income, interest expense and net interest result figures in the Consolidated Financial Statements. A reconciliation of the interest income, interest expense and net interest result figures to the corresponding line items in the Consolidated Financial Statements is provided below.

ASSETS

	Interest-Earning Assets								
	2002			2001			2000		
	Average Balance	Interest Income	Average Yield	Average Balance	Interest Income	Average Yield	Average Balance	Interest Income	Average Yield
	(EUR millions)		%	(EUR millions)		%	(EUR millions)		%
Time deposits with banks									
Domestic	3,625	128	3.5	5,522	364	6.6	3,019	209	6.9
Foreign	21,965	935	4.3	24,488	1,261	5.2	24,364	1,406	5.8
Loans and advances									
Domestic	146,277	7,885	5.4	132,714	7,805	5.9	117,112	7,606	6.5
Foreign	148,979	7,149	4.8	137,098	8,843	6.5	137,878	9,561	6.9
Interest-earning securities(1)									
Domestic	20,472	692	3.4	21,165	589	2.8	17,014	460	2.7
Foreign	92,616	4,182	4.5	78,615	3,375	4.3	66,752	3,109	4.7
Other interest-earning assets									
Domestic	4,588	167	3.6	4,313	293	6.8	4,141	196	4.7
Foreign	11,040	465	4.2	12,110	759	6.3	13,400	765	5.7
Total	449,562	21,603	4.8	416,025	23,289	5.6	383,680	23,312	6.1
Non-interest earning assets	27,216			30,134			24,476		
Total assets(1)	476,778			446,159			408,156		
Percentage of assets applicable to foreign operations			62.1%			61.6%			64.1%
Other interest income (reconciliation to Consolidated Financial Statements):									
Amortized results investments(2)		348			152			173	
Lending commission		102			167			222	
Adjustment for interest on non-performing loans(3)		(105)			(122)			(95)	
Interest on off-balance instruments(4)		1,758			1,325			1,230	
Other		382			(493)			(557)	
Total interest income		24,088			24,318			24,285	

LIABILITIES

	Interest-Earning Liabilities								
	2002			2001			2000		
	Average Balance	Interest Income	Average Yield	Average Balance	Interest Income	Average Yield	Average Balance	Interest Income	Average Yield
	(EUR millions)		%	(EUR millions)		%	(EUR millions)		%
Time deposits from banks									
Domestic	23,789	832	3.5	25,986	1,117	4.3	21,384	1,395	6.5
Foreign	43,435	1,238	2.9	45,995	2,255	4.9	45,132	2,572	5.7
Demand deposits(5)									
Domestic	31,291	332	1.1	28,195	384	1.4	27,216	386	1.4
Foreign	20,994	528	2.5	17,760	589	3.3	18,038	605	3.4
Time deposits(5)									
Domestic	17,675	746	4.2	19,923	1,165	5.9	18,769	920	4.9
Foreign	34,432	1,242	3.6	37,631	1,715	4.6	35,660	1,692	4.8
Savings deposits(5)									
Domestic	43,463	1,300	3.0	38,194	1,329	3.5	36,783	1,199	3.3
Foreign	57,781	2,050	3.6	25,361	1,048	4.1	16,659	627	3.8
Short term debt									
Domestic	5,082	193	3.8	5,090	253	5.0	5,889	250	4.3
Foreign	48,836	1,309	2.7	46,961	1,958	4.2	41,332	2,118	5.1
Long term debt									
Domestic	19,278	865	4.5	19,029	1,008	5.3	18,028	1,014	5.6
Foreign	30,439	1,634	5.4	26,135	1,965	7.5	24,118	1,740	7.2
Subordinated liabilities									
Domestic	9,109	589	6.5	7,266	467	6.4	5,355	307	5.7
Foreign	3,184	190	6.0	3,215	232	7.2	3,094	213	6.9
Other interest-bearing liabilities									
Domestic	10,972	359	3.3	14,088	590	4.2	8,193	837	10.2
Foreign	22,890	1,103	4.8	35,598	1,435	4.0	32,160	1,818	5.7
Total	422,650	14,510	3.4	396,427	17,510	4.4	357,810	17,693	5.0
Non-interest bearing liabilities	36,726			33,490			35,337		
Total Liabilities	459,376			429,917			393,147		
Group Capital	17,402			16,242			15,009		
Total liabilities and capital	476,778			446,159			408,156		
Percentage of liabilities applicable to foreign operations			63.2%			60.9%			61.9%
Other interest expense (reconciliation to Consolidated Financial Statements):									
Interest on off-balance instruments(6)		1,718			1,364			1,305	
Other		214			(628)			(499)	
Total interest expense		16,442			18,248			18,499	
Total net interest result		7,646			6,072			5,786	

(1) Substantially all interest-earning securities held by the banking operations of ING Group are taxable securities.

(2) Includes amortization of premiums and discounts and deferred realized gains and losses on sales of investments in debt securities on a straight-line basis over the estimated average remaining life of the portfolio.

(3) Interest on non-performing loans is included when calculating the average yield in this table but excluded from interest income reported in the consolidated profit and loss account.

(4) Includes amortization of deferred realized gains and losses on off-balance sheet hedging instruments on a straight line basis over the estimated average remaining life of the portfolio and interest accrued on hedging instruments, primarily on interest rate swaps.

(5) These captions do not include deposits from banks.

(6) Includes accrued interest expense on hedging instruments, primarily on interest rate swaps.

Analysis of Changes in Net Interest Income

The following table allocates changes in interest income and expense and net interest result between changes in average balances and rates for the periods indicated of ING Group's banking operations. Changes due to a combination of volume and rate have been allocated to changes in average volume. The net changes in interest income, interest expense and net interest result, as calculated in this table, have been reconciled to the changes in interest income, interest expense and net interest result in the Consolidated Financial Statements. See introduction to "Average Balances and Interest Rates" for a discussion of the differences between interest income, interest expense and net interest result as calculated in the following table and as set forth in the Consolidated Financial Statements.

	2002 over 2001 Increase (Decrease) Due to Changes in			2001 over 2000 Increase (Decrease) Due to Changes in		
	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
		(EUR millions)			(EUR millions)	
Interest-earning assets						
Time deposits to banks						
Domestic	(67)	(169)	(236)	165	(10)	155
Foreign	(107)	(219)	(326)	6	(151)	(145)
Loans and advances						
Domestic	731	(650)	81	918	(719)	199
Foreign	570	(2,265)	(1,695)	(50)	(668)	(718)
Interest-earning securities						
Domestic	(23)	127	104	115	14	129
Foreign	632	175	807	509	(243)	266
Other interest-earning assets						
Domestic	10	(136)	(126)	12	85	97
Foreign	(45)	(250)	(295)	(81)	75	(6)
Interest income						
Domestic	651	(828)	(177)	1,210	(630)	580
Foreign	1,050	(2,559)	(1,509)	384	(987)	(603)
Total	1,701	(3,387)	(1,686)	1,594	(1,617)	(23)
Other interest income (reconciliation to Consolidated Financial Statements)			1,456			56
Total interest income			(230)			33
Interest-bearing liabilities						
Time deposits from banks						
Domestic	(77)	(208)	(285)	198	(476)	(278)
Foreign	(73)	(943)	(1,016)	42	(359)	(317)
Demand deposits						
Domestic	33	(84)	(51)	13	(15)	(2)
Foreign	81	(142)	(61)	(9)	(8)	(17)
Time deposits						
Domestic	(95)	(325)	(420)	67	178	245
Foreign	(115)	(359)	(474)	90	(67)	23

	2002 over 2001 Increase (Decrease) Due to Changes in			2001 over 2000 Increase (Decrease) Due to Changes in		
	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
		(EUR millions)			(EUR millions)	
Savings deposits						
Domestic	158	(186)	(28)	49	81	130
Foreign	1,150	(148)	1,002	360	62	422
Short term debt						
Domestic	(0)	(59)	(59)	(40)	42	2
Foreign	50	(701)	(651)	235	(393)	(158)
Long term debt						
Domestic	11	(154)	(143)	53	(59)	(6)
Foreign	231	(562)	(331)	152	73	225
Subordinated liabilities						
Domestic	119	3	122	123	37	160
Foreign	(2)	(40)	(42)	9	10	19
Other interest-bearing liabilities						
Domestic	(102)	(129)	(231)	247	(494)	(247)
Foreign	(612)	279	(333)	139	(521)	(382)
Interest expense						
Domestic	47	(1,142)	(1,095)	710	(708)	2
Foreign	710	(2,616)	(1,906)	1,017	(1,203)	(186)
Total	757	(3,758)	(3,001)	1,727	(1,911)	(184)
Other interest expense (reconciliation to Consolidated Financial Statements)			1,197			(69)
Total interest expense			(1,804)			(253)
Net interest						
Domestic	604	314	918	499	77	577
Foreign	340	57	397	(632)	216	(416)
Net interest	944	371	1,315	(133)	294	161
Other net interest result (reconciliation to Consolidated Financial Statements)			259			125
Net interest result			1,574			286

Loan Portfolio

Loans and Advances to Banks and Customers

Loans and advances to banks include all receivables from credit institutions, except for cash, current accounts and deposits with other banks (including central banks). Lending facilities to corporate and personal customers encompass among others, loans, overdrafts and finance lease receivables.

The following table sets forth the gross loans and advances to banks and customers for the last five years.

	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(EUR millions)				
By domestic offices:					
Loans guaranteed by public authorities	8,013	8,949	8,306	9,357	9,189
Loans secured by mortgages	86,932	78,789	65,585	58,196	52,237
Loans to or guaranteed by credit institutions	7,103	8,356	3,643	3,076	3,498
Other personal lending	8,201	3,775	3,532	3,281	2,991
Other corporate lending	42,083	35,060	33,715	30,755	22,738
Total domestic offices	152,332	134,929	114,781	104,665	90,653
By foreign offices:					
Loans guaranteed by public authorities	15,750	13,398	13,019	12,880	2,846
Loans secured by mortgages	31,260	19,502	14,048	14,794	6,815
Loans to or guaranteed by credit institutions	23,562	21,861	19,635	13,353	10,272
Other personal lending	6,810	3,259	2,790	2,086	1,821
Other corporate lending	82,256	88,687	102,484	70,806	54,150
Total foreign offices	159,638	146,707	151,976	113,919	75,904
Total gross loans and advances to banks and customers	**311,970**	**281,636**	**266,757**	**218,584**	**166,557**

The total net loans and advances to banks and customers amounted to EUR 307,100 million at December 31, 2002 and to EUR 277,162 million at December 31, 2001. The difference between total net loans and advances to banks and customers on the one hand and total gross loans and advances to banks and customers on the other, amounting to EUR 4,870 million, EUR 4,474 million and EUR 4,272 million at December 31, 2002, 2001 and 2000, respectively, represents the provisions for loan losses.

Maturities and Sensitivity of Loans to Changes in Interest Rates

The following table analyzes loans and advances to banks and customers by time remaining until maturity as at December 31, 2002.

	1 Year or Less	1 Year to 5 Years	After 5 Years	Total
	(EUR millions)			
By domestic offices:				
Loans guaranteed by public authorities	1,694	538	5,781	8,013
Loans secured by mortgages	8,790	10,159	67,983	86,932
Loans guaranteed by credit institutions	5,156	907	1,040	7,103
Other personal lending	6,105	751	1,345	8,201
Other corporate lending	28,279	7,576	6,228	42,083
Total domestic offices	50,024	19,931	82,377	152,332
By foreign offices:				
Loans guaranteed by public authorities	5,945	6,878	2,927	15,750
Loans secured by mortgages	3,677	7,598	19,985	31,260
Loans guaranteed by credit institutions	17,715	4,048	1,799	23,562
Other personal lending	4,182	2,315	313	6,810
Other corporate lending	61,135	13,150	7,971	82,256
Total foreign offices	92,654	33,989	32,995	159,638
Total gross loans and advances to banks and customers	142,678	53,920	115,372	311,970

The following table analyzes loans and advances to banks and customers by interest rate sensitivity by maturity as at December 31, 2002.

	1 Year or Less	Over 1 Year	Total
	(EUR millions)		
Non-interest earning	2,524	359	2,883
Fixed interest rate	77,848	55,806	133,654
Semi-fixed interest rate(1)	3,107	76,165	79,272
Variable interest rate	59,199	36,962	96,161
Total	142,678	169,292	311,970

(1) Loans that have an interest rate that remains fixed for more than one year and which can then be changed are classified as "semi-fixed".

Risk Elements

Non-Accrual and Past Due Loans

Each of the business units within the banking operations of ING Group maintains its own system for servicing and monitoring past due loans. ING Group's international banking offices and subsidiaries generally account for delinquent loans in accordance with U.S. GAAP. When a loan is in default as to payment of principal and interest for 90 days or when, in the judgment of management, the accrual of interest should cease before 90 days, such a loan is placed on non-accrual status. Any accrued but unpaid interest is reversed against current period interest revenue. Interest payments received on a cash basis during the period are recorded as interest income. Domestic banking offices follow the same policy for consumer mortgage and personal loans. All of the foregoing loans are included in the table below under "Non-accrual".

Under "Accruing but past due 90 days", all loans are reported which are still accruing but on which principal or interest payments are contractually past due 90 days or more. Domestic commercial loans combined with an overdraft facility, which make up approximately 50% of the reported amount in the domestic "Accruing but past due 90 days" category, were included in the 2002, 2001 and 2000 table below if the overdraft facility exceeded a specified limit for 90 days or more at December 31, 2002, 2001 and 2000, respectively. The amount of loans meeting these criteria in prior years was estimated by management based on the size of the underlying portfolio and specific risk factors.

Based on the foregoing, the following table sets forth management's estimate, without giving effect to available security or related specific provisions, of the amounts of its loan portfolio in each of the two categories indicated.

	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(EUR millions)				
Non-accrual					
Domestic	1,093	1,425	711	1,072	912
Foreign	3,044	2,613	2,745	2,313	1,863
Sub-total	4,137	4,038	3,456	3,385	2,775
Accruing but past due 90 days					
Domestic	986	1,083	1,112	573	575
Foreign	1,048	957	756	952	555
Sub-total	2,034	2,040	1,868	1,525	1,130
Total	6,171	6,078	5,324	4,910	3,905

These loans are under constant review of the credit risk department.

Restructured Loans

The following table sets forth the troubled debt restructuring loans consisting of loans that are accruing interest but at rates different from the original terms of such loans as a result of the terms of any such restructuring.

	Year Ended December 31,				
	2002	2001	2000	1999	1998
	(EUR millions)				
Troubled debt restructuring					
Domestic	439	57	154	202	98
Foreign	461	1,054	569	583	342
Total troubled debt restructuring	900	1,111	723	785	440

On receipt of cash, suspended interest is recovered prior to the principal outstanding, except that, where amounts are outstanding for costs and other late payment charges, the cash received is first used to recover these costs and charges. When it becomes apparent that recovery of interest is unlikely, interest ceases to be accrued and is suspended.

Interest income that would have been recognized in 2002 under the original terms of the non-accrual and restructured loans amounted to an estimated EUR 81 million from loans granted by domestic offices and an estimated EUR 234 million from loans granted by foreign offices. Interest income of approximately EUR 45 million from such domestic loans and approximately EUR 104 million from such foreign loans was recognized in the profit and loss account for 2002.

At December 31, 2002, ING Group had loans amounting to EUR 4,327 million that were not included in the risk elements schedule above. These loans are considered potential problem loans as the credit review officers obtained information that caused doubts as to the repayment of the loan by the borrower. Of this total, EUR 1,640 million relates to domestic loans and EUR 2,687 million relates to foreign loans. Appropriate provisions, following ING Group's credit risk rating system, have been established for these loans.

Cross-Border Outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets that are denominated in euro or other non-local currency. To the extent that material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.

The following tables analyze cross-border outstandings as of the end of each of the last three years, stating the name of the country and the aggregate amount of cross-border outstandings to borrowers in each foreign country where such outstandings exceed 1% of total assets, by the following categories.

Guaranteed or secured loans are deducted from gross outstandings to arrive at net outstandings provided that political and transfer risks are also covered explicitly by the agreement. Commitments such as irrevocable letters of credit are not considered as cross border outstanding. Total outstandings are in line with Dutch Central Bank requirements. At December 31, 2002, there were no outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

	Year Ended December 31, 2002				
	Government & Official Institutions	Banks & Other Financial Institutions	Commercial & Industrial	Other	Total
	(EUR millions)				
United Kingdom	5	17,782	20,032	1,280	39,099
United States	2,013	2,491	19,578	912	24,994
Germany	4,660	8,899	2,165	2,070	17,794
France	515	3,941	2,876	784	8,116
Belgium	2,039	1,940	2,248	1,256	7,483

	Year Ended December 31, 2001				
	Government & Official Institutions	Banks & Other Financial Institutions	Commercial & Industrial	Other	Total
	(EUR millions)				
United Kingdom		15,101	13,547	785	29,433
United States	1,461	5,194	15,534	1,406	23,595
Germany	3,911	11,380	3,832	2,796	21,919
Belgium	1,135	3,560	2,188	2,154	9,037
France	1,155	3,234	2,262	562	7,213
Italy	2,456	3,894	455	363	7,168

	Year Ended December 31, 2000				
	Government & Official Institutions	Banks & Other Financial Institutions	Commercial & Industrial	Other	Total
	(EUR millions)				
United Kingdom	5	10,910	19,849	1,824	32,588
United States	95	3,205	17,376	8,480	29,156
Germany	4,494	5,037	5,357	9,992	24,880
Belgium	500	2,547	2,350	6,533	11,930
France	1,133	3,463	2,785	1,413	8,794

At December 31, 2002, 2001 and 2000, the following countries had cross-border outstandings between 0.75% and 1% of total assets:

	Cross-border Outstandings Year Ended December 31,
2002	
Italy	7,101
Spain	5,828
2001	
Japan	5,571
2000	
Italy	6,284

Loan Concentration

The following industry concentrations were in excess of 10% of total loans as at December 31, 2002:

	Total Outstandings
	(EUR millions)
Financial institutions(1)	63,679
Service industry	58,303
Manufacturing	34,999

(1) Excluding bank deposits given of approximately EUR 46 billion.

Bad and Doubtful Debts

A provision for loan losses is maintained for the banking operations that is considered adequate to absorb losses arising from the existing portfolios of loans. The provision for loan losses is made in accordance with the overall supervisory direction of the Dutch Central Bank. Each operating company makes provisions for bad and doubtful debts, based on centrally given instructions. The provisions are reviewed on a quarterly basis by management. On the face of the balance sheet, the provisions are deducted from "Lending" and "Banks". The net additions to or subtractions from such balance sheet provisions are reflected in ING Group's profit and loss account, principally under 'Value adjustments to receivables' of the Banking operations.

In determining the amount of the provisions, corporate loans are assessed on a case-by-case basis, and the following factors are considered:

- the financial standing of the customer, including a realistic assessment of the likelihood of repayment of the loan within an acceptable period and the extent of ING Group's other commitments to the same customer;
- the realizable value of any security for the loan; and

• the costs associated with obtaining repayment and realization of any such security.

For certain homogeneous groups of small personal and corporate loans, provisions are also assessed using statistical techniques.

On certain foreign outstandings, a country provision is calculated for regulatory purposes based on detailed instructions given by the Dutch Central Bank. The amount is a function of the risk of the country as well as the risk of the transaction itself. For accounting purposes, adequate provisions are calculated for countries that are near default or have recently defaulted.

ING Group also maintains an unallocated provision for loan losses that is required to adequately capture various subjective and judgmental aspects of credit risk assessment that is not considered on an individual basis. Considerable judgement is exercised in determining the extent of the provision and is based on the management's evaluation of the risk in the portfolio, current economic conditions, recent years' loss experience, credit and geographical concentration trends. When there is no prospect of recovering principal or interest, the outstanding debt and any suspense balances are written off.

Summary of Loan Loss Experience

The following table shows the movements in allocation of the provision for loan losses on loans accounted for as loans and advances to banks and customers for the past five years.

	Calendar Period				
	2002	2001	2000	1999	1998
	(EUR millions)				
Balance at January 1	4,474	4,272	4,522	3,417	1,928
Change in the composition of ING Group	93	(171)		834	874
Charge-offs:					
Domestic:					
Loans guaranteed by public authorities	(1)				
Loans secured by mortgages	(4)	(4)	(3)	(4)	(12)
Loans to or guaranteed by credit institutions	(18)			(10)	
Other personal lending	(31)	(31)	(77)	(26)	(24)
Other corporate lending	(211)	(166)	(198)	(170)	(163)
Foreign:					
Loans guaranteed by public authorities					
Loans secured by mortgages	(8)	(1)	(1)	(1)	(6)
Loans to or guaranteed by credit institutions	(3)	(9)	(91)	(138)	(4)
Other personal lending	(32)	(1)	(1)	(1)	
Other corporate lending	(530)	(391)	(458)	(224)	(119)
Total charge-offs	(838)	(603)	(829)	(574)	(328)
Recoveries:					
Domestic:					
Loans guaranteed by public authorities					
Loans secured by mortgages		3	5		
Loans to or guaranteed by credit institutions	4				
Other personal lending	2	4	5	5	4
Other corporate lending	3	8	4	8	6
Foreign:					
Loans guaranteed by public authorities					
Loans secured by mortgages	2		2		
Loans to or guaranteed by credit institutions			1	5	7
Other personal lending	7				
Other corporate lending	15	23	34	1	1
Total recoveries	33	38	51	19	18
Net charge-offs	(805)	(565)	(778)	(555)	(310)
Additions (included in Value Adjustments to receivables of the Banking operations), exchange and other adjustments	1,108	938	528	826	925
Balance at December 31	4,870	4,474	4,272	4,522	3,417
Ratio of net charge-offs to average loans and advances to banks and customers	0.27%	0.22%	0.31%	0.32%	0.18%

Additions to the provision for loan losses are based on management's judgment, taking into account all available evidence, on borrower creditworthiness, contractual loan terms, available judicial and other remedies, historical patterns of losses and current economic developments.

Management regularly assesses the adequacy of the provision for loan losses by performing ongoing evaluations of the loan portfolio. A formal analysis of specifically identified loans takes place every quarter, including evaluation of economic risks associated with each loan, the current financial condition of the borrower, the economic environment in which the borrower operates, the level of delinquent loans and the value of collateral. Credit ratings are assigned to the borrowers by allocating all outstanding loans into various Risk Rating categories on a regular basis.

The policy for determining the provision for loan losses is set out in more detail in "Selected Statistical Information — Risk Elements — Bad and doubtful debts" and "Risk Management — Credit Risk — Debtor Provisioning".

Additions to the provision for loan losses presented in the table above were influenced by developments in general economic conditions as well as certain individual exposures. Significant movements in the addition to the provision for loan losses are explained in "Selected Statistical Information — Risk Elements — Bad and doubtful debts" and "Risk Management — Credit Risk — Debtor Provisioning".

The following table shows the allocation of the provision for loan losses on loans accounted for as loans and advances to banks and customers for the past five years:

	Year Ended December 31,									
	2002		2001		2000		1999		1998	
	EUR	%(1)	EUR	%(1)	EUR	%(1)	EUR	%(1)	EUR	%(1)
					(EUR millions)					
Domestic:										
Loans guaranteed by public authorities	31	2.56		3.18		3.11		4.28		5.52
Loans secured by mortgages	120	27.87	112	29.01	105	18.21	104	26.62	94	31.36
Loans to or guaranteed by credit institutions		2.28		2.96		1.37		1.41		2.10
Other personal lending	199	2.63	107	1.34	88	1.31	76	1.50	70	1.80
Other corporate lending	649	13.49	742	11.42	766	19.03	828	14.07	794	13.64
Total domestic	999	48.83	961	47.91	959	43.03	1,008	47.88	958	54.42
Foreign:										
Loans guaranteed by public authorities	47	5.05	68	4.76	7	4.88	46	5.89	18	1.71
Loans secured by mortgages	73	10.02	41	6.92	103	5.27	27	6.78	91	4.09
Loans to or guaranteed by credit institutions	90	7.55	43	7.76	70	7.36	322	6.11	362	6.18
Other personal lending	145	2.18	181	1.16	82	1.05	72	0.95	66	1.09
Other corporate lending	3,516	26.37	3,180	31.49	3,051	38.41	3,047	32.39	1,922	32.51
Total foreign	3,871	51.17	3,513	52.09	3,313	56.97	3,514	52.12	2,459	45.58
Total	4,870	100.00	4,474	100.00	4,272	100.00	4,522	100.00	3,417	100.00

(1) The percentages represent the loans in each category as a percentage of the total loan portfolio for loans and advances to banks and customers.

The following table shows the provision for loan losses on loans accounted for as loans and advances to banks and customers as a percentage of the related loan portfolio for the past five years:

	Year Ended December 31,				
	2002	2001	2000	1999	1998
			(In %)		
Domestic:					
Loans guaranteed by public authorities	0.39				
Loans secured by mortgages	0.14	0.14	0.16	0.18	0.18
Other personal lending	2.43	2.83	2.53	2.32	2.35
Other corporate lending	1.54	2.31	2.27	2.69	3.49
Total domestic	0.66	0.71	0.84	0.96	1.06
Foreign:					
Loans guaranteed by public authorities	0.30	0.51	0.06	0.36	0.63
Loans secured by mortgages	0.23	0.21	0.73	0.18	1.33
Loans to or guaranteed by credit institutions	0.37	0.20	0.35	2.41	3.52
Other personal lending	2.13	5.55	2.94	3.47	3.62
Other corporate lending	4.27	3.59	2.98	4.30	3.55
Total foreign	2.42	2.39	2.18	3.08	3.24
Total	1.56	1.59	1.60	2.07	2.05

Deposits

The aggregate average balance of all ING Group's interest-bearing deposits (from banks and customer accounts) increased by 6.11% to EUR 315,209 million. Interest rates paid reflect market conditions. The effect on net interest income depends upon competitive pricing and the level of interest income that can be generated through the use of funds.

Deposits by banks are primarily time deposits, the majority of which are raised by ING Group's Amsterdam-based money market operations in the world's major financial markets.

Certificates of deposit represent 47% of the category 'Debt securities' (52% at the end of 2001). These instruments are issued as part of liquidity management with maturities generally of less than three months.

	2002		2001		2000	
	Average Deposit	Average Rate	Average Deposit	Average Rate	Average Deposit	Average Rate
	(EUR millions)	%	(EUR millions)	%	(EUR millions)	%
Deposits by banks						
In domestic offices:						
Demand — non-interest bearing	899		1,452		9	
— interest bearing	1,091	5.0	1,422	3.4	1,783	3.8
Time	30,504	3.5	36,707	3.9	24,764	6.0
Total domestic offices	32,494		39,581		26,556	
In foreign offices:						
Demand — non-interest bearing	3,011		1,551		1,570	
— interest bearing	12,728	2.6	12,936	3.1	12,330	4.8
Time	59,562	3.4	64,082	4.7	59,102	5.6
Total foreign offices	75,301		78,569		73,002	
Total deposits by banks	107,795		118,150		99,558	
Customer accounts						
In domestic offices:						
Demand — non-interest bearing	15,572		10,071		10,501	
— interest bearing	17,543	2.8	36,550	2.5	35,243	2.4
Savings	43,389	3.0	18,866	3.8	18,207	3.6
Time	23,252	4.2	23,759	4.9	22,950	5.2
Total domestic offices	99,756		89,246		86,901	
In foreign offices:						
Demand — non-interest bearing	3,407		4,282		9,242	
— interest bearing	25,973	2.0	27,717	2.4	25,382	2.8
Savings	55,553	3.6	26,018	3.9	17,431	3.6
Time	45,614	3.2	49,014	4.1	48,430	4.2
Total foreign offices	130,547		107,031		100,485	
Total customers accounts	230,303		196,277		187,386	
Debt securities						
In domestic offices:						
Debentures	14,636	3.9	8,269	5.1	8,860	5.9
Certificates of deposit	2,967	4.5	10,532	4.3	9,397	5.0
Other	2,806	4.0	1,614	4.6	1,687	5.8
Total domestic offices	20,409		20,415		19,944	
In foreign offices:						
Debentures	13,267	8.5	14,414	6.5	16,855	7.1
Certificates of deposit	33,821	3.1	26,663	4.8	20,066	6.4
Other	10,781	8.7	10,410	5.5	8,023	5.2

	2002		2001		2000	
	Average Deposit	Average Rate	Average Deposit	Average Rate	Average Deposit	Average Rate
	(EUR millions)	%	(EUR millions)	%	(EUR millions)	%
Total foreign offices	57,869		51,487		44,944	
Total debt securities	78,278		71,902		64,888	

For the years ended December 31, 2002, 2001 and 2000, the aggregate amount of deposits by foreign depositors in domestic offices was EUR 30,551 million, EUR 34,848 million and EUR 27,538 million, respectively.

At December 31, 2002, the maturity of domestic time certificates of deposit and other time deposits, exceeding EUR 25,000, was:

	Time Certificates of Deposit		Other Time Deposits	
	(EUR millions)	%	(EUR millions)	%
3 months or less	35,633	73.2	34,115	74.5
6 months or less but over 3 months	8,405	17.3	3,075	6.7
12 months or less but over 6 months	1,633	3.3	1,919	4.2
Over 12 months	3,021	6.2	6,692	14.6
Total	48,692	100.0	45,801	100.0

The following table shows the amount outstanding for time certificates of deposit and other time deposits exceeding EUR 25,000 issued by foreign offices at December 31, 2002.

	Year Ended December 31, 2002
	(EUR millions)
Time certificates of deposit	59,385
Other time deposits	31,244
Total	90,629

Investments of ING Group's Banking Operations

The following table shows the balance sheet value under Dutch GAAP of the investments of ING Group's banking operations:

	Year Ended December 31,		
	2002	2001	2000
	(EUR millions)		
Dutch government	3,429	2,913	2,919
German government	2,783	2,892	4,460
Central banks	668	894	794
Belgian government	13,165	12,266	13,870
Other governments	15,200	10,517	7,356
Corporate debt securities			
Banks and financial institutions	18,527	14,819	12,507
Other corporate debt securities	6,210	9,354	6,424
U.S. Treasury and other			
U.S government agencies	5,180	3,818	1,675
Other debt securities	13,917	5,796	2,509
Total debt securities	79,079	63,269	52,514
Shares and convertible debentures	1,254	2,877	3,495
Land and buildings(1)	3,709	2,302	3,124
Total	84,042	68,448	59,133

(1) Including commuted ground rents

Banking Investment Strategy

ING's investment strategy for its investment portfolio related to the banking activities is formulated by the Asset and Liability Committee ("ALCO"). The exposures of the investments to market rate movements are managed by modifying the asset and liability mix, either directly or through the use of derivative financial products including interest rate swaps, futures, forwards and purchased option positions such as interest rate caps, floors and collars. See "Risk Management".

The investment portfolio related to the banking activities primarily consists of fixed-interest securities. Approximately 49% of the land and buildings owned by ING Bank are wholly owned or partially in use by ING Group companies.

Portfolio Maturity Description

	1 Year or Less		Between 1 and 5 Years		Between 5 and 10 Years	
	Book Value	Yield (1)	Book Value	Yield (1)	Book Value	Yield (1)
	(EUR millions)	%	(EUR millions)	%	(EUR millions)	%
Dutch government	131	6.3	351	4.8	2,983	4.8
German government	118	6.0	843	4.6	1,653	5.0
Belgian government	1,420	7.8	4,518	6.1	6,816	5.2
Central banks	363	2.5	55	7.1	246	7.5
Other governments	1,926	5.0	4,301	5.0	7,390	5.0
Banks and financial institutions	2,478	3.0	10,441	3.7	4,728	5.0
Corporate debt securities	371	4.8	3,673	4.3	1,578	4.6
U.S. Treasury and other U.S. government agencies	884	4.1	1,870	4.3	2,472	4.3
Other debt securities	1,162	4.4	3,790	4.0	2,801	4.4
Total	8,853		29,842		30,667	

	Over 10 Years		Without Maturity		Total		
	Book Value	Yield (1)	Book Value	Yield (1)	Book Value	Premium/ (Discount)	Balance Sheet Value
	(EUR millions)	%	(EUR millions)	%		(EUR millions)	
Dutch government	10	5.8	3	0.0	3,478	49	3,429
German government	175	5.8	0	0.0	2,789	6	2,783
Belgian government	401	5.3	0	0.0	13,155	(10)	13,165
Central banks	2	2.3	0	0.0	666	(2)	668
Other governments	1,587	5.2	137	0.0	15,341	141	15,200
Banks and financial institutions	853	5.1	95	2.8	18,595	68	18,527
Corporate debt securities	550	3.7	46	0.0	6,218	8	6,210
U.S. Treasury and other U.S. government agencies	2	8.6	0	0.0	5,228	48	5,180
Other debt securities	6,045	4.4	180	2.3	13,978	61	13,917
Total	9,625		461		79,448	369	79,079

(1) Since substantially all investment securities held by the banking operations of ING Group are taxable securities, the yields are on a tax-equivalent basis.

At December 31, 2002, ING Group also held the following securities for the banking operations that exceeded 10% of shareholders' equity:

	2002		2001	
	Book Value	Market Value	Book Value	Market Value
	(EUR millions)		(EUR millions)	
Dutch government	3,478	3,634	2,968	2,935
Belgian government	13,155	14,170	12,261	12,828
German government	2,789	2,934	2,898	2,906

RISK MANAGEMENT

General

Risk management in ING Bank is integrated with the management of risk in the ING Group as a whole. ING Group's executive board places a high priority on risk management and risk control. By virtue of ING Group's size and its wide diversity of activities, types of clients and geographic regions, ING Group seeks to maintain the highest quality of risk management and control and to apply the most up-to-date and reliable methods available, not only to protect ING Group itself but also its clients and shareholders. ING Group has comprehensive risk management and control procedures on all levels within ING Group, which enable ING Group to control and monitor risks and the accumulation of risks. The risk governance and systems of controls in use should allow management to effectively measure, monitor and report risks adequately and effectively. The principal risks relevant for ING Bank that are discussed in the following are credit risk, market risk, liquidity risk and operational risk.

ING Group's risk governance has three components: the risk profile is set by specific risk committees; specialized departments at Group level and at local or regional level are responsible for the measurement, monitoring and reporting of the risks; and day-to-day management of the risks takes place in the business units. There are several committees within ING Group responsible for risk management. The following summarizes the work of the ING Group committees as well as ING Bank committees responsible for ING Bank's risk management.

Committees Involved in Risk Management

The risk policy committee of ING Group ("RPC") evaluates and sets ING Group's overall risk profile, aiming for a balance between risk, return and capital. The committee advises ING Group's executive board on risk adjusted return on risks adjusted capital ("RAROC") and the RAROC methodology as well as the allocation of economic capital to the business units and to the risk categories, among others.

The following risk committees act within the overall risk policy guidelines and delegated authorities granted by RPC. These committees also ensure a close link with the business through representation of business heads in the committees.

The Central Credit Committee ("CKC") of ING Group is the highest credit approval body within ING Group. CKC sets country limits and country ratings, credit limits, counterparty limits and advises ING Group's executive board on provisions. CKC oversees other credit committees covering the entire business of ING Group.

The Risk Concentration Committee ("IRCC") of ING Group advises the executive board about ING Group's largest credit risk concentrations across portfolios of corporate customers, industries, financial institutions and sovereign customers. IRCC provides recommendations on the direction of the exposure, but not specific limits.

The ING Group Provisioning Committee ("IPC") advises CKC and the executive board on ING Bank's specific debtor and country provisioning levels. IPC's recommendations are carried out by the various business units and the final approval each quarter is given by the executive board of ING Group.

The ING Group Market Risk Committee ("IMRC") sets the overall trading risk profile of ING Bank. The IMRC decides about the market risk limit structure and sets trading limits for normal market conditions (Value at Risk) and for events (Event Value at Risk) for all trading risk categories (foreign exchange, interest rate, emerging markets debt and equity) as well as trading issuer limits and underwriting limits. IMRC also decides on new trading products and associated limits and on risk factors.

The Asset and Liability Management Committee of ING Group ("ALCO ING Group") sets the overall risk profile of ING Group. ALCO ING Group defines the policy regarding funding, liquidity, interest rate mismatch and foreign exchange risk of ING Group.

The Asset and Liability Committee of ING Bank ("ALCO Bank") sets the overall risk profile of all non-trading market risks of ING Bank that occur in all banking activities which are valued on an accrual basis. ALCO Bank defines the policy regarding funding, liquidity, interest rate mismatch and capital of ING Bank. ALCO Bank sets standards for long-term balance sheet developments, the funding structure, the liquidity position, contingency funding, the interest rate sensitivity of interest margin as well as the hedging of translation risk of investments.

Risk Adjusted Return on Capital (RAROC)

ING Bank classifies and manages risks based on risk-adjusted capital ("RAC") and risk-adjusted return on risk-adjusted capital and the RAROC-model consistently measures performance. RAROC is calculated as the economic return divided by economic capital. The economic returns of RAROC are based on the principles of valuation and calculation of results applied in the annual accounts. However, the credit risk provisioning is replaced by statistically expected losses reflecting average credit losses over the entire economic cycle. ING Bank continues to develop and refine the models supporting the RAROC calculations. ING Direct is excluded.

The overall (pre-tax) RAROC figure for ING Bank for 2002 was 13.3%, a slight deterioration of 0.2%-points compared to 2001. Excluding the restructuring provision for international wholesale banking created in the third quarter 2002 the overall RAROC was 14.2%. Compared to 2001, the RAROC of the wholesale activities improved by 0.5%-point to 10.2%. The RAROC performance of the retail activities was a satisfactory 26.7% against 28.6% in 2001. Total economic capital remained unchanged at EUR 14.3 billion compared to 2001.

Credit Risk

ING Bank's general credit risk policy is to maintain an internationally diversified loan portfolio, avoiding large concentrations. The emphasis is on managing business developments within the regions by means of top-down concentration limits in countries, individual borrower and industry sectors. The aim is expanding relationship banking activities, while maintaining stringent internal risk/return guidelines.

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 distinction and to meet the future requirements of the new Basel II capital accord.

The following table sets forth our risk classes as a percentage of total outstandings based on retail and wholesale lending activities:

Risk Classes 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%

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 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 Bank is of the opinion that its loan loss provisions as of December 31, 2002 are adequate to absorb losses from lending and counterparty activities. The table below shows the regional specification of the addition to the provision for loan losses.

The weak economic conditions in the U.S. and Western Europe are the primary causes of the significant increase in the provisions in 2002.

The following table sets forth the additions to the provisions for loan losses based on risk country.

Additions To The Provision For Loan Losses (based on risk country) (1)
(EUR millions)

	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

(1) 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 conformity with this new methodology.

Country Risk

Country risk is the risk that ING Bank faces which is specifically 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 Bank or its counterparties to meet their respective foreign currency obligations due to a specific country event.

Limit Setting and Monitoring

In countries where ING Bank is active, the risk profile is regularly evaluated, resulting in a country rating. Based on this rating and ING Bank's determination of how much risk to take on, 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 following table shows the largest economic country risks. 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. A breakdown has been made by customer type.

The following table sets forth the largest economic exposures by country.

Largest Economic Exposures By Country (Exceeding EUR 10 Billion)
(EUR billions)

	Corporate	Banks	Financial Institutions	Governments	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

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 Group's policy with respect to capital allocation and provisioning for country risk. For Poland, an additional provision for local and foreign currency loans of EUR 99 million was taken in 2002. The total provision 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.

Market Risk

Market risk is the risk of loss due to adverse changes in the level of volatility or prices in financial markets. These risks are inherent to positions in foreign exchange, equity and interest rate markets. These risks can be a result of positions in the trading as well as the banking books of ING Bank.

ING Bank's policy is to maintain an internationally diversified and mainly client-related trading portfolio, while avoiding large risk concentrations. ING Bank 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.

Apart from market risks in its trading portfolios, ING Bank has a structural interest rate risk reflected in its balance sheet. As of December 31, 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.

The following table sets forth the largest cross-border lending exposures in emerging markets.

Largest Cross-Border Lending Exposures In Emerging Markets (Exceeding EUR 750 Million)

	Gross Transfer Exposure		Provisions on Foreign Currency Loans		Country Capital Add-On	
	2002	2001	2002	2001	2002	2001
	(EUR millions)					
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.

At the end of 2001 and the beginning of 2002 the positions of the ING Bank trading portfolio in the interest rate markets were above average. The exposure during the remainder of 2002 was stable but slightly higher than 2001, where the average VaR for 2001 was EUR 24.7 million and average VaR for 2002 was EUR 26.5 million. The consolidated VaR remained well within the ING Group consolidated limit. More details on the VaR of the ING Bank trading portfolio for 2001 and 2002 are provided in the table below.

Value-At-Risk By Category
(EUR millions)

	Low(1)	High(1)	Average	Year End 2002	Low(1)	High(1)	Average	Year End 2001
Foreign exchange	2.0	9.2	4.1	2.5	1.8	5.1	3.1	3.1
Equities	4.5	13.6	8.5	10.7	5.6	15.0	9.7	7.7
Interest	7.1	26.5	12.9	9.3	4.5	25.5	12.3	24.9
Emerging markets/high yield	7.7	13.5	9.9	7.7	6.1	11.0	8.7	9.2
Diversification(1)			(8.9)	(9.5)			(9.1)	(12.1)
Total VaR			26.5	20.7			24.7	32.8

(1) Diversification is not calculated for the columns "Low" and "High" since the observations for both the individual markets as well as total VaR may come from different dates.

Liquidity Risk

Liquidity risk is the risk that ING Bank or one of its entities cannot meet its financial liabilities when due. ING Bank closely monitors its liquidity risk to maintain an adequate reserve to meet its financial liabilities when due. Liquidity risk is managed at ING Group and local level by a combination of existing investment mandates, guidelines for asset and liability management, specific limits for certain business units and treasury policies and procedures.

Operational Risk

ING Group'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 the operational risks. At the various organizational 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 specialized departments, such as Corporate Legal, Compliance and Security and Corporate IT/Information Security. Corporate Audit Services performs independent periodic investigations to the quality of the system of internal controls and procedures of business units and recommends actions to solve any identified weaknesses. During 2002, ING Group implemented a structural quarterly incident reporting process for ING Bank.

OUR BUSINESS

General

We, ING Bank N.V., are an international banking group of Dutch origin. With total assets of approximately EUR 477 billion as of December 31, 2002 and with an average number of full-time employees of over 61,000 world-wide in 2002, we rank among the major banks of Europe.

We form the main part of the banking activities of ING Groep N.V., also called ING Group. ING Group is the holding company of a broad spectrum of companies (together called ING), which offer banking, insurance and asset management products to over 60 million private, corporate and institutional clients in 60 countries. ING Group's banking activities are conducted through ING Bank and its subsidiaries. ING Group is a listed company and holds all shares of ING Bank N.V. ING Group is listed on the stock exchanges of Amsterdam, Brussels, Frankfurt, New York (NYSE), Paris and the Swiss Exchange.

We are represented in most countries where ING Group has operations through a large network of subsidiaries, offices and agencies. We offer our commercial and retail customers a full range of banking and financial services, including lending, stockbroking, insurance broking, fund management, leasing, factoring, investment banking and the provision of funds for venture capital purposes.

We are active in various market segments through several business units and market our products and services under a variety of well-recognized and strong brand names, including ING Bank and Postbank in The Netherlands, ING in Belgium, ING BHF-Bank in Germany, ING Bank Slaski in Poland and ING Direct worldwide.

Our home markets are the Benelux countries, where we are the market leader in integrated financial services, and Poland. We also have market positions in the rest of Europe and smaller market positions in wholesale banking in North America, South America, Asia and Australia. In The Netherlands, we are currently the second biggest bank with a 25% market share based on total assets and a 26% market share based on total deposits. We are also the fourth largest bank in Belgium.

Recent Developments

On February 5, 2003, ING Group announced that ING Bank's 70% owned subsidiary Allgemeine Deutsche Direktbank ("DiBa"), the largest direct bank in Germany, signed a share purchase and transfer agreement with Fineco/Capitalia of Italy to acquire Entrium, Germany's second largest direct bank with 965,000 clients and total assets of EUR 1.7 billion. The total value of the transaction is EUR 300 million. The transaction is expected to close in mid-2003, subject to customary closing conditions.

History

We were incorporated under Dutch law in The Netherlands on November 12, 1927 for an indefinite duration in the form of a public limited company as Nederlandsche Middenstandsbank n.v., also known as NMB Bank.

After the merger with Postbank N.V. on October 4, 1989, the name of the company, known as NMB Bank, was changed into NMB Postbank Groep N.V. On March 4, 1991, NMB Postbank Groep N.V. merged with Nationale-Nederlanden N.V., the largest Dutch insurance group. On that date, the newly formed holding company Internationale Nederlanden Groep N.V. honored its offer to exchange the shares of NMB Postbank Groep N.V. and of Nationale-Nederlanden N.V. NMB Postbank Groep N.V. and Nationale-Nederlanden N.V. continued as sub-holding companies of Internationale Nederlanden Groep N.V. An operational management structure ensures a close co-operation between the banking and insurance activities, strategically as well as commercially. The sub-holding companies remain legally separate. After interim changes of names, the statutory names of the above mentioned companies were changed into ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. on December 1, 1995.

The registered office is at Amstelveenseweg 500, 1081 KL Amsterdam, The Netherlands. The mailing address of ING Bank is P.O. Box 810, 1000 AV Amsterdam, The Netherlands. ING Bank is registered at the Chamber of Commerce of Amsterdam under no. 33031431.

Strategy

As the banking arm of ING Group, ING Bank is a key factor in all elements of ING Group's overall strategy. ING Group aims to be a leading, global, client-focused, innovative and low-cost provider of financial services through the preferred distribution channels of its clients in markets where ING Group can create value. ING Bank's strategy is to provide financial services and products to its customers in accordance with the strategy it shares with ING Group. This strategy is:

- to strengthen our capital base and improve other key ratios to maintain a solid financial foundation;
- to optimize our existing portfolio of businesses;
- to create value for our clients with a multi-product/multi-channel approach;
- to develop our special skills; and
- to further lower our cost base.

Strengthening Our Capital Base and Improving Other Key Ratios

ING Bank has given the highest priority to strengthening its capital base and to improving its ratings.

Efficiency ratio. In accordance with this objective, ING Bank will focus on improving its efficiency ratio (operating expenses as a percentage of total income), which was 75.9% for 2002 (excluding the restructuring provision for international wholesale banking of EUR 128 million, the efficiency ratio for 2002 was 74.7%).

RAROC. ING Bank aims to improve upon its pre-tax risk-adjusted return on capital ("RAROC") of 13.3% in 2002.

Tier-1 Capital Base. Our Tier-1 capital base at year-end 2002 was EUR 18.1 billion (up from EUR 17.1 billion at year-end 2001), and our Tier-1 ratio at year-end 2002 was 7.31% (up from 7.03% at year-end 2001). Although these ratios exceed current regulatory requirements, we intend to strengthen these levels in order to improve our capital base.

Optimizing Our Existing Portfolio of Businesses

Focus and Execution. Focus and execution are the key words in ING Group's plans to respond to the new economic environment. ING Group will focus on the markets in which it aims to expand and determine from which markets it wants to withdraw or scale down its operations. ING Group expects that it will not make large acquisitions in the near future. Instead, ING Group will seek to enter into joint ventures with local partners in markets where reinforcement of the distribution capacity is an immediate priority. In accordance with this strategy, ING Bank plans to expand its current offering of services in European markets, in particular to small to medium size enterprises. Also, as announced in November 2002, ING Bank plans to scale down its operations in wholesale banking, in particular in markets outside the Benelux regions.

Intensified risk management. In addition, to further the strategy of optimizing its existing portfolio, ING Group is intensifying its risk management efforts in both the insurance and banking operations to enable more pro-active decisions. In the field of operations/information technology, ING Group will complete numerous integration and restructuring projects as well as the shared services centers (centers created to regroup backoffice business processes in order to better exploit scale). ING Bank has been actively taking part in this effort, including by centralizing risk management decisions and streamlining definitions to ensure Bank-wide consistent risk management policies and standards.

Creating Value for Our Clients with a Multi-Product/Multi-Channel Approach

From the start in 1991, ING Group 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. In an ongoing effort to optimize our accessibility to our clients, we aim to gradually extend both our product range and our distribution philosophy of "click, call, face." This is a flexible mix of internet, call centers, intermediaries and branches with which we can fully deliver what our clients expect: unlimited access, maximum convenience, immediate and accurate execution, personal advice, tailor-made solutions and competitive rates. This distribution philosophy is key to ING Bank's retail banking business, e.g. ING Direct.

Developing Our Special Skills

ING Direct. Our global unit ING Direct is engaged in direct banking and cross-selling and has operations in Canada, Germany, Spain, Australia, France, the United States and Italy. ING Direct has grown to five million clients and EUR 55 billion in funds entrusted at the end of 2002. The ING Direct operations in seven large countries have thus been important contributors to ING Bank in only a few years' time. The results of ING Direct for the fourth quarter of 2002 showed a profit for the first time. Furthermore, we believe the ING Direct client base offers attractive opportunities for cross-selling. ING Direct allows us to enter mature retail markets on a cost-effective basis, responding to current demands.

Employee benefits and pension funds expertise. 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 Group currently offers pension products in 30 countries around the globe and assists many governments that are struggling with the necessary reform of their pension systems. We are involved in cross-selling these pension products of ING Group through a number of our subsidiaries, particularly in The Netherlands and Belgium.

Further Lowering Our Cost Base

Rationalization of operations/IT activities. In 2002, ING Group focused on lowering its cost base and intends to maintain a strict cost discipline in the years ahead. This strategy applies across the board to all ING Group entities, including ING Bank. ING Group expects to continue to rationalize the operations/IT activities and to invest in shared service centers (integrated backoffice activities) until 2005.

Global procurement. We expect that extension of global procurement initiatives will also generate cost savings. These initiatives include entering into contracts with service providers for their provision of services to ING Group (including the Bank) on a global or regional scale at a lower cost than would normally be available for the same provision of services on a smaller or more localized scale. In addition, outsourcing of IT-projects to India will be continued to reduce costs for all members of ING Group.

Corporate Organization

ING Group is organized in three major divisions, the executive centers ING Europe, ING Americas and ING Asia/Pacific, and asset management as a separate platform. The overwhelming part of ING Bank's operations fall within ING Europe, which is divided into three functional lines (retail, wholesale and operations and IT) and is divided into the following seven geographical regions, including ING Direct as a separate global unit:

- The Netherlands;
- South West Europe (Belgium, France, Spain, Switzerland, Portugal and Luxembourg);
- Central Europe (Central, Eastern and Northern Europe, Italy and Greece);
- Germany;

• The UK;

• The Americas (wholesale banking); and

• Asia (wholesale banking).

Functional Areas

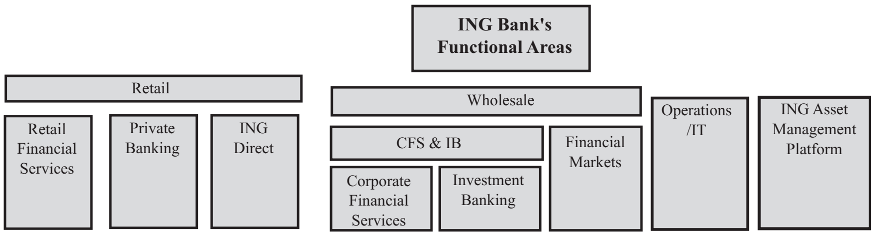
ING Bank provides services in the following functional areas:

• Retail

• ING Wholesale

• Operations and IT

• ING Asset Management Platform



Retail

Our retail platform consists of a broad range of products, client segments, markets and distribution channels. As we offer a varied product portfolio, we are able to adapt our focus to match shifts in market demand, including the recent demand shift to low-risk products. In 2002, ING Direct reported growth in funds entrusted by EUR 31.2 billion. Our strategy in our retail business is to focus on retail wealth accumulation and financial protection and private banking, supported by the "click,call,face" (multi-product, multi-channel) distribution approach. Our retail operations comprise:

• Retail Financial Services

• Private Banking

• ING Direct

In Europe, our most significant geographical market, we serve three types of retail markets, each reflecting our different market positions and thus requiring a slightly different approach to our retail strategy:

• in the home markets of The Netherlands, Belgium and Poland, our goal is wealth accumulation supported by an efficient mix of channels appropriate to the client segments and products and focused on cost reduction.

• in other large mature markets, we are developing our retail position around ING Direct, selectively and carefully adding new activities and face channels as appropriate.

• in the developing markets, particularly Central Europe, ING Group is striving to become a market leader in pensions, life insurance and, through ING Bank, in wholesale banking by leveraging its market value, including via distribution alliances, to grow its position over the long-term.

The management of our European retail operations works together with the various regions in Europe to set the priorities for future growth of our retail operations. In particular, this includes developing a common set of retail value drivers to get a better understanding of the quality and sustainability of profits. The value drivers are: scale, cost, cross-selling, value of new business and customer satisfaction.

Retail Financial Services

Our domestic banking operations provide a wide array of banking products and services to individual and corporate customers in The Netherlands. Individual products and services include consumer loans, mortgage loans, funds transfer, electronic banking, personal financial services, credit and debit cards and savings and other deposit accounts. Corporate products and services include corporate loans, cash management, funds transfer and payment systems, foreign exchange and leasing. We are the largest provider of payment transfer services in the Dutch market through Postbank and ING Bank Netherlands.

During 2002, ING Group's Dutch business was engaged in an extensive restructuring whereby all activities were being re-grouped into four divisions: retail, wholesale, intermediaries and operations/IT. Within the retail division, we further fine-tuned client segmentation: ING Bank is now fully focused on delivering services to affluent clients; Postbank's focus is on the mass retail market with operational efficiency, such as providing savings products and consumer loans, and CenE Bankiers and ING Bank Private Banking are focused on the high-net worth market. CenE Bankiers is particularly strong in private banking for medical doctors. In addition to these three banking divisions, intermediaries constitute a fourth division of the Dutch business, taking account of the important position this distribution channel has in The Netherlands. Intermediaries are not employees of the ING companies they represent, but are paid on a commission basis.

In The Netherlands, we use various distribution channels comprising bank branches, home banking, direct marketing techniques and specialized subsidiaries for services to corporate and personal customers. Each of these distribution channels provides particular products to specific market segments.

ING Bank's activities in South West Europe comprise business units in Belgium (domestic market), France (corporate; retail wealth accumulation), Luxembourg (domestic market and asset management center), Portugal (corporate), Spain (corporate; retail wealth accumulation) and Switzerland (private banking and trade and commodity finance). In Belgium, we are the fourth largest bank and focus on retail banking for mid-sized corporate clients. A key objective in the region of South West Europe is to move to a single ING organization. Several synergy projects are of note in this regard, including the merger of Caisse Privee Banque activities with BBL and the merger of BBL and ING Baring Private Bank in Switzerland and the merger of BBL and Vermeulen-Raemdonck in Belgium.

Our retail services in other regions are part of the ING Direct label as described below.

Private Banking

Private banking was established as a new functional business line combining the European private banking businesses in 2002. We will continue to integrate our various business units under one functional area in 2003 and thereafter. We expect this to reduce redundancies, risks, costs and simplify our organizational structure. We aim to improve client segmentation, refine the product portfolio and eliminate overlaps.

Our aim in private banking is to provide tailor-made personal advisory services to individual clients in order to develop an enduring beneficial relationship with our clients. We have private banking operations in 22 different countries with approximately 100,000 clients and a little under 1,700 staff. In The Netherlands, we are the second largest provider of private banking services.

ING Direct

ING Direct's strategy is to be a low-cost provider of financial services by achieving scale in large mature markets by offering our clients value for their money and excellent service via call centers, direct mail and the internet. ING Direct uses a high-rate, no-fee, no-minimum savings account as the entry product. Upon reaching sufficient 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 in terms of revenue. ING Direct's primary distribution channels are the call center and the internet. The call center is the critical customer service platform 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 account openings 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 cooperation with intermediaries and tied agents from sister companies and third parties form a third supplementary distribution channel. ING Direct makes use of intermediary networks to sell more complex products. In the course of 2002, five of the seven business units (Canada, Australia, Spain, Germany and the United States) contributed to our profit.

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

Due in part to the increasing popularity and heavy usage of the internet and the shift to favorable savings market conditions, approximately 2.5 million new clients joined ING Direct in 2002 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 significantly, due, in part, to cost-effective marketing. ING Direct reached profitability in the fourth quarter of 2002, a year earlier than expected.

Expanding market positions: In 2002, ING Direct Canada acquired First Marathon Mortgage Corporation (FMMC) and started advertising in the Quebec market with a bilingual call center in Ottawa. In February 2002, ING Direct acquired an additional 21% stake in DiBa (Germany), increasing its participation to 70% with an option to purchase the remaining 30%. In July 2002, 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. In the beginning of 2003, ING announced that it signed a letter of intent with Fineco/Capitalia of Italy to acquire Entrium, Germany's second largest direct bank. During 2002, ING Direct USA extended its market to include Boston and in January 2003, expansion started in California.

Risk management: Strict risk management controls are employed in managing 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 to ensure that ING Direct is prepared to cope with changing interest rates.

Outlook: ING Direct will focus on growing all of its business units to reach the necessary scale in savings, and bringing all of the business units to profitability, although competition in all markets remains fierce.

ING Wholesale

In wholesale financial services, we are positioned as a European wholesale financial institution with a presence in the world's major financial centers of developed and emerging markets. We currently enjoy a strong position in the mid-corporate market in the Benelux countries. ING Wholesale's strategy is:

- to operate as one functionally integrated wholesale financial services organization;
- to deliver a comprehensive range of wholesale financial products and services to European and international corporate and institutional clients and governments;
- to improve its market position and cost efficiency through a focused and integrated business model;
- to focus on one set of identified core clients, in order to optimize its product offerings and increase customer profitability;

- to focus on markets that are sufficiently profitable on a sustainable basis, in particular, the European market; and
- to maintain its position as an important profit contributor to ING Bank.

ING Wholesale includes three functional areas (Corporate Financial Services, Investment Banking and Financial Markets) and serves five European regions (The Netherlands, South West Europe, Germany, Central Europe and the UK), as well as the Americas and Asia. In addition, we completed the integration of the international branches of ING, BBL and BHF into one global network to serve our international clients (ING Wholesale International). ING Wholesale was established in 2001 and integrates the wholesale activities of several of our European business units: ING Financial Markets (formerly ING Barings), ING Bank, BBL, ING BHF-Bank, ING Bank Slaski, Charterhouse, ING Ferri and Vermeulen-Raemdonck (now part of BBL).

ING Wholesale provides a comprehensive range of wholesale financial services and products that include:

- structured finance services, including project finance, financial engineering, acquisition finance; and international trade and export finance;
- plain vanilla corporate lending;
- payments and cash management;
- corporate finance, M&A advisory and origination of capital market products;
- securitization;
- research, sales and trading of equity and debt market products;
- custody; and
- treasury, foreign exchange, money markets and derivatives.

This comprehensive range of services and products has given ING Wholesale sector expertise across Europe and, in particular, expertise of mid-corporate clients in our home markets, The Netherlands, Belgium and Poland. In addition, ING Wholesale has a widespread international network and a strong local presence in Europe with strong expertise in emerging markets. In these home markets, ING Wholesale is working on improving the breadth and depth of products and services that are being offered, while, at the same time, improving the efficiency of these offerings in order to improve profitability and client retention.

Within Corporate Financial Services, our strategy is to further strengthen our position as a top tier wholesale bank in Central Europe. In order to achieve this, we are continuing to build on our successful structured finance business and debt product group. In addition, we are focusing on servicing the medium-size corporate client market with tailored products. Our international payments and cash management services achieved an important strategic milestone in 2002 by reaching a top five position in Europe.

Our largest market share from wholesale operations is in our home markets. In these countries, we reinforce cross-selling (of our banking products by insurance subsidiaries of ING Group and their distribution channels) and deep-selling (aiming to increase the number of our banking products sold by our banking subsidiaries) in order to increase our overall market share. In our home markets, the mid corporates are the largest contributors to our revenue results. In The Netherlands, our corporate clients department focuses on the overall relationship with core clients. In Poland, where all of our banking activities are integrated into ING Bank Slaski in which we have an 88% stake, our focus is to sell our comprehensive product offering through tied agents and partly through the branch offices of ING Bank Slaski.

In the rest of Europe, we are building on our sector expertise across Europe combined with our strong local presence. For example, in Germany, ING BHF Bank has historically been a leading specialist for

German medium-sized companies, institutional investors and wealthy private clients. Although it disappointed with a substantial loss in 2002, it has substantial expertise in the core business activities of corporate banking, financial markets, private banking and asset management. Historically, it has held a profitable position in mortgage banking via its subsidiary Deutsche Hypotheken Bank. Sharply higher losses in 2002, however, led to a strong increase in risk costs and an increase in non-performing loans depressed the interest result. We have 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 improve results. We intend to enlarge our market share in Germany and in other European countries, including the UK, France, Italy and Spain.

In the Americas region, we have decided to focus on European client-related activities. In 2001, we sold the U.S. domestic investment banking business previously belonging to ING Financial Markets (former ING Barings) as well as the U.S. domestic business of BHF-Bank (USA) Capital Corporation. In Latin America, we have transformed branches into representative offices. We believe that the integration of the various labels has created more commercial possibilities in the Americas and in other European wholesale regions. In addition, the further leveraging of ING Bank's relationships has increased our European client business in the Americas region.

In the Asia region, we recently undertook efforts to reduce costs and headcount in line with business opportunities. For example, with the integration of BBL, BHF-Bank and ING Bank in Asia, we reduced the number of locations in the area from 36 to 18 by consolidating offices. These efforts have led to progress realized in treasury and fixed income activities with the completion of a build up of resources in these businesses. The Asia region is now closer to ING Bank's European model and enhances the overall business flow with European clients. Our emphasis in the region is on the main markets in North Asia. In September 2002, we finalized the purchase of an additional 24% stake in ING Vysya Bank Ltd. in India for approximately EUR 73 million, increasing our interest to 44%. The transaction marks the largest foreign direct investment by an international financial institution in an Indian bank under the newly increased 49% cap on foreign direct investment in Indian banks. The acquisition of a larger stake in ING Vysya Bank demonstrates ING Group's intention to develop a robust bancassurance strategy in India. ING Vysya Bank's activities include wholesale, retail and private banking.

Despite our achievements noted above, however, the adverse market circumstances had a severe impact on ING Wholesale. The positive developments were insufficient to compensate for the effect of lower revenues in the Investment Banking business and sharply higher risk costs in Corporate Financial Services. These negative developments were most strongly felt in the German and American wholesale banking activities.

Operations and IT

Since 2001, ING Europe has undertaken a major program to create a world-class, cost-efficient operations/IT environment for both the insurance and banking businesses of ING Group. The program is aimed at reducing our cost base, growing our income, preventing future inefficiencies, improving quality of service and reducing operational risk. We believe the program is key to improving the efficiency ratio of our operations.

An important element of the operations/IT program is the establishment of shared service centers. Four new shared service centers were established by ING Group in 2002, bringing the total number to eight. The new shared service centers that are relevant to ING Bank's operations are for mortgages administration, among others, in The Netherlands, international payments processing and securities processing. More service centers are under development. ING Europe aims to develop a series of service centers with attractive scale that are capable of delivering high-speed and high-quality back-office services to the business units.

In addition to creating shared service centers, the operations/IT program 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 program also involves moving toward common standard software solutions.

As part of our effort to improve efficiency, we have entered into several new alliances with outside parties. The most important one is the alliance with Bank of New York ("BoNY") for sales, marketing and servicing of global custody and related services to institutional clients in Germany and the Benelux countries. In addition, we have entered into an agreement with BoNY by which we outsource our international cash equities clearance and settlements operations in London, New York, Hong Kong, and Singapore to BoNY. We have also entered into partnership agreements with leading software companies in India covering IT application maintenance and software development.

In addition, to improve efficiency, we have also initiated other projects to develop common solutions for Europe-wide use at ING Bank. 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 being used in The Netherlands, and business units in Italy and Central Europe are about to adopt the application. Other IT projects have been implemented to improve and enhance 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.

ING Asset Management Platform

With approximately EUR 450 billion in assets under management as of December 31, 2002, ING Group is a leading asset management organization that offers a complete range of investment products to meet the needs of institutional and retail investors. The asset management activities are carried out by different ING Group entities on both the banking and insurance side and 29% of the EUR 450 billion is managed by ING Bank. In order to enhance the professional support ING Group provides for its clients, ING Group intends to step up its efforts to further improve its asset management investment business, which includes the following lines of business:

- institutional asset management;
- mutual funds;
- real estate;
- alternative assets; and
- fund administration and trust services.

Prior to January 2003, ING Asset Management was mainly comprised of the following six business units:

- ING Investment Management;
- Baring Asset Management;
- ING Real Estate;
- ING Trust;
- Parcom Ventures; and
- Baring Private Equity Partners.

ING Investment Management

ING Investment Management, which we refer to as IIM, is responsible for managing the investments of the insurance companies of ING Group, which are not part of ING Bank. IIM is, however, important for ING Bank's operations in that it also manages equity and fixed income investments for institutional investors and the private label investment funds sold by various ING Bank subsidiaries such as Bank Brussel Lambert and Postbank and various ING Group subsidiaries, such as Nationale-Nederlanden. With ING Investment Management integrated into the regional Executive Centers as of January 1, 2003, it was decided to set up a functional Global ING Investment Management Board to preserve the efficiency of a global manufacturing platform and to ensure global consistency of the investment strategies adopted in each region.

In 2002, 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 fund management business. Just before year-end, China Merchants Fund Management Company, a joint venture of ING Investment Management and China Merchants Securities, became the first Sino-foreign joint venture to receive an operational license. Further, ING Group signed an extended strategic investment agreement with Kookmin Bank in Korea to jointly develop the bancassurance business, and further expand its distribution of asset management products.

Baring Asset Management

Baring Asset Management provides a diversified spectrum of investment management services to a variety of institutional and private clients, directly and through the management of its private label investment funds. It manages equity, fixed-interest and balanced portfolios for pension funds, government agencies, charitable bodies, companies and private individuals. Baring Asset Management's business is structured into two business lines: Investment Management Group and Financial Services Group, which accounted for 52% and 48%, respectively, of Baring Asset Management's revenues in 2002. The main client regions are the United Kingdom, North America, Japan and Continental Europe.

Baring Asset Management is legally part of ING Bank and reported in our financials. As a result of market and exchange rate declines and a net outflow of funds, assets under management decreased by EUR 9.0 billion to EUR 30.6 billion as of December 31, 2002.

ING Real Estate

ING Real Estate operates as an investment manager, developer and financier. Its activities are carried out by different ING Group entities on both the banking and insurance side and 36% of total assets are managed by ING Bank. ING Real Estate aims to increase the amount of third party investment in existing and new funds worldwide. ING Real Estate maintains a strong position as developer in Europe and is expanding its activities globally. The total portfolio of ING Real Estate amounted to EUR 37.3 billion at the end of 2002, an increase of EUR 6.8 billion from December 31, 2001.

In 2002, ING Real Estate Investment Management launched several new funds: the ING Retail Property Fund Australia, the ING Logistics Property Fund Europe and the ING Residential Fund UK. At the end of the year, Investment Management acquired the industrial portfolio Crow Holding Industrial Trust, which will become the Lion Industrial Trust Fund USA. In 2002, the Investment Management portfolio decreased by 2% to EUR 24.0 billion.

ING Real Estate Development obtained the remaining shares of Promodeico in 2002. Promodeico is one of the largest Spanish development companies specializing in shopping centers. In the UK, ING Real Estate acquired the remaining 50% of the shares of London Amsterdam Development. ING Real Estate also started a joint venture with Grontmij called Quendis specializing in logistic real estate and parking facilities in Europe. In Australia, it acquired the 19.3 bunder Waterfont City project of Melbourne. In The Netherlands, some new projects have been started and in Spain a shopping center was sold.

In 2002, ING Real Estate successfully integrated the real estate wholesale activities of the Westland Utrecht Hypotheekbank and of ING Bank into ING Real Estate Finance. With the transfer of ING Barings' deal team in the United States, Finance will add another office to its international organization.

ING Trust

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

Baring Private Equity Partners

UK-based Baring Private Equity Partners specializes in private equity investments and invests primarily on behalf of third-party clients.

Baring Private Equity Partners covers six regional markets (Western Europe, Central Europe, former Soviet Union, India, Asia and Latin America) with a team of investment professionals operating in 17 different countries worldwide. It ended the year 2002 with three new fund closings. Next to Central Europe Fund, Baring Private Equity Partners successfully closed its second fund focused on Asia. Baring Private Equity Partners also raised the first direct investment fund in Russia since 1998. Baring Private Equity Partners is able to provide institutional investors with access to private equity opportunities in all major markets outside the United States.

REGULATION AND SUPERVISION

Overview

We are subject to detailed comprehensive regulation in all the jurisdictions in which we do business. In addition, certain European Union ("EU") directives discussed more fully below have a significant impact on the regulation of our banking, asset management and broker dealer businesses in the EU.

Our holding company ING Group is subject to comprehensive regulation and supervision relating to our banking operations, as well as the insurance and other asset management and broker dealer businesses held by ING Group. Therefore, in the following certain matters of regulation and supervision relating to ING Group will be discussed. A group of companies in The Netherlands may be engaged in both insurance and banking, although direct mergers between banking and insurance companies are not permitted. The Dutch Central Bank and the Pension and Insurance Supervisory Authority of The Netherlands ("Insurance Supervisory Board"), in consultation with the Ministry of Finance and with representatives of the banking and insurance industries, have entered into a protocol for the purpose of jointly regulating entities with interests in both banks and insurance companies (the "Protocol"). The first Protocol became effective on January 1, 1990. The Dutch Central Bank and the Insurance Supervisory Board adopted the presently effective Protocol on October 12, 1999. In a group of companies consisting of at least one bank and one insurance company (a "Mixed Group"), the banks continue to be regulated by the Dutch Central Bank and the insurers continue to be regulated by the Insurance Supervisory Board. ING Group , as the holding company of a Mixed Group in which banking and insurance operations account for a considerable proportion of total operations (a "Mixed Financial Group"), must furnish financial information to the Insurance Supervisory Board and the Dutch Central Bank twice per year, including information as to:

- equity of the banks;
- the capital base margins of the insurance companies;
- capital, reserves, and subordinated loans of the other subsidiary companies;
- information as to the capital base of ING Group on a consolidated basis;

and must state the investments, loans, and comparable undertakings (except for insurance agreements) by each bank or insurance company within ING Group, in respect of other companies in ING Group. The Dutch Central Bank and the Insurance Supervisory Board meet periodically to monitor holding companies of a Mixed Financial Group and will contact one another when a reporting institution encounters difficulties.

In 2001, a major supervisory reform was started up in The Netherlands. The sector-oriented supervision (by The Dutch Central Bank on banks, the Insurance Supervisory Board on insurance institutions and The Netherlands Authority for the Financial Markets on securities institutions) has been replaced by a more functional approach. Effective September 2002, supervision has been divided in prudential supervision, carried out by The Dutch Central Bank and the Insurance Supervisory Board together, and conduct of business supervision, carried out by The Netherlands Authority for the Financial Markets. As yet, the content of supervisory regulation will remain the same.

On December 16, 2002 the European Union adopted a directive on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate. This directive aims to address the supervisory issues that arise from the blurring of distinctions between the activities of firms in each of the banking, securities, investment services and insurance sectors. The main objectives of the directive are to:

- ensure that a financial conglomerate has adequate capital;
- introduce methods for calculating a conglomerate's overall solvency position;

- deal with the issues of intra-group transactions, exposure to risk and the suitability and professionalism of management at financial conglomerate level; and
- prevent situations in which the same capital is used simultaneously as a buffer against risk in two or more entities which are members of the same financial conglomerate ("double gearing") and where a parent issues debt and downstreams the proceeds as equity to its regulated subsidiaries ("excessive leveraging").

Member states of the EU have to provide that the provisions of this directive shall first apply to the supervision of accounts for the financial year beginning on January 1, 2005.

In view of us already complying with the Protocol as it relates to the banking operations, we do not expect this directive to have a material impact on our business or on our capital requirements or solvency position.

We and our subsidiaries are in compliance in all material respects with the applicable banking regulations and capitalization and capital base requirements of each applicable jurisdiction.

Basel Standards

The Basel Committee on Banking Supervision of the Bank for International Settlements (BIS) develops international capital adequacy guidelines based on the relationship between a bank's capital and its credit risks. In this context, on July 15, 1988, the Basel Committee adopted risk-based capital guidelines (the "Basel guidelines"), which have been implemented by banking regulators in the countries that have endorsed them. The Basel guidelines are intended to strengthen the soundness and stability of the international banking system. The Basel guidelines are also intended to reduce an existing source of competitive inequality among international banks by harmonizing the definition of capital and the rules for the evaluation of asset risks and by establishing a uniform target capital base ratio (capital to risk-weighted assets). Supervisory authorities in each jurisdiction have, however, some discretion in determining whether to include particular instruments as capital under the Basel guidelines and to assign different weights, within a prescribed range, to various categories of assets. The Basel guidelines were adopted by the European Community and applied to all banks and financial institutions in the EU, and on January 1, 1991, the Dutch Central Bank implemented them and they were made part of Netherlands law. In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988.

Since then, a proposal for a new capital accord has been introduced by the Basel Committee on Banking Supervision in a consultative paper, which has been discussed by several international working parties and is expected to result in the publication of a consultative paper in May 2003, followed by the publication of a new Basel Capital Accord, which is currently expected for October 2003 ("Basel II"). The adoption of this accord is also expected to result in a proposal for a new EU regulatory capital directive in the spring of 2004, with a targeted adoption date of September 2005 and timeframe for implementation of the directive by EU member states by the end of 2006. Basel II will impact the areas of risk sensitivity, group structures, equity holdings in non-banks and retail exposures.

European Union Standards

The European Community has adopted a capital adequacy regulation for credit institutions in all its member states based on the Basel guidelines. In 1989, the EC adopted the Council Directive of April 17, 1989 on the "own funds" of credit institutions (the "Own Funds Directive"), defining qualifying capital ("own funds"), and the Council Directive of December 18, 1989 on a capital base ratio for credit institutions (the "Capital base Ratio Directive" and, together with the Own Funds Directive, the "EC Directives"), setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items. The EC Directives required the EU member states to transform the provisions of the Capital base Ratio Directive and the provisions of the Own Funds Directive into national law directly binding on banks operating in the member states. The EC Directives permit EU member states, when transforming the EC

Directives into national law, to establish more stringent requirements, but do not permit more lenient requirements.

The EC Directives are aimed at harmonizing banking regulations and supervision throughout the EU by laying down certain minimum standards in key areas, and requiring member states to give "mutual recognition" to each other's standards of regulation. The concept of "mutual recognition" has also been extended to create the "passport" concept: the freedom to establish branches in, and to provide cross-border services into, other EU member states once a bank has been licensed in its "home" state. The single market program for banking was completed when the Capital Adequacy Directive, or "CAD", was implemented in The Netherlands with effect from January 1, 1996. In particular, CAD introduces a new requirement for banks to provide capital for market risk.

A Dutch credit institution is not permitted to start operations through a branch in another EU member state until it has received confirmation from the Dutch Central Bank that the information required by the Second Directive on the Coordination of Legislation to the Taking Up and Pursuit of the Business of Credit Institutions (the "Second Banking Coordination EC Directive") has been submitted to the Dutch Central Bank and, following this confirmation, until a period of two months has elapsed or, before the expiry of this period, until it has received confirming information by the Dutch Central Bank.

The EC Directives require a bank, commencing with the end of the 1992 financial year, to have a capital base ratio of own funds to risk-adjusted assets and certain off-balance sheet items of at least 8%. At least one-half of the own funds in the numerator of the ratio must be "original own funds", or "Tier 1" capital. The rest may be "additional own funds", or "Tier 2" capital. As of January 1, 1997, Tier 1 capital consists solely of paid-up capital plus share premium accounts, other reserves and the fund for general banking risks less a deduction for goodwill. Tier 2 capital includes revaluation reserves, value adjustments and certain other funds and securities (such as fixed-term cumulative preferential shares and subordinated debt). The aggregate of a bank's subordinated loans and fixed-term cumulative preferential shares may not exceed 50% of the bank's Tier 1 capital.

To compute the denominator of the capital base ratio, the assets of a bank are assigned to five broad categories of relative credit risk (0%, 10%, 20%, 50% and 100%) and the balance sheet value of each asset is multiplied by the percentage weight applicable to its risk category to arrive at the risk-adjusted value. With respect to off-balance sheet items, such as financial guarantees and letters of credit, first, their face value is adjusted according to their risk classification depending on the type of instrument (0%, 20%, 50% and 100%), then they are assigned, like on-balance sheet assets, to the credit risk categories depending on the type of debtor and multiplied by the applicable percentage weights. With respect to derivatives contracts, first, their fair value is adjusted with a product specific potential future credit exposure (0% to 15% over the notional amounts), then they are assigned, like on-balance sheet assets, to the credit risk categories depending on the type of debtor and multiplied by the applicable percentage weights.

The Dutch Central Bank implemented the EC Directives in 1992. In 2000, the EC Directives were consolidated in EC Directive 2000/12.

Netherlands Regulation

ING Bank's activities in The Netherlands are supervised and extensively regulated by the Dutch Central Bank (prudential supervision) on behalf of The Netherlands Minister of Finance under the mandate of the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*). Furthermore, The Netherlands Authority for the Financial Markets carries out conduct of business supervision.

Credit Institutions Supervision Act

The principal aspects of the Credit Institutions Supervision Act are discussed below.

Scope of the Act. A credit institution is any enterprise whose business it is to receive funds repayable on demand or subject to notice and to grant credits or make investments for its own account. ING Bank is a credit institution and, because it is engaged in the securities business as well as the commercial banking business, a "universal bank" under the terms of the Credit Institutions Supervision Act. ING Bank may accordingly be restricted from making capital contributions or loans to its subsidiaries.

Authorization system. An institution is prohibited from pursuing the business of a credit institution in The Netherlands unless it has obtained authorization from the Dutch Central Bank. In the event of the provision of cross-border services, involving the acceptance of repayable funds, to be provided by an institution established in another member EU state, the Dutch Central Bank must be informed of the contemplated operations, and the institution must have obtained authorization to pursue the business of a credit institution in the other EU member state.

Regular supervision. The Dutch Central Bank determines whether a credit institution meets the authorization requirements, prudential requirements, and the requirements as to the structure of its administrative organization and the requirements relating to its structural policy and monetary supervision. A credit institution must inform the Dutch Central Bank of any change in the number, the identity or the history of the persons determining its day-to-day policy. Furthermore, a credit institution must inform the Dutch Central Bank if it fails to comply, or to comply fully, with the Dutch Central Bank's standards regarding capital base, liquidity or administrative organization.

Prudential supervision. The Dutch Central Bank exercises prudential supervision to safeguard the cital base and liquidity of credit institutions in order to protect creditors' interests, with due observance of the relevant EC directives.

Capital base directives. Capital base directives are aimed at measuring the ratio of risk-bearing operations to available capital. Depending on the degree of risk involved in the various operations, the related assets are assigned a weighting coefficient. The total risk-weighted value of both on- and off-balance sheet items is divided by actual funds to obtain a ratio. Internationally, it has been agreed that this ratio should be at least 8%.

Liquidity directives. The basic principle of the liquidity directives is that liquid assets must be held against "net" liabilities of credit institutions (after netting out claims and liabilities in a maturity schedule) so that the liabilities can be met on the due dates or on demand, as the case may be.

Structural supervision. A declaration of no objection must be obtained from the Dutch Central Bank for a credit institution to acquire a "qualified participation" of 10% or more in another enterprise. A declaration of no objection must also be obtained for the acquisition by any person of a "qualified participation" in a credit institution greater than 5%. A "qualified participation" as referred to herein is an interest greater than 5% directly or indirectly owned in the share capital of a business enterprise or institution, or the direct or indirect voting power, or comparable voting interest, greater than 5% within the business enterprise or institution. Stipulations will be attached to declarations of no objection granted to holding companies of both credit institutions and insurance companies, as has been agreed in the protocol.

The Dutch Central Bank also supervises the administrative organization of the individual credit institutions, including ING Bank, their financial accounting system and internal controls. The administrative organization must be such as to ensure that a credit institution has at all times a reliable and up-to-date overview of its rights and obligations. Furthermore, the electronic data processing systems, which form the core of the accounting system, must be secured in such a way as to ensure optimum continuity, reliability and security against fraud. As part of the supervision of administrative organizations, the Dutch Central Bank has also stipulated that this system must be able to prevent conflicts of interests, including the abuse of insider information.

We file consolidated monthly and annual reports that provide a true and fair view of our financial position and results with the Dutch Central Bank. Our independent auditors audit these reports.

Belgium

The Belgian Banking and Finance Commission (the "Commission") in accordance with the law of March 22, 1993 supervises Belgian banks on the legal status and supervision of credit institutions. One of the major objectives of the Commission is the implementation of the Second Banking Coordination EC Directive. The Commission requires the fulfillment of specific requirements regarding, among others, the amount of the initial capital, the level of own funds, the transparency of shareholdings, the experience of the managers and the existence of an adequate structure to obtain an authorization to operate as a credit institution.

The Commission has the right to take exceptional measures or can ultimately withdraw the banking license if the institution violates the law or fails to perform based on the norms laid down by the Commission relating to capital base, liquidity or profitability. Reporting to the Commission by accredited statutory auditors is required twice a year. The Commission also has the right to request any document from a credit institution and performs inspection on specific issues inside the banks.

Germany

The legal basis for the supervision of banking business and financial services (banking supervision) is the Banking Act. Banking supervision that is carried out by the Federal Financial Supervisory Authority, working in cooperation with the Deutsche Bundesbank, or Bundesbank. The Act assigns the central role in banking supervision to the Federal Financial Supervisory Authority that is also responsible for insurance regulation. The Federal Financial Supervisory Authority reports directly to the Federal Ministry of Finance.

Capital requirements and liquidity adequacy are in line with EU directives and are comparable to the Basel Standards. Exposures to a single borrower which, in the aggregate amount, exceed 10% of the institution's liable capital, and loans to certain related parties are deemed to be particularly risk-prone, are therefore subject to special provisions.

An important source of information, both for the banking supervisory authorities and for lenders, is the requirement to report loans in the credit register, under section 14 of the Banking Act. This provision stipulates that credit institutions, insurance enterprises, financial services enterprises taking on proprietary positions as a service for third parties must report their loans over a specified amount to the Bundesbank. The Bundesbank adds together the loans to individual borrowers and subsequently notifies the lenders of the total indebtedness of their borrowers.

To enable the banking supervisory authorities to conduct an ongoing analysis of institutions' business, the institutions have to submit monthly returns to the Bundesbank. The Bundesbank forwards these returns, together with its comments thereon, to the Federal Banking Supervisory Office. Institutions are audited by independent certified auditors who, in their audits, have to comply with detailed auditing guidelines laid down by the Federal Banking Supervisory Office. Section 29 of the Banking Act spells out the special duties of the auditors.

United Kingdom

In 2000, the framework for supervision and regulation of banking and financial services in the United Kingdom was reorganized. This reorganization resulted in all supervisory authorities merging into The Financial Services Authority, which we refer to as "FSA". The principal legislation concerning the regulation of banks in the United Kingdom is the Financial Services and Markets Act 2000 (the "FSMA"). Based on the FSMA, the FSA acts as the principal supervisory authority and has wide discretionary powers over banks authorized by it. The FSA acts in conjunction with the Bank of England, which has a responsibility for promoting and maintaining a stable and efficient monetary and financial framework. Each bank has to report on a regular basis to the FSA and/or the Bank of England. Capital base requirements are in line with those prevailing in The Netherlands.

United States

We do have a limited direct presence in the United States through the facility of the ING Bank Representative Office in New York. Although that office's activities are strictly limited, essentially to that of a marketing agent of bank products and services and a facilitator (i.e., the office may not execute transactions), that office is subject to the jurisdiction of the State of New York Banking Department and the Federal Reserve. ING Direct in the United States, being a federal savings bank, is subject to supervision by the Office of Thrift Supervision of the Department of the Treasury and to the rules and regulations applicable to thrifts, the Community Reinvestment Act and the Home Owners Loan Act.

Other Countries

Elsewhere, we are subject to regulation and control by local central banks and monetary authorities.

Broker-Dealer and Investment Management Activities

Our broker-dealer entities in the United States are regulated by the Securities and Exchange Commission and the self-regulatory organizations (e.g., the NASD and the NYSE) of which they individually are members. The primary governing statutes for such entities are the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Those laws, and the regulations promulgated thereunder, impose requirements (among others) regarding minimum net capital requirements, safeguarding of customer assets, protection and use of material, non-public (inside) information, record-keeping requirements, supervision of employee activities, credit to customers, suitability determinations in the context of recommending transactions to customers and clearance and settlement procedures. The rules of the self-regulatory organizations in some respects duplicate the aforementioned legal requirements, but also impose requirements specific to the marketplaces that those organizations oversee. As examples, the NASD imposes requirements relating to activities by market-makers in the over-the-counter market in equity securities and the NYSE imposes requirements regarding transactions effected in its listed securities market. In addition, in December 2001, the Department of Treasury proposed new anti-money laundering standards applicable to broker-dealers.

Certain of our entities in the United States (including certain of our broker-dealers) also act in the capacity of an investment advisor of States (i.e. providing transactional advice to customers for a fee), and are governed in such activities by the Investment Advisers Act of 1940, as amended. Moreover, certain of our entities manage investment funds (such as mutual funds); the Investment Company Act of 1940, as amended, regulates the governance and activities of those funds. These laws impose record-keeping and disclosure requirements on us in the context of such activities. Moreover, the laws impose restrictions on transactions or require disclosure of transactions involving advisory clients and the advisor or the advisors' affiliates, as well as transactions between advisory clients. In addition, the Employee Retirement Income Security Act of 1974, as amended, imposes certain obligations on investment advisors managing employee plan assets as defined in this act.

Our failure to comply with these various requirements could result in civil and criminal sanctions and administrative penalties imposed by the Securities and Exchange Commission or self-regulatory organizations upon those entities that have committed the violations. Moreover, employees who are found to have participated in the violative activity, and managers of such employees, also are subject to penalties by governmental and self-regulatory agencies.

DESCRIPTION OF THE SUBORDINATED NOTES

The U.S.$1,000,000,000 5.125% Subordinated Notes Due 2015 of ING Bank N.V. are issued subject to a fiscal agency agreement to be dated as of April 17, 2003 made between us and JPMorgan Chase Bank, as fiscal agent, paying agent, registrar and transfer agent (referred to as the "fiscal agent," the "paying agent" or the "registrar," as the context may require, which expression includes any successor fiscal agent and any successor or additional paying agents, registrars or transfer agents appointed from time to time in connection with the subordinated notes). Certain provisions of this section are summaries of the fiscal agency agreement and subject to its detailed provisions. Noteholders are bound by, and are deemed to have notice of, all the provisions of the fiscal agency agreement applicable to them. Copies of the fiscal agency agreement are available for inspection by noteholders during normal business hours at the offices of the fiscal agent, currently located at 4 New York Plaza — 15th Floor, New York, New York 10004, Attention: Institutional Trust Services.

General

The subordinated notes will initially be issued in an aggregate principal amount of U.S.$1,000,000,000. The subordinated notes will bear interest at the rate per annum shown on the front cover of this offering memorandum from April 17, 2003, payable semi-annually in arrears on May 1 and November 1 of each year, commencing November 1, 2003 (the "interest commencement date"). The subordinated notes will mature on May 1, 2015 (the "maturity date") and are subject to redemption upon the occurrence of certain tax events (as defined herein). Payments of principal of and interest on the global notes (as defined herein) will be made by wire transfer in immediately available funds. Any payments of principal of and interest on the subordinated notes to be made on a date that is not a business day may be made on the next succeeding business day with the same force and effect as if made on such date, and no additional interest shall accrue as a result of such delayed payment.

"business day" means any day, other than a Saturday or Sunday, that is not a day on which banking institutions are authorized or required by law or executive order to be closed in New York City.

Form and Denomination

The subordinated notes will be issued in fully registered form, without interest coupons attached. Subordinated notes represented by the 144A global note (as defined below) will be offered and sold in minimum denominations of U.S.$100,000 or any amount in excess thereof which is a multiple of U.S.$1,000. Subordinated notes represented by the Reg S global note (as defined below) will be offered and sold in minimum denominations of U.S.$1,000 or any amount in excess thereof which is a multiple of U.S.$1,000. Definitive notes (as defined below) may, in the limited circumstances specified by the terms of the Reg S global note and the 144A global note, respectively, be issued to each noteholder in respect of its registered holding or holdings of subordinated notes. See "— Book-entry System; Delivery and Form" for more information about the form of the subordinated notes and their clearance and settlement.

Interest

Rate of Interest

Each subordinated note will bear interest on its principal amount from (and including) the interest commencement date at the fixed rate of 5.125% per annum (the "rate of interest") payable in arrears on May 1 and November 1 in each year (each an "interest payment date") up to (and including) the maturity date. The regular record dates for each interest payment date will be April 15 and October 15 of each year (each a "record date").

"interest period" means the period from (and including) an interest payment date (or the interest commencement date) to (but excluding) the next (or first) interest payment date.

If interest in respect of a subordinated note is required to be calculated for a period other than an interest period, such interest shall be calculated by applying the rate of interest to the principal amount of such subordinated note, multiplying such sum by the day count fraction, and rounding the resultant figure to the nearest cent, half a cent being rounded upwards or otherwise in accordance with applicable market convention.

"day count fraction" means a fraction the numerator of which is the number of days in the period from (and including) the most recent interest payment date (or, if none, the interest commencement date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) and the denominator of which is 360.

Accrual of Interest

Each subordinated note will cease to bear interest from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(i) the date on which all amounts due in respect of such subordinated note have been paid; and

(ii) five days after the date on which the full amount of the moneys payable has been received by the paying agent and notice to that effect has been given in accordance with the provisions included in "Notices" below or individually.

Payments

Method of Payment

Payments in respect of the global notes shall be made to the holders thereof on the relevant interest payment date as they appear in the register maintained by the registrar on the relevant record date. Payments shall be made in U.S. dollars by wire transfer. While in global form, payments in respect of the subordinated notes shall be made in accordance with the procedures of the relevant clearing systems as described under "— Book-entry System; Delivery and Form — Clearing and Settlement".

Payments in respect of any definitive notes shall be made by wire transfer, direct deposit or check mailed to the address of the noteholder entitled thereto as such address shall appear on the register. Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions included in "Additional Amounts" below.

Payments of principal in respect of the subordinated notes, whether in definitive or global form, will be made against presentation and surrender of the subordinated notes at the specified office of the paying agent. In the case of payments by check, checks will be mailed to the noteholders at each noteholder's registered address on the due date.

Presentation of Subordinated Notes in Global Form

The holder of a global note is the only person entitled to receive payments in respect of subordinated notes represented by such a global note, and we will be discharged by payment to the holder of such a global note. Each person shown in the records of DTC as the beneficial holder of a particular principal amount of subordinated notes represented by such a global note must look solely to DTC for his share of each payment made by us to the holder of the global note. No person other than the holder of the global note can make a claim against us in respect of any payments due on that global note.

Status and Subordination

General

The subordinated notes constitute our direct, unsecured and subordinated debt obligations and rank *pari passu* among themselves and at least *pari passu* with all of our other present and future unsecured and subordinated obligations, save for those that have been accorded by law preferential rights.

Liquidation

In the event that an order is made, or an effective resolution is passed, for our winding up or liquidation or if we are declared bankrupt or if a moratorium (*surséance van betaling* resulting from the application of emergency measures as referred to in Chapter X of the Dutch Act on the Supervision of the Credit System 1992 *(Wet toezicht kredietwezen 1992)*) (a "moratorium") is declared with respect to us, then and in any such event the claims of the persons entitled to be paid amounts due in respect of the subordinated notes shall be subordinated to all other claims in respect of any of our other indebtedness except for other subordinated indebtedness (as defined below), provided that, in any such event, no amount shall be eligible for setting-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of the subordinated notes in respect of our obligations thereunder until all of our other indebtedness admissible in any such dissolution, bankruptcy or moratorium (other than subordinated indebtedness) has been paid or discharged in full.

"subordinated indebtedness" means any of our indebtedness, including any guarantee by us, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of us to be, subordinated to the rights of all unsubordinated creditors in the event of our dissolution or if we are declared bankrupt or if a moratorium is declared with respect to us.

Waiver of Right to Set-Off

By purchasing the subordinated notes, each noteholder will be deemed to have waived any right of set-off, counterclaim or combination of accounts with respect to the subordinated notes that they might otherwise have against us, whether before or during the winding-up.

Status of the Subordinated Notes

For the purposes of the solvency guidelines of the Dutch Central Bank (De Nederlandsche Bank N.V.) to which we are subject, the subordinated notes will qualify as Tier 2 capital, as referred to in such solvency guidelines.

Issuance of Further Subordinated Notes

We are at liberty from time to time, without the consent of the noteholders, to create and issue further subordinated notes having terms and conditions the same as the subordinated notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single series with the outstanding subordinated notes.

We may offer additional subordinated notes with original issue discount ("OID") for U.S. federal income tax purposes as part of a further issue. Purchasers of subordinated notes after the date of any further issue will not be able to differentiate between subordinated notes sold as part of the further issue and previously issued subordinated notes. If we were to issue further subordinated notes with OID, purchasers of subordinated notes after such further issue may be required to accrue OID (or greater amounts of OID than they would otherwise have accrued) with respect to their subordinated notes. This may affect the price of outstanding subordinated notes following a further issue. Purchasers are advised to consult legal counsel with respect to the implications of any future decision by us to undertake a further issue of subordinated notes with OID.

Events of Default

Bankruptcy and Payment Defaults

It is an event of default with respect to the subordinated notes if any one or more of the following events (each an "event of default") shall have occurred and be continuing:

(i) default is made in the payment of interest or principal in respect of the subordinated notes and such default continues for more than 14 days (a "payment default"), or

(ii) (x) we are declared bankrupt or a moratorium is declared in respect of us; or (y) an order is made or an effective resolution is passed for our winding up or liquidation (unless such order or resolution is done in connection with a merger, consolidation or other form of combination with another company and such company assumes all obligations contracted by us in connection with the subordinated notes) (each, a "bankruptcy default").

Limitation on Remedies

In the case of a bankruptcy default, the subordinated notes shall become forthwith due and payable at the redemption amount, together with any accrued interest to the date of repayment, without presentment, demand, protest or other notice of any kind. In the case of a payment default, the sole remedy available to any noteholders for recovery of amounts owing in respect of any payment of principal of or interest on, the subordinated notes will be the institution of proceedings against us as such noteholder may think fit to enforce such payment; provided that we shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by us.

In any such event of default, repayment of the subordinated notes prior to maturity is subject to receipt by us of the written approval of the Dutch Central Bank.

Additional Amounts

All payments of principal and interest in respect of the subordinated notes by us will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event (which we refer to as a "tax event"), we will pay such additional amounts as shall be necessary in order that the net amounts received by the noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the subordinated notes in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any subordinated note:

(i) where the noteholder is liable for such taxes or duties in respect of such subordinated note by reason of his having some connection with The Netherlands other than the mere holding of such subordinated note or the receipt of principal or interest in respect thereof; or

(ii) presented for payment (if presentation is required) more than 30 days after the relevant date (as defined below) except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on such thirtieth day; or

(iii) presented for payment (if presentation is required) by or on behalf of a noteholder who would have been able to avoid such withholding or deduction by presenting the relevant subordinated note to another paying agent in a Member State of the European Union; or

(iv) in respect of any estate, inheritance, gift, sales, transfer or personal property tax or any similar tax, duty, assessment or governmental charge; or

(v) in respect of any tax, assessment or other governmental charge payable other than by deduction or withholding from payment on the subordinated notes; or

(vi) where such withholding or deduction is required to be made pursuant to any European Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of March 19, 2003, as such conclusions may from time to time be amended, or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(vii) any combination of the taxes, assessments or other governmental charges described above.

As used herein, the "relevant date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the fiscal agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the noteholders in accordance with the provisions contained in "Notices" below.

Any reference to principal or interest with respect to the subordinated notes shall be deemed to include any additional amounts which may be payable as described above.

Redemption and Purchase

At Maturity

Unless previously redeemed or purchased and cancelled as specified below, the subordinated notes will be redeemed by us on the maturity date at their aggregate principal amount (the "redemption amount"), together with any interest accrued to the maturity date.

Redemption for Tax Reasons

Subordinated notes may be redeemed at our option in whole, but not in part, at any time or on any interest payment date, on giving not less than 30 nor more than 60 days' notice to the noteholders in accordance with the provisions included in "Notices" below (which notice shall be irrevocable), if:

(i) on the occasion of the next payment due under the subordinated notes, we have or will become obliged to pay additional amounts as provided under "Additional Amounts" above as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the issue date of the subordinated notes; and

(ii) we cannot avoid such obligation by taking reasonable measures available to us,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we would be obliged to pay such additional amounts were a payment in respect of the subordinated notes then due. Prior to the publication of any notice of such redemption, we shall deliver to the fiscal agent a certificate signed by two of our directors stating that we are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to our right so to redeem have occurred, and an opinion of independent legal advisers of recognized standing to the effect that we have or will become obliged to pay such additional amounts as a result of such change or amendment.

Redemption of the subordinated notes prior to the maturity date is subject to receipt by us of the written approval of the Dutch Central Bank. Subordinated notes so redeemed will be redeemed at the redemption amount with interest accrued to (but excluding) the date of redemption.

The subordinated notes are not redeemable at the option of the holder of subordinated notes at any time.

Purchases

We or any of our subsidiaries may at any time purchase subordinated notes at any price in the open market or otherwise. Such subordinated notes may be held, re-issued, resold or, at our option, surrendered to the fiscal agent for cancellation.

Cancellation

All subordinated notes which are redeemed will forthwith be cancelled. All subordinated notes so cancelled and the subordinated notes purchased and cancelled pursuant to the preceding paragraph shall be forwarded to the fiscal agent and cannot be re-issued or resold.

Amendments

The fiscal agency agreement contains provisions for convening meetings of noteholders to consider any matters affecting their interest including the sanctioning by extraordinary resolution (as defined in the fiscal agency agreement) of a modification of the subordinated notes or certain of the provisions of the fiscal agency agreement. Such a meeting of noteholders may be convened by us or the noteholders holding not less than five percent in principal amount of the subordinated notes outstanding at that time. Except as provided below, an extraordinary resolution may be passed by an affirmative vote by or on behalf of persons holding a majority in principal amount of the subordinated notes whose holders are present or represented at the meeting. The quorum at any such meeting for passing any extraordinary resolution will be two or more persons holding or representing in aggregate 50% in principal amount of the subordinated notes for the time being outstanding, or at any adjourned such meeting two or more persons being or noteholders representing whatever principal amount of the subordinated notes so held or represented. Notwithstanding the foregoing, the passage of any extraordinary resolution at any meeting (including any adjourned meeting) the business of which includes the modification of certain provisions of the subordinated notes including:

(i) modifying the rate of interest, and/or the interest payment dates on which such rate is applicable;

(ii) modifying the maturity date,

(iii) changing the currency of payment of the subordinated notes;

(iv) reducing or canceling the principal amount or redemption amount payable in respect of the subordinated notes;

(v) impairing the right of a noteholder to sue for payment of any amount due on its subordinated notes;

(vi) sanctioning any scheme or proposal for the exchange or sale of the subordinated notes for, or the conversion of the subordinated notes into or the cancellation of the subordinated notes in consideration of, shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of us or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash; or

(vii) modifying the provisions concerning the quorum required at any meeting of noteholders or the majority required to pass an extraordinary resolution,

requires the approval of one or more persons holding or representing not less than 100% in principal amount of the subordinated notes for the time being outstanding.

An extraordinary resolution passed at any meeting of noteholders will be binding on all noteholders whether or not present at such meeting and on all future noteholders.

Notwithstanding the first paragraph of this section, the subordinated notes may be amended without the consent of the noteholders to (i) cure any ambiguity, (ii) correct or supplement any provision of the subordinated notes that may be defective or inconsistent with any other provision of the subordinated notes or (iii) modify any provision to such extent as may be necessary or desirable, provided that no such amendment shall have a material adverse effect on the rights, preferences or privileges of the noteholders.

If any provisions of these subordinated notes are modified, notice thereof will be provided to noteholders in accordance with the provisions included in "Notices" below.

Book-entry System; Delivery and Form

General

Subordinated notes which are initially offered and sold in the United States to qualified institutional buyers ("QIBs") within the meaning of Rule 144A ("Rule 144A") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), will be represented by beneficial interests in a separate 144A global note (the "144A global note") in registered form, which will be deposited on or about April 17, 2003 (the "closing date") with JPMorgan Chase Bank, as custodian (the "custodian") for, and registered in the name of Cede & Co., as nominee of, The Depositary Trust Company ("DTC") or its nominee.

Subordinated notes which are offered and sold in reliance on Regulation S ("Regulation S") under the Securities Act will be represented by beneficial interests in a separate Regulation S global note (the "Reg S global note" and together with the 144A global note, the "global notes") in registered form, which will be deposited on or about the closing date with the custodian, and registered in the name of Cede & Co., as nominee of DTC. Holders with a beneficial interest in the Reg S global note must hold them through Euroclear Bank S.A./N.V. ("Euroclear") or Clearstream Banking, société anonyme, Luxembourg ("Clearstream, Luxembourg") (as indirect participants in DTC), through and including the 40th day following the later of the commencement of the offering and the original issue date of the subordinated notes. This period through and including the 40th day after the later of the commencement of the offering and the original issue date of the subordinated notes is known as the "restricted period".

Investors may hold their interests in the global notes directly through DTC, Euroclear or Clearstream, Luxembourg, as the case may be, if they are participants in such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and Euroclear will hold interests in the Reg S global note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are participants in DTC.

So long as DTC or its nominee is the registered holder of a global note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the subordinated notes represented by such global note for all purposes under the fiscal agency agreement and the subordinated notes.

The subordinated notes (including beneficial interests in the global notes) will be subject to certain restrictions on transfer set forth therein and in the fiscal agency agreement and will bear a legend regarding such restrictions as set forth under "Transfer Restrictions". Under certain circumstances, transfers may be made only upon receipt by the fiscal agent of a written certification (in the form set out in the fiscal agency agreement).

Transfers within global notes

Subject to the procedures and limitations described herein, transfers of beneficial interests within a global note may be made without delivery to us or the fiscal agent of any written certifications or other documentation by the transferor or transferee.

Transfers or exchanges from the global notes to definitive notes

No global note may be exchanged in whole or in part for subordinated notes in definitive form ("definitive notes") unless:

- DTC notifies us that it is unwilling or unable to hold the global notes or DTC ceases to be a clearing agency registered under the Securities Exchange Act of 1934 and we do not appoint a successor to DTC which is registered under the Securities Exchange Act of 1934 within 120 days;
- a payment default has occurred and is continuing;
- in the event of a bankruptcy default, we fail to make payment on the subordinated notes when due; or

- we, at any time, determine in our sole discretion that the global notes should be exchanged for definitive notes in registered form.

Unless determined otherwise by us in accordance with applicable law, definitive notes will be issued upon transfer or exchange of beneficial interests in a 144A global note or Reg S global note only upon compliance with the transfer restrictions and procedures described under "Transfer Restrictions". In all cases, definitive notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the applicable clearing system.

Transfers from definitive notes to the global notes

Definitive notes may be transferred or exchanged for a beneficial interest in the 144A global note only upon receipt by the fiscal agent of a written certification (in the form set out in the fiscal agency agreement) from the transferor or the holder, as the case may be, to the effect that either:

(i) the transfer is being made to a person who the transferor reasonably believes is a QIB purchasing for its own account or for the accounts of one or more QIBs as to which account it exercises sole investment discretion; or

(ii) the holder is a QIB purchasing the securities for its own account or for the account of one or more QIBs as to which accounts it exercises sole investment discretion and, in either case, in accordance with the requirements of Rule 144A and of any other applicable securities laws of any state of the United States or any other jurisdiction.

Definitive notes may be transferred or exchanged for a beneficial interest in the Reg S global note, as long as the transferor or holder certifies that such person transferred or acquired (as applicable) such definitive notes in a transaction complying with Rule 903 or Rule 904 of Regulation S (as applicable).

Transfers between the global notes

A beneficial interest in the 144A global note may be transferred to a person who wishes to take delivery of such beneficial interest through the Reg S global note only upon receipt by the fiscal agent of a written certification (in the form set out in the fiscal agency agreement) from the transferor to the effect that:

- such transfer is being made in accordance with Rule 903 or 904 of Regulation S (as applicable) or, in the case of an exchange occurring following the expiration of the restricted period, Rule 144 under the Securities Act; and
- if such transfer occurs prior to the expiration of the restricted period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg.

Prior to the expiration of the restricted period, a beneficial interest in the Reg S global note may be transferred to a person who wishes to take delivery of such beneficial interest through the 144A global note only upon receipt by the fiscal agent of a written certification (in the form set out in the fiscal agency agreement) from the transferor to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States and any other jurisdiction. After the expiration of the restricted period, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to the transfer restrictions contained in the legend appearing on the face of the subordinated note.

Any beneficial interest in either the 144A global note or the Reg S global note that is transferred to a person who takes delivery in the form of a beneficial interest in the other global note will, upon transfer, cease to be a beneficial interest in such global note and become a beneficial interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other global note for so long as such person retains such an interest.

The costs and expenses of effecting any exchange or registration of transfer pursuant to this section will be borne by us, except that any expenses of delivery by other than regular mail, and, if required by us, for the payment of a sum sufficient to cover any tax or other governmental charge or insurance charges that may be imposed in relation thereto, will be borne by the noteholder.

If any subordinated note, including a global note, is mutilated, defaced, stolen, destroyed or lost, such subordinated note may be replaced with replacement notes at the office of the fiscal agent, or any successor registrar or transfer agent, on payment by the noteholder of the costs and expenses as may be incurred in connection with the replacement, and on the terms as to evidence and indemnity as we may reasonably require. Mutilated or defaced subordinated notes must be surrendered before replacement notes will be issued.

Clearing and settlement

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC currently in effect. The information about DTC set forth below has been obtained from sources that we believe to be reliable, but neither we nor any of the initial purchasers takes any responsibility for the accuracy of the information. Neither we nor any of the initial purchasers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interests in subordinated notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC has advised us as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for DTC participants and to facilitate the clearance and settlement of transactions between DTC participants through electronic book entry changes in accounts of DTC participants, thereby eliminating the need for physical movement of certificates. DTC participants include certain of the initial purchasers, securities brokers and dealers, banks, trust companies, clearing corporations and may in the future include certain other organizations ("DTC participants"). Indirect access to the DTC system is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect DTC participants").

Transfers of ownership or other interests in subordinated notes in DTC may be made only through DTC participants. Indirect DTC participants are required to effect transfers through a DTC participant. DTC has no knowledge of the actual beneficial owners of the subordinated notes. DTC's records reflect only the identity of the DTC participants to whose accounts the subordinated notes are credited, which may not be the beneficial owners. DTC participants will remain responsible for keeping account of their holdings on behalf of their customers and for forwarding all notices concerning the subordinated notes to their customers.

So long as DTC, or its nominee, is a registered owner of the global notes, payments on the subordinated notes will be made in immediately available funds to DTC. DTC's practice is to credit DTC participants' accounts on the applicable payment date in accordance with their respective holdings shown on its records, unless DTC has reason to believe that it will not receive payment on that date. Payments by DTC participants to beneficial owners will be governed by standing instructions and customary practices, and will be the responsibility of the DTC participants and not of DTC, or any other party, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the fiscal agent. Disbursement of payments for DTC Participants will be DTC's responsibility, and disbursement of payments to the beneficial owners will be the responsibility of DTC participants and indirect DTC participants.

Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect DTC participants, and because owners of beneficial interests in the subordinated notes holding through DTC will hold interests in the subordinated notes through DTC participants or indirect DTC participants, the ability of the owners of the beneficial interests to pledge subordinated notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to the subordinated notes, may be limited.

Ownership of interests in the 144A global note and the Reg S global note will be shown on, and the transfer of that ownership will be effected only through records maintained by DTC, the DTC participants and the indirect DTC participants, including Euroclear and Clearstream, Luxembourg. Transfers between participants in DTC participants will be effected in the ordinary way in accordance with DTC rules. Transfers between participants in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with DTC rules.

Subject to compliance with the transfer restrictions applicable to the subordinated notes, cross-market transfers between DTC, on the one hand, and participants in Euroclear or Clearstream, Luxembourg, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of Euroclear or Clearstream, Luxembourg, as the case may be. Such crossmarket transactions, however, will require delivery of instructions to Euroclear or Clearstream, Luxembourg, as the case may be, by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. Euroclear or Clearstream, Luxembourg, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to DTC to take action to effect final settlement on its behalf by delivering or receiving payment in accordance with DTC's Same-Day Funds Settlement System.

According to DTC, the foregoing information with respect to DTC has been provided to the industry for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind. Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in the global notes among participants of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the fiscal agent will have any responsibility for the performance by DTC, Clearstream, Luxembourg and Euroclear, or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

The laws of some jurisdictions require that certain persons take physical delivery in definitive form of securities which they own. Consequently, the ability to transfer beneficial interests in the 144A global note and the Reg S global note is limited to such extent.

Mergers and Similar Transactions

We may merge or consolidate with or into another company or sell substantially all our assets to another company, subject only to the following conditions:

(i) if we are not the successor company, the successor company must expressly agree to be legally responsible for the subordinated notes and must be organized as a corporation, partnership, trust, limited liability company or similar entity organized under the laws of The Netherlands, the United Kingdom or a state of the United States; and

(ii) the merger, sale of assets or other transaction must not cause a default, and we must not already be in default with respect to the subordinated notes, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described under "Events of Default". A default for this purpose would also include any payment default if the requirements for a payment default having to exist for 14 days were disregarded.

If the conditions described above are satisfied with respect to the subordinated notes, we will not need to obtain the approval of the noteholders in order to merge or consolidate or to sell our assets. Also, these conditions will apply only if we wish to merge or consolidate with another entity or sell our assets substantially as an entirety to another entity. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another entity, any transaction that involves a change of control of us but in which we do not merge or consolidate, and any transaction in which we sell less than substantially all of our assets. Also, if we merge, consolidate or sell our assets substantially as an entirety, neither us nor any successor would have any obligation to compensate any noteholder for any resulting adverse tax consequences relating to the subordinated notes.

Notices

All notices to a holder shall be deemed to have been given if mailed to such holder's registered address appearing on the register and published in a leading English language daily newspaper of general circulation in New York City. Any such notice shall be deemed to have been given on the fourth day after the day on which it is mailed. It is expected that publication of notices will be made in *The Wall Street Journal* in New York City. Any such notice will be deemed to have been given on the date of the first publication in all the newspapers in which such publication is required to be made.

Until such time as any definitive notes are issued, there may, so long as the 144A global note is held in its entirety on behalf of DTC, be substituted for publication in *The Wall Street Journal* the delivery of the relevant notice to DTC for communication by it to the holders of the subordinated notes. Notice shall be deemed to have been given to such holders on the first day after the day on which the said notice was given to DTC.

Notices to be given by any holder of the subordinated notes shall be in writing and given by lodging the same, together with the relevant subordinated note or notes, with the fiscal agent. Whilst any of the subordinated notes are represented by a global note, such notice may be given by any holder of a subordinated note to the fiscal agent via DTC, Clearstream, Luxembourg or Euroclear in such manner as the fiscal agent and DTC, Clearstream, Luxembourg or Euroclear may approve for this purpose.

Replacement of Fiscal Agent

We are entitled to vary or terminate the appointment of the fiscal agent and/or appoint an additional fiscal agent or paying agent, registrar or transfer agent and/or approve any change in the specified office through which the fiscal agent acts, provided that:

(i) there will at all times be a fiscal agent;

(ii) there will at all times be a paying agent with a specified office in New York City or another major a city in the United States;

(iii) if any European Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of March 19, 2003 as such conclusions may from time to time be amended or any law implementing or complying with, or introduced in order to conform to, is introduced, we will ensure that it maintains a paying agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any such Directive or law; and

(iv) there will at all times be a registrar and transfer agent with a specified office in New York City.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the noteholders in accordance with the provisions included in "Notices" above.

Governing Law and Submission to Jurisdiction

The fiscal agency agreement and the subordinated notes are governed by, and will be construed in accordance with, New York law except that the provisions relating to the subordination of the subordinated notes under the caption "Status and Subordination" shall be governed by the laws of The Netherlands.

We irrevocably agree for the benefit of the noteholders that the courts of New York shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the subordinated notes (respectively, "proceedings" and "disputes") and, for such purposes, irrevocably submits to the jurisdiction of such courts. In relation to any proceedings or disputes, you can serve process on the General Counsel of ING Bank's representative office in New York, located at 1325 Avenue of the Americas, New York, New York 10019.

We irrevocably waive any objection which we may have now or hereafter to the laying of the venue of any such proceedings in any such court and any claim that any such proceedings have been brought in an inconvenient forum and hereby further irrevocably agree that a judgment in any such proceedings brought in the New York courts situated in the borough of Manhattan shall be conclusive and binding upon us and may be enforced in the courts of any other jurisdiction to the extent permitted by the laws of such jurisdiction.

The United States and The Netherlands do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, you would not be able to enforce in The Netherlands a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, even if the judgment is not based only on the U.S. federal securities laws, unless and to the extent a competent court in The Netherlands gives binding effect to the judgment.

MANAGEMENT

ING Bank has a Supervisory Board and an Executive Board. We are a wholly-owned subsidiary of ING Group and our management structure and personnel conforms with that of ING Group. The Executive Board is responsible for the day-to-day management. The function of the Supervisory Board is to supervise the policy of the Executive Board and the general course of events in the company, as well as to provide advice to the Executive Board. In the performance of their duties, the members of the Supervisory Board must serve the interests of ING Bank and should not serve specific interests to the exclusion of other interests involved. Certain decisions of the Executive Board affecting ING Bank as a whole — such as issuance or acquisition of shares, profit appropriation, major investments and capital expenditures and major changes in the working conditions of a substantial numbers of employees — require the approval of the Supervisory Board.

The members of the Executive Board are employees of ING Groep N.V. or one of its subsidiary companies and are appointed by the Supervisory Board. Members of the Executive Board are appointed for an indefinite period. They 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.

The Supervisory Board appoints its own members. The Central Workers Council and the General Meeting of Shareholders have the right of objection and may recommend candidates. No employee of ING Bank is eligible for appointment to the Supervisory Board. Members of the Supervisory Board are appointed for a term of four years and may be re-appointed for two terms. Members retire at the end of the annual General Meeting of Shareholders in the year in which they reach the age of 70, unless an exemption is granted by the Supervisory Board, in which case the Supervisory Board member concerned resigns no later than at the end of the annual General Meeting of Shareholders in the year in which he or she reaches the age of 72.

Set forth below is certain information concerning the members of the Supervisory and the Executive Boards of ING Bank.

Supervisory Board of ING Bank N.V.

Name	Born	Year Appointed	Term Expires
Mijndert Ververs, Chairman	1933	1994	2003
Lutgart van den Berghe	1951	1994	2003
Luella Gross Goldberg	1937	2001	2005
Paul van der Heijden	1949	1995	2003
Aad Jacobs	1936	1998	2003
Godfried van der Lugt	1940	2001	2005
Paul Baron de Meester	1935	1998	2005
Johan Stekelenburg	1941	1997	2006
Hans Tietmeyer	1931	2000	2003
Jan Timmer	1933	1996	2003
Karel Vuursteen	1941	2002	2006

Mijndert Ververs: Former Chairman of the Executive Board of Wolters Kluwer N.V. (publishing). Chairman of the Supervisory Board of Getronics N.V. Vice-Chairman of the Supervisory Board of Océ N.V. Member of the Supervisory Board CSM N.V. Member of the Supervisory Board of Laurus N.V.

Lutgart van den Berghe: Executive Director of the Vlerick Leuven Gent Management School. Professor of Corporate Governance at the University of Gent, Belgium. Member of Supervisory Board of SHV-Holding. Member of the Board of CAPCO N.V. Member of the Supervisory Board of CSM N.V.

Member of the Supervisory Board of KLM N.V. Member of the Board of the International Insurance Society.

Luella Gross Goldberg: Former member of the Board of Directors of ReliaStar Financial Corp. Former Acting President of the Wellesley College. Member of the Board of Directors of each of NRG Energy, Hormel Foods Corporation, TCF Financial Corporation and Communication Systems. Life Director of the Minnesota Orchestral Association.

Paul van der Heijden: Rector-Magnificus and Professor of labor law and industrial relations at the University of Amsterdam. Member of the Supervisory Board of Nuon N.V. Member of the Supervisory Board of Pink Roccade N.V. Member of the Supervisory Board of Smit International N.V.

Aad Jacobs: Former chairman of the Executive Board of ING Bank (retired in May 1998). Chairman of the Supervisory Board of Royal Dutch/Shell Group N.V. Chairman of the Supervisory Board of Johan Enschedé N.V. Chairman of the Supervisory Board of Imtech N.V. Vice-chairman of the Supervisory Board of VNU N.V. Member of the Supervisory Boards of each of IHC-Caland N.V., Bührmann N.V. and Euronext N.V.

Godfried van der Lugt: Former chairman of the Executive Board of ING Bank (retired in May 2000). Member of the Supervisory Board of Grontmij N.V. Chairman of the Supervisory Board of Siemens Nederland N.V. Member of the Supervisory Board of Amsterdamse Maatschappij tot Stadsherstel N.V. Vice-chairman of the Advisory Board of Academisch Ziekenhuis Groningen (hospital).

Paul Baron de Meester: Former Member of the Board of Directors of BBL. Honorary chairman of Belgische Betonmaatschappij Besix-Betonimmo N.V. and Professor-Emeritus at the Leuven University, Belgium. Member of the Supervisory Boards of ETEX N.V. and Tessenderlo Group N.V., Member of the Board of I.C.C.

Johan Stekelenburg: Former Chairman of The Confederation The Netherlands Trade Union FNV. Mayor of Tilburg. Chairman of the Supervisory Board of Weekbladpers Groep (publishers). Member of the Supervisory Boards of each of Tennet N.V. (electricity transmission system operator), De Sluis Groep, N.V. KLM N.V. and DSM N.V.

Hans Tietmeyer: Former President of the Deutsche Bundesbank. Member of the Board of BIS (Basel). Member of the Supervisory Boards of each of Depfa Bank, DWS Deutsche Bank, BDO Auditing Company and Hauck & Aufhäuser.

Jan Timmer: Former President and Chairman of the Executive Board and Group Council of Philips Electronics N.V. Member of the Supervisory Board of Royal Dutch/Shell Group N.V. Chairman of the Supervisory Board of PSV Eindhoven N.V.

Karel Vuursteen: Former chairman of the Executive Board of Heineken N.V. Member of the Supervisory Boards of each of Gucci Group N.V. (Netherlands), AB Electrolux (Sweden), Randstad Holding N.V. (Netherlands) and De Nederlandse Staatsloterij (Dutch Lottery).

Ms. Van den Berghe and Mr. Baron De Meester are of Belgian nationality. Ms. Goldberg is of American nationality, while Mr. Tietmeyer is of German nationality. The other members have the Dutch nationality.

Executive Board of ING Bank N.V.

Name	Born	Nationality
Michel Tilmant, Chairman	1952	Belgian
Fred Hubbell	1951	American
Hessel Lindenbergh	1943	Dutch
Cees Maas, Chief Financial Officer	1947	Dutch
Alexander Rinnooy Kan	1949	Dutch

Michel Tilmant: Michel Tilmant started his career with Morgan Guaranty Trust Company in New York after completing his studies at the Catholic University of Louvain. In 1992 he joined Bank Brussels Lambert, where he was appointed Chairman of the Executive Board in 1997. After the acquisition of BBL by ING in 1998, he was appointed Chairman of the former Executive Committee ING Belgium. As of May 8, 1998, he was appointed a member of the Executive Board of ING Group and was appointed Chairman as of May 2, 2000. Since January 1, 2000, Michel Tilmant also holds the position of Chairman of the Executive Committee ING Europe.

Fred Hubbell: Fred Hubbell was Chief Executive Officer (CEO) and President of the U.S. life insurance company Equitable of Iowa, which was acquired by ING in mid-1997. He was general manager of ING Financial Services International North America and President and CEO of ING's Retail Financial Services in the U.S. from 1997 until the spring of 1999. In October 1999 he was appointed Chairman of the former Executive Committee ING Financial Services International. Since January 2000, Fred Hubbell has held the positions of Chairman of the Executive Committees of ING Americas and ING Asia/Pacific. He was appointed member of the Executive Board of ING Group on May 2, 2000.

Hessel Lindenbergh: In 1983, Hessel Lindenbergh joined NMB Bank. Until 1987, he was general manager of the domestic wholesale division. In 1987, he became Chairman of the general management of the international division. In 1992, he was appointed a member of the Executive Board of ING Bank. Since 1995 he has been a member of the Executive Board of ING Group. Together with Michel Tilmant, he held the position of Chairman of the Executive Committee of ING Europe until September 1, 2002. He will retire as of July 1, 2003, in which month he will reach the age of 60.

Cees Maas: After completing his degree in engineering physics and economics at the Erasmus University of Rotterdam in 1976, Cees Maas joined the Ministry of Finance. From 1986 to 1992 he was Treasurer-General. In July 1992, he joined ING Group and became a member of the Executive Board. In July 1996, Cees Maas was appointed Chief Financial Officer of the Executive Board.

Alexander Rinnooy Kan: Since 1977, Alexander Rinnooy Kan has held various positions with the Erasmus University of Rotterdam, of which he was appointed Rector-Magnificus in 1986. In 1991, he became President of the Federation of Netherlands Industry and Employers (VNO). After the merger in 1995 with The Netherlands Christian Employers' Federation (NCW) to form the VNO-NCW Federation, until 1996 he remained President. In September 1996, Alexander Rinnooy Kan became a member of the Executive Board of ING Group. He is Chairman of the ING Asset Management Platform.

The business address of all members of the Supervisory Board and the Executive Board is with ING Bank N.V. at the address indicated above.

Changes in Management Membership

On February 25, 2003, ING Group announced the intention to appoint Dr. Claus Dieter Hoffmann (60), a German national, as a member of ING Group's and ING Bank's Supervisory Board as of April 15, 2003. Dr. Hoffmann was a member of the Board of Management of Robert Bosch GmbH until his retirement on June 30, 2002. From 1996 until his retirement he was the Chief Financial Officer of the Bosch Group.

On February 6, 2003, ING Group announced its intention to appoint Mr. Wim Kok (64), a Dutch national, as a member of the Supervisory Boards of ING Group and ING Bank as from April 15, 2003. From August 22, 1994 through July 22, 2002, Mr. Kok was Prime Minister and Minister for General Affairs of the Kingdom of The Netherlands. These appointment proposals will be an agenda item at the General Meeting of Shareholders of ING Group in April 2003.

At the General Meeting of Shareholders of ING Group in April 2003, Mrs. Lutgart van den Berghe and Mr. Mijndert Ververs will step down as members of the Supervisory Board of ING Group and ING Bank, effective April 15, 2003. They are not eligible for reappointment because they have reached the maximum term of 12 years on the Supervisory Board. Mr. Hans Tietmeyer will also step down as a Supervisory Board member, having reached the statutory age limit of 72. In the same General Meeting of

Shareholders of ING Group, the reappointments of Messrs. Paul van der Heijden, Aad Jacobs and Jan Timmer will be proposed.

Certain Relationships and Related Party Transactions

As of December 31, 2002, the amount outstanding in respect of loans and advances to members of the Executive Board was approximately EUR 1.7 million, at an average interest rate of 4.53%. The largest aggregate amount of such loans and advances outstanding during 2002 was EUR 1,724,923. As of December, 31, 2002, these loans and advances included a loan to Hessel Lindenbergh in the amount of EUR 357,987; a loan to Cees Maas in the amount of EUR 460,690; and a loan to Alexander Rinnooy Kan in the amount of EUR 889,096. None of the members of the Supervisory Board have a loan or advance from ING Bank or any of its subsidiaries.

The loans and advances mentioned in the preceding paragraph (i) were made in the ordinary course of business, (ii) were granted on conditions that are comparable to those of loans and advances granted to people in peer groups and (iii) did not involve more than the normal risk of collectibility or present other unfavorable features. The conditions have been set according to the prevailing conditions for personnel.

As described in "Management", some members of the Supervisory Board are current or former senior executives of leading multi-national corporations based primarily in The Netherlands. ING Bank may at any time have lending, investment banking or other financial relationships with one or more of these corporations in the ordinary course of business on terms which we believe are no less favorable to ING Bank than those reached with unaffiliated parties of comparable creditworthiness.

UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

General

The following summary describes certain U.S. federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of subordinated notes by U.S. Holders (as defined below) who purchase subordinated notes in this offering at their "issue price" (as defined below). This summary addresses only U.S. federal income tax considerations of U.S. Holders that will hold the subordinated notes as capital assets. It does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the subordinated notes. In particular, this summary does not address tax considerations applicable to U.S. Holders that may be subject to special tax rules including, without limitation, the following: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in securities or currencies; (iv) tax-exempt entities; (v) persons that will hold subordinated notes as part of a "hedging" or "conversion" transaction or as a position in a "straddle" or as part of a "synthetic security" or other integrated transaction for U.S. federal income tax purposes; (vi) persons that have a "functional currency" other than the U.S. dollar; (vii) regulated investment companies; (viii) persons that have ceased to be U.S. citizens or lawful permanent residents of the U.S.; and (ix) persons that hold the subordinated notes through partnerships or other pass-through entities. Further, this summary does not address alternative minimum tax consequences.

This summary is based on the Internal Revenue Code of 1986, as amended (the "Code"), and U.S. Treasury regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date of this offering memorandum. All of the foregoing are subject to change, which change could apply retroactively and could affect the tax consequences described below.

Each prospective investor should consult its own tax advisor with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, owning and disposing of subordinated notes. U.S. Holders should also review the discussion under "Netherlands Taxation" for the Dutch tax consequences to a U.S. Holder of the ownership of subordinated notes.

For purposes of this summary a "U.S. Holder" is a beneficial owner of subordinated notes that is, for U.S. federal income tax purposes: (i) a citizen or resident of the United States; (ii) a corporation, or other entity treated as a corporation, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia); (iii) an estate, the income of which is subject to U.S. federal income taxation regardless of its source and regardless of whether it is effectively connected with the conduct of a business in the United States; or (iv) a trust if (x) a court within the United States is able to exercise primary supervision over its administration and (y) one or more U.S. persons have the authority to control all of the substantial decisions of such trust. If a partnership holds a subordinated note, the consequences to a partner will generally depend upon the tax status of the partner and upon the activities of the partnership. A partner of a partnership holding a subordinated note should consult its tax advisor.

Payments of Interest

Interest (including any Additional Amounts) paid on a subordinated note will be taxable to a U.S. Holder as ordinary interest income at the time it is received or accrued, depending on the U.S. Holder's method of accounting for U.S. federal income tax purposes.

Interest received by a U.S. Holder will be treated as foreign source income for purposes of calculating that holder's foreign tax credit limitation. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific classes of income. For this purpose, the interest on a note should generally constitute "passive income," or in the case of certain U.S. Holders, "financial services income."

Disposition of a Subordinated Note

Upon the sale, exchange, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on such disposition (except to the extent any amount realized is attributable to accrued but unpaid interest, which is treated as interest income as described above) and the U.S. Holder's adjusted tax basis in the subordinated note. A U.S. Holder's adjusted tax basis in a note will generally equal the cost of the subordinated note to such holder.

In general, any gain or loss realized by a U.S. Holder on the disposition of a subordinated note will be capital gain or loss. Under certain circumstances, capital gains derived by individuals are taxed at preferential rates. The deductibility of capital losses is subject to limitations. Gain or loss realized by a U.S. Holder on the disposition of a subordinated note generally will be treated as a U.S. source gain.

Backup Withholding and Information Reporting

Backup withholding and information reporting requirements may apply to certain payments to U.S. Holders of interest on the subordinated notes and to the proceeds of a sale, exchange or retirement of a subordinated note. For the year 2003, backup withholding may be required at a maximum rate of 30 per cent of such payment if the U.S. Holder fails (i) to furnish the U.S. Holder's taxpayer identification number, (ii) to certify that such U.S. Holder is not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. The backup withholding rate may be subject to change each year. Certain U.S. Holders (including, among others, corporations) are not subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. federal income tax liability provided that the required information is furnished to the IRS. **Prospective investors in the subordinated notes should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption.**

NETHERLANDS TAXATION

General

This section provides a general summary of the material Dutch tax issues and consequences of acquiring, holding, redeeming and/or disposing of the subordinated notes. This summary provides general information only and is restricted to the matters of Dutch taxation stated herein. The information given below is neither intended as tax advice nor purports to describe all of the tax considerations that may be relevant to a prospective purchaser of the subordinated notes.

The prospective purchaser should consult his or her own tax advisor regarding Dutch tax consequences of acquiring, holding, redeeming and/or disposing of the subordinated notes.

This summary is based on the tax legislation, published case law, and other regulations in The Netherlands in force as of April 2, 2003, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

We assume that the holders of the subordinated notes do not hold nor will be deemed to hold a substantial interest in ING Bank. Generally speaking, an interest in the share capital of ING Bank should not be considered a substantial interest if the holder of such interest, and, if the holder is a natural person, his or her spouse, registered partner, certain other relatives or certain persons sharing the holder's household, do not hold, alone or together, whether directly or indirectly, the ownership of, or certain rights over, shares or rights resembling shares representing five percent or more of the total issued and outstanding capital, or the issued and outstanding capital of any class of shares, of ING Bank.

Furthermore, we assume that the subordinated notes do not qualify as hybrid loans as defined in section 10 of The Netherlands Corporate Income Tax Act 1969.

Withholding Tax

All payments by ING Bank in respect of the subordinated notes can be made without withholdings or deductions for or on account of any taxes, duties or charges of any nature whatsoever that are or may be withheld or assessed by the Dutch tax authorities, any political subdivision thereof or therein or any of their representatives, agents or delegates.

Taxes on Income and Capital Gains

Residents of The Netherlands

Income derived from a subordinated note or a gain realized on the disposal or redemption of a subordinated note, by a holder of a subordinated note who is a resident of The Netherlands and who is subject to Dutch corporate income tax, is generally taxable in The Netherlands.

Income derived from a subordinated note or a gain realized on the disposal or redemption of a subordinated note, by a holder of a subordinated note who is an individual who is a resident or a deemed resident of The Netherlands or has opted to be treated as a resident of The Netherlands, will be subject to Dutch income tax at progressive individual income tax rates up to 52% if:

(i) the individual carries on a business to the assets of which such subordinated note is attributable, or

(ii) such income or gain is attributable to the individual's activities, other than business activities, which include the use of that individual's special knowledge or activities performed by that individual with respect to the subordinated note as a result of which such individual can make a return on the subordinated note that is in excess of the return on regular portfolio management *("belastbaar resultaat uit overige werkzaamheden in Nederland")*.

If the conditions set out in paragraphs i. or ii. above do not apply to an individual holder of a subordinated note, actually received income derived from a subordinated note or gains realized on the disposal or redemption of a subordinated note are not taxable. Instead, the return on investments and savings is set at 4% of the average value of the holder's net worth (including the subordinated notes, if any) in a calendar year. The average value is calculated by dividing by two the aggregate of the value of the net worth (including the subordinated notes, if any) at the beginning of the calendar year and the end of the calendar year in so far as this average exceeds a certain threshold. The deemed return of 4% (2003 rate) is then subject to income tax at the rate of 30% (2003 rate). All in all, the value of the holder's average net worth (including the subordinated notes, if any) in a calendar year is taxed at an effective rate of 1.2% irrespective of the actual received income or gain realized.

Non-Residents of The Netherlands

A holder of a subordinated note who is neither resident nor deemed to be resident in The Netherlands nor has opted to be treated as a resident in The Netherlands who derives income from such subordinated note, or who realizes a gain on the disposal or redemption of the subordinated note will not be subject to Dutch taxation on income or capital gains, unless:

(i) such income or gain is attributable to an enterprise or deemed enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands;

(ii) the holder is an individual, and such income or gain is attributable to his or her activities in The Netherlands (as described in paragraph ii. above under the heading "Residents of The Netherlands'), other than business or employment activities *("belastbaar resultaat uit overige werkzaamheden in Nederland")*;

(iii) the holder performs or has performed employment activities in The Netherlands, or performs or has performed employment activities outside The Netherlands for remuneration that is subject to Dutch payroll tax and social security contributions, and such income or gain qualify as income from these employment activities; or

(iv) the holder is entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands, other than by way of securities or through an employment contract, and to which enterprise the subordinated notes are attributable.

Taxation of Gifts and Inheritances

Residents of The Netherlands

Generally, gift and inheritance tax will be due in The Netherlands in respect of the acquisition of a subordinated note by way of a gift by, or on the death of, a holder of a subordinated note who is a resident or deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax at the date of the gift or his or her death. An individual of Dutch nationality is deemed to be a resident of The Netherlands for the purposes of Dutch gift and inheritance tax if he or she has been resided in The Netherlands at any time during the 10 years preceding the date of the gift or his or her death. An individual of any other nationality is deemed to be a resident of The Netherlands for the purposes of Dutch gift tax only if he or she has been resided in The Netherlands at any time during the 12 months preceding the date of the gift.

Non-Residents of The Netherlands

No gift or inheritance tax arises in The Netherlands on the transfer by way of gift or inheritance of a subordinated note, if the donor or deceased at the time of the gift is neither a resident nor a deemed resident of The Netherlands, unless:

(i) at the time of the gift or death, a subordinated note can be attributed to a Dutch enterprise, which is an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in The Netherlands; or

(ii) the donor of a subordinated note dies within 180 days of making the gift, after becoming a Dutch resident or deemed resident.

Value-Added Tax

No value-added tax will be due in The Netherlands in respect of payments made in consideration for the issue of the subordinated notes, whether in respect of payments of interest and principal or in respect of the transfer of a subordinated note.

Other Taxes

There will be no registration tax, capital contribution tax, customs duty, stamp duty, real estate transfer tax or any other similar tax or duty due in The Netherlands in respect of or in connection with the issue, transfer, execution, delivery and enforcement by legal proceedings of the subordinated notes or the performance of the ING Bank N.V.'s obligations under the relevant documents.

Residency

A holder of a subordinated note will not become, and will not be deemed to be, resident in The Netherlands merely by virtue of holding such subordinated note or the execution, performance, delivery and/or enforcement of any relevant documents.

Proposed European Union Savings Directive

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that a Member State will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments.

The proposed directive is not yet final, and may be subject to further amendment.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the purchase agreement, dated April 11, 2003, between us and J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and ING Financial Markets LLC, as initial purchasers, we have agreed to sell to each of the initial purchasers, and each of the initial purchasers has severally agreed to purchase, the aggregate principal amount of subordinated notes set forth opposite the name of such initial purchaser below.

Initial Purchaser	Principal Amount of Subordinated Notes
J.P. Morgan Securities Inc.	$ 375,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	375,000,000
ING Financial Markets LLC	250,000,000
Total	1,000,000,000

In the purchase agreement, the several initial purchasers have agreed, subject to the terms and conditions set forth in the purchase agreement, to purchase all of the subordinated notes offered hereby if any of the subordinated notes are purchased. If an initial purchaser defaults, the purchase agreement provides that, in certain circumstances, the purchase commitments of the non-defaulting initial purchasers may be increased or the purchase agreement may be terminated. The initial purchasers propose initially to offer the subordinated notes at the initial offering price set forth on the cover page of this offering memorandum. The purchase agreement provides that we will pay the initial purchasers aggregate commissions of 0.675% of the aggregate principal amount of subordinated notes issued. After the initial offering, the price to investors, concessions and discounts may be changed.

We have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the U.S. Securities Act of 1933 (the "Securities Act"), or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers are offering the subordinated notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the subordinated notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

Subordinated Notes Are Not Being Registered

The initial purchasers propose to offer the subordinated notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to 144A under the Securities Act ("Rule 144A"). The initial purchasers will not offer or sell the subordinated notes except

- to persons they reasonably believe to be qualified institutional buyers, or
- pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S.
- In addition, until 40 days after the commencement of this offering, an offer or sale of the subordinated notes within the U.S. by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Subordinated notes sold pursuant to Regulation S may not be offered or resold in the United States or to U.S. persons (as defined in Regulation S), except under an exemption from the registration requirements of the Securities Act or under a registration statement declared effective under the Securities Act.

Each purchaser of the subordinated notes will be deemed to have made acknowledgments, representations and agreements as described under "Transfer Restrictions."

No Sale of Similar Securities

We have agreed not to sell or transfer any subordinated notes or any security substantially similar to the subordinated notes for 30 days after the date of this offering memorandum without first obtaining the prior written consent of the initial purchasers. Specifically, we have agreed not to, directly or indirectly, sell, offer to sell, grant any option to sell or otherwise dispose of any subordinated notes, or any security substantially similar to the subordinated notes, other than pursuant to this offering memorandum.

New Issue of Subordinated Notes

The subordinated notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the subordinated notes on any national securities exchange or for quotation of the subordinated notes on any automated dealer quotation system. The initial purchasers have advised us that they presently intend to make a market in the subordinated notes after completion of this offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. A liquid or active public trading market for the subordinated notes may not develop. If an active trading market for the subordinated notes does not develop, the market price and liquidity of the subordinated notes may be adversely affected. If the subordinated notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our performance and other factors.

Selling Restrictions

Each initial purchaser has agreed that:

- it has not offered or sold and before the date six months after the date of issue of the subordinated notes will not offer or sell any subordinated notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments, as principal or agent, for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

- it has complied and will comply with all the applicable provisions of the Financial Services and Markets Act 2000, or FSMA, of Great Britain with respect to anything done by it in relation to the subordinated notes in, from or otherwise involving the United Kingdom;

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the subordinated notes or any investments representing the subordinated notes (including, without limitation, this offering memorandum) in circumstances in which Section 21(1) of the FSMA does not apply to it;

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any subordinated notes other than (i) to persons whose ordinary business it is to buy or sell shares or debentures (whether as principal or agent) or (ii) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong; and unless permitted to do so under the securities laws of Hong Kong, it has not issued, or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the subordinated notes other than with respect to subordinated notes intended to be disposed of to persons outside Hong Kong or to be disposed of in Hong Kong only to persons whose business involves the acquisition, disposal or holding of securities, whether as principal or agent;

- the subordinated notes shall exclusively be offered to natural or legal persons who are established, domiciled or have their residence (collectively, "are resident") outside The Netherlands and, accordingly, not to persons who are resident in The Netherlands. We have filed a statement with The Netherlands Authority Financial Markets (Autoriteit Financiële Markten) that the offering of the subordinated notes, each announcement thereof and this offering memorandum comply with the laws and regulations of any state or country where the persons to whom the offer is made are resident;
- it has not offered or sold and will not offer and sell any subordinated notes to more than a limited circle of persons (not in excess of 20 in the aggregate) in Switzerland; and
- with respect to any other jurisdiction outside of the United States, it has not offered or sold and will not offer or sell any of the subordinated notes in any jurisdiction, except under circumstances that resulted in or will result in compliance with the applicable rules and regulations of such jurisdiction.

This offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act 2001 (Act 42 of 2001) of Singapore (the "Securities and Futures Act") and the subordinated notes are offered by us pursuant to exemptions invoked under Section 274 and Section 275 of the Securities and Futures Act. Accordingly, each of the initial purchasers has severally represented and agreed that the subordinated notes may not be offered or sold or be made the subject of an invitation for subscription or purchase, nor may this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the subordinated notes be circulated or distributed, whether directly or indirectly, to the public or any member of the public in Singapore other than (a) to an institutional investor or other person specified in Section 274 of the Securities and Futures Act, (b) to a sophisticated investor as defined in Section 275 of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the Securities and Futures Act.

The subordinated notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, the subordinated notes may not, directly or indirectly be offered or sold in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other applicable laws and regulations of Japan. As used in this paragraph "resident of Japan" means any person residing in Japan, including any corporation or other entity organized under the laws of Japan.

Delivery of the Subordinated Notes

It is expected that delivery of the subordinated notes will be made against payment therefor on or about the date specified in the last paragraph of the cover page of this offering memorandum, which will be the fourth business day following the date of pricing of the subordinated notes (such settlement cycle being herein referred to as "T+4"). Trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade subordinated notes on the date of pricing or the next business day will be required, by virtue of the fact that the subordinated notes initially will settle in T+4, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of subordinated notes who wish to trade certificates on the date of pricing or the next business day should consult their own advisors.

Price Stabilization and Short Positions

In connection with the issuance of the subordinated notes, the initial purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the subordinated notes. Specifically, the initial purchasers may overallot the offering, creating a syndicate short position. In addition, the initial purchasers may bid for and purchase subordinated notes in the open market to cover syndicate shorts or to stabilize the price of the subordinated notes above independent market levels. The initial purchasers are not required to engage in these activities, and may end any of these activities at any time.

Other Relationships

The initial purchasers and/or their affiliates have provided investment banking, commercial banking and financial advisory services to us or our affiliates in the past, for which they have received customary compensation and expense reimbursement, and may do so again in the future. ING Financial Markets LLC, a subsidiary of our parent company, ING Groep N.V., is participating in this offering of subordinated notes as an initial purchaser. JPMorgan Chase Bank, the fiscal agent, is an affiliate of J.P. Morgan Securities Inc., one of the initial purchasers.

J.P. Morgan Securities Inc. ("JPMorgan") will make the subordinated notes available for distribution on the Internet through a proprietary Web site and/or a third-party system operated by Market Axess Inc., an Internet-based communications technology provider. Market Axess Inc. is providing the system as a conduit for communications between JPMorgan and its customers and is not a party to any transactions. Market Axess Inc., a registered broker-dealer, will receive compensation from JPMorgan based on transactions JPMorgan conducts through the system. JPMorgan will make the subordinated notes available to its customers through the Internet distributions, whether made through a proprietary or third-party system, on the same terms as distributions made through other channels.

TRANSFER RESTRICTIONS

The following restrictions will apply to the subordinated notes. Prospective purchasers of the subordinated notes are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the subordinated notes offered hereby.

The subordinated notes have not been registered under the Securities Act and may not, except as provided below, be offered or sold in the United States, or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), except that the subordinated notes may be offered or sold by the initial purchasers, through their registered broker-dealer affiliates in the United States, only to "qualified institutional buyers" (as defined in Rule 144A) in accordance with the exemption from the registration requirements of the Securities Act provided by Rule 144A, and to non-U.S. persons in offshore transactions in accordance with Regulation S.

Each purchaser of subordinated notes offered and sold in the United States pursuant to Rule 144A will, by its purchase of such subordinated notes, be deemed to have represented and agreed as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

- it is not an affiliate of ING Bank or the initial purchasers or acting on behalf of ING Bank or the initial purchasers and is (a) a qualified institutional buyer as defined in Rule 144A, (b) aware that the sale of such subordinated notes to it is being made in reliance on Rule 144A, and (c) acquiring such subordinated notes for its own account or for the account of a qualified institutional buyer over which it exercises sole investment discretion;

- it understands that the subordinated notes have not been registered under the Securities Act and may not be transferred or sold in the United States except as permitted below; and

- it agrees that if it decides to offer, sell or otherwise transfer such subordinated notes, it will do so only in compliance with the Securities Act and all applicable securities laws of the States of the United States and other jurisdictions and only (a) to ING Bank N.V. or one of its affiliates, (b) outside the United States to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, (c) in accordance with Rule 144A to a person whom the seller and any person acting on behalf of the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or for the account of a qualified institutional buyer, and to whom notice is given that such offer, sale or transfer is being made in reliance on Rule 144A, (d) if available, pursuant to the exemption from registration under the Securities Act provided by Rule 144 thereunder, subject to the receipt by ING Bank N.V. of an opinion of counsel or such other evidence which it may reasonably require that such sale or transfer is in compliance with the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

The subordinated notes offered hereby will constitute "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act, and any sale pursuant to Rule 144 will be subject to the requirements of that rule, including its holding period requirements. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the subordinated notes.

The subordinated notes will bear a legend to the following effect unless ING Bank N.V. determines otherwise, consistent with applicable law:

THIS NOTE WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) TO ING BANK N.V. OR ONE OF ITS AFFILIATES, (B) OUTSIDE THE UNITED STATES TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF THE REGULATION S,

(C) IN ACCORDANCE WITH RULE 144A TO A PERSON WHOM THE SELLER AND ANY PERSON ACTING ON BEHALF OF THE SELLER REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, AND TO WHOM NOTICE IS GIVEN THAT SUCH OFFER, SALE OR TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) IF AVAILABLE, PURSUANT TO THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, AND SUBJECT TO THE RECEIPT BY ING BANK N.V. OF AN OPINION OF COUNSEL OR SUCH OTHER EVIDENCE WHICH IT MAY REASONABLY REQUIRE THAT SUCH SALE OR TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT.

Each purchaser of subordinated notes, by such purchase, will also be deemed to acknowledge that ING Bank N.V., the initial purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of subordinated notes are no longer accurate, it shall promptly notify ING Bank N.V. and the initial purchaser. If it is acquiring any subordinated notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account, and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Each initial purchaser represents that it has offered the subordinated notes and agrees that it will offer and sell the subordinated notes, (1) as part of its distribution at any time and (2) otherwise until 40 days after the later of the commencement of this offering and the closing date of this offering only in accordance with Rule 903 of Regulation S or Rule 144A. Neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the subordinated notes or in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act), and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Resales of subordinated notes are restricted as described above.

In addition, until 40 days after the date of delivery of the subordinated notes, an offer or sale of the subordinated notes within the United States by any dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The Netherlands

Each purchaser has represented and agreed that it has not offered, sold, delivered or transferred, and will not offer, sell, deliver or transfer, directly or indirectly, any subordinated notes other than to persons (including legal entities) established, resident or domiciled outside The Netherlands, and that the relevant rules of any state where the subordinated notes are or will be offered by it will be complied with.

VALIDITY OF THE SUBORDINATED NOTES

The validity of the subordinated notes offered hereby will be passed upon for us by Allen & Overy, Amsterdam, The Netherlands and London, England, Dutch and U.S. counsel for ING Bank N.V. and for the initial purchasers by Davis Polk & Wardwell, U.S. counsel for the initial purchasers.

INDEPENDENT AUDITORS

The annual financial statements of ING Bank included herein have been audited by KPMG Accountants N.V., independent public accountants, as stated in their report appearing herein.

SUMMARY OF PRINCIPAL DIFFERENCES BETWEEN DUTCH GAAP AND U.S. GAAP

ING Bank's annual report is prepared in accordance with Dutch GAAP. Dutch GAAP relevant to ING Bank's annual report differs from U.S. GAAP in certain significant respects. ING Bank has not prepared a reconciliation between Dutch GAAP and U.S. GAAP.

Set forth below is a brief description of certain significant differences between Dutch GAAP and U.S. GAAP as of December 31, 2002.

The organizations that promulgate U.S. GAAP have ongoing projects that could have a significant impact on future comparisons such as this. This description is not intended to provide a comprehensive listing of all such differences, specifically related to ING Bank or the industries in which it operates.

Purchase Accounting and Goodwill and Other Intangible Assets

Under ING Bank accounting principles, goodwill paid on acquisitions including related intangible assets are charged directly to Shareholders' equity.

Under U.S. GAAP, until 2002 goodwill was capitalized and amortized for business combinations completed before June 30, 2001. Goodwill is capitalized and tested for impairment for business combinations completed after June 30, 2001. As of 2002 and for business combinations completed before June 30, 2001, goodwill is no longer amortized but is tested for impairment at least annually. Other intangible assets recognized under U.S. GAAP remain to be amortized over the estimated economic life.

Valuation of Land and Buildings

Under ING Bank accounting principles, land and buildings are carried at the fair value, with any unrealized revaluations accounted for directly in Shareholders' equity. Buildings are depreciated on a straight line basis over the estimated economic life. Impairment losses are first charged against the revaluation reserves existing for these assets. Any remaining impairment losses are charged to the profit and loss account.

Under U.S. GAAP, a distinction is made between land and buildings in use by group companies and not in use by group companies (which are treated as investments). Land and buildings in use by group companies are carried at cost less accumulated depreciation, adjusted for any impairment in value. Land and buildings not in use by group companies are carried at the lower of cost and estimated net realizable value. Depreciation is calculated over the economic lives of the assets concerned.

Valuation of Fixed-Interest Securities

Investments in fixed-interest securities are carried at redemption value in accordance with ING Bank accounting principles, differences between redemption value and cost being amortized and charged to the profit and loss account over the remaining terms of the investments concerned.

In accordance with U.S. GAAP, the method of accounting for these assets depends on the classification of the securities concerned.

Securities held as part of the trading portfolio are stated at fair value. Realized and unrealized movements in the fair value are taken to the profit and loss account.

Securities held until maturity are stated at amortized cost.

Securities which are available for sale are stated at fair value. Unrealized movements in the fair value are recognized in Shareholders' equity. Realized results on disposal are recognized in the profit and loss account.

In accordance with EITF 96-15, unrealized foreign currency translation results related to available for sale debt securities denominated in currencies other than the reporting currency of the entity should be recognized in Shareholders' equity as a part of the fair value adjustment and not in the profit and loss accounts under U.S. GAAP. Under ING Bank accounting principles, these unrealized translation results are recognized in the profit and loss account.

Realized Gains/Losses on Disposal of Investments in Fixed-Interest Securities

The result on disposal of investments in fixed-interest securities, i.e. the difference between the proceeds from sale and the book value, is treated as a yield difference under ING Bank accounting principles. These yield differences are taken to the profit and loss account over the average remaining weighted maturity of the investment portfolio.

In accordance with U.S. GAAP, the result on disposal is immediately recognized as income.

Valuation of Equity Securities

Under ING Bank accounting principles, unrealized losses on equity securities are recorded in the revaluation reserve, unless the securities are considered to be impaired. Impairments are charged to the profit and loss account. The determination of impairments involves various assumptions and factors, including the period of time and the extent to which the unrealized loss has existed and general market conditions, but is primarily based on the financial condition of the issuer in the long-term; ING Bank has the intention and ability to maintain a long-term investment strategy.

Under U.S. GAAP, unrealized losses that are considered 'other than temporary' are charged to the profit and loss account. The determination of 'other than temporary' is primarily based on the duration and extent to which the market value has been below cost price.

Derivatives

Under ING Bank accounting principles, derivative financial instruments, primarily interest rate swap contracts, used to manage interest rate risk are accounted for as off-balance sheet transactions. The related interest income and expense is accounted for on a basis in conformity with the hedged position, primarily on an accrual basis. Transactions qualify as hedges if these transactions are identified as such and there is a negative correlation between the hedging results and the results of the position being hedged.

U.S. GAAP requires that derivatives be carried at fair value with changes in fair value recorded in income unless specified criteria are met to obtain hedge accounting treatment. With effect from January 1, 2001, ING Bank has adopted SFAS 133 'Accounting for Derivative Instruments and Hedging Activities' as amended by SFAS 138.

SFAS 133 requires that all derivative instruments, including certain derivative instruments embedded in other contracts, be recorded on the balance sheet, as either an asset or liability, measured at its fair value. The change in a derivative's fair value is generally to be recognized in current period's profit and loss account. However, if certain conditions are met, a derivative may be specifically designated as a hedge of an exposure to changes in fair value, variability of cash flows, or certain foreign currency exposures.

The hedging rules specified under SFAS 133 are more stringent than the hedging rules prior to SFAS 133. Consequently significant portion of the derivatives that received hedge accounting treatment prior to the adoption of SFAS 133 are recorded at fair value with changes in fair value included in the profit and loss account.

General Provisions

From year-end 2000 and onwards, all general provisions are in accordance with U.S. GAAP, except that general provisions are discounted using a pre-tax discount rate to reflect the time value of money.

Pension Liabilities and Other Staff-Related Liabilities

Pension Liabilities and Pension Expenses

The pension rights of the vast majority of the staff are insured with separate pension funds. In accordance with ING Bank accounting principles, as from January 1, 1998, retroactive as from January 1, 1997, the pension expenses are based on a specific method of actuarial valuation of plan assets and related projected liabilities for accrued service including future salary indexation. Plan assets are taken at fair value.

The pension expenses under U.S. GAAP are based on the same method of valuation of liabilities and assets. Differences in the level of expense and liabilities (or assets) occur due to the different transition dates under U.S. GAAP.

Furthermore, under U.S. GAAP an additional liability is recognized immediately in a situation where the accumulated benefit obligation exceeds the fair value of the plan assets. This additional liability is charged to shareholders' equity. The accumulated benefit obligation differs from the projected benefit obligation in that it does not take into account future compensation levels. Under ING Bank accounting principles, in such situation the normal rules for differences between the projected benefit obligation and the fair value of plan assets continue to apply and, therefore, a liability is not recognized immediately.

Other Staff-Related Liabilities

In accordance with ING Bank accounting principles, the other staff-related liabilities are determined under a similar methodology as described under pension liabilities and pension expenses.

The other staff-related liabilities under U.S. GAAP are based on the same methods of valuation as for other assets and liabilities. Differences in the level of expenses and liabilities (or assets) occur due to the different transition date under U.S. GAAP.

Fund for General Banking Risks

Under ING Bank accounting principles, a fund for general banking risks is recorded (net of deferred tax), which serves to hedge the general risk inherent in the banking operations. Amounts added to or withdrawn from the fund for general banking risks are recognized separately as such in the profit and loss account.

Under U.S. GAAP a fund for general banking risks is not recognized.

Valuation and Profit Recognition of Equity Investments

This item relates to equity participations and certain equity investments. Equity participations that are held for sale are carried at either the lower of cost or market value or at net asset value. Dividends received and realized gains and losses on the sale of these shareholdings are charged to the profit and loss account. Under U.S. GAAP, these shareholdings are accounted for at either fair value with changes in fair value recorded in shareholders' equity, or, in cases where significant influence can be exercised by the shareholders, by the equity method.

The criteria on recognition of gains and losses on the sale of certain equity investments are more stringent U.S. GAAP. As a result, profit on sale is not always recognized in the same accounting period.

INDEX TO FINANCIAL STATEMENTS

CONSOLIDATED AND COMPANY BALANCE SHEET OF ING BANK AS AT 31 DECEMBER

before profit appropriation, amounts in millions of euros

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
ASSETS				
Cash **1**	**8,782**	8,050	**5,301**	5,118
Short-dated government paper **2**	**8,398**	4,653	**5,692**	3,157
Banks **3**	**45,682**	54,082	**32,985**	32,058
Public sector loans and advances	**14,194**	9,480	**3,659**	1,396
Private sector loans and advances	**270,444**	246,412	**133,219**	95,299
Loans and advances **4**	**284,638**	255,892	**136,878**	96,695
Interest-bearing securities **5**	**99,994**	85,751	**32,175**	28,899
Shares **6**	**8,020**	10,719	**3,757**	4,808
Participating interests in group companies **7**			**14,963**	15,856
Other participating interests **8**	**1,845**	1,113	**584**	24,847
Property and equipment **9**	**6,184**	5,686	**281**	282
Other assets **10**	**5,919**	5,873	**2,295**	2,228
Accrued assets **11**	**7,649**	11,537	**2,568**	3,758
Total	**477,111**	443,356	**237,479**	217,706

The numbers against the items refer to the notes starting on page 27.

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
LIABILITIES AND EQUITY				
Banks **12**	**96,267**	107,810	**79,844**	70,901
Savings accounts	**115,156**	69,562	**17,170**	14,314
Other funds entrusted	**131,959**	134,307	**55,170**	49,049
Funds entrusted **13**	**247,115**	203,869	**72,340**	63,363
Debt securities **14**	**75,493**	74,408	**39,933**	39,007
Other liabilities **15**	**17,636**	16,337	**7,634**	8,207
Accrued liabilities **16**	**8,759**	10,189	**11,175**	10,118
General provisions **17**	**1,597**	1,924	**759**	1,320
	446,867	414,537	**211,685**	192,916
Fund for general banking risks **18**	**1,233**	1,146	**1,233**	1,146
Subordinated liabilities **19**	**13,175**	11,127	**9,897**	7,974
Share capital			**525**	525
Preference share premium reserve			**3,002**	3,142
Share premium reserve			**6,790**	6,790
Revaluation reserve			**189**	354
Reserve for participating interests			**72**	81
Exchange differences reserve			**-602**	-288
Other reserves			**4,093**	3,740
Profit available for distribution			**595**	1,326
Shareholders' equity **20**	**14,664**	15,670	**14,664**	15,670
Third-party interests	**744**	492		
Capital and reserves of Stichting Regio Bank **21**	**428**	384		
Group equity	**15,836**	16,546		
Group capital base	**30,244**	28,819	**25,794**	24,790
Total	**477,111**	443,356	**237,479**	217,706
Contingent debts	**23,283**	25,984	**19,008**	19,071
Irrevocable facilities	**63,866**	63,269	**32,501**	34,938
Contingent liabilities **22**	**87,149**	89,253	**51,509**	54,009

The numbers against the items refer to the notes starting on page 38.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros

	2002	2001	2000
Interest income	**23,883**	24,800	24,736
Interest expense	**16,405**	18,864	18,893
Interest **23**	**7,478**	5,936	5,843
Income from securities and participating interests **24**	**197**	557	552
Commission income	**3,231**	3,248	4,169
Commission expense	**616**	483	541
Commission **25**	**2,615**	2,765	3,628
Results from financial transactions **26**	**454**	1,080	1,531
Other revenue **27**	**292**	651	404
Other income	**3,558**	5,053	6,115
Total income	**11,036**	10,989	11,958
Staff costs **28**	**4,787**	5,068	4,927
Other administrative expenses **29**	**3,178**	2,765	3,366
Staff costs and other administrative expenses	**7,965**	7,833	8,293
Depreciation **30**	**411**	449	567
Operating expenses	**8,376**	8,282	8,860
Value adjustments to receivables	**1,435**	750	400
Value adjustments to financial fixed assets	**136**		
	9,947	9,032	9,260
Additions to the Fund for general banking risks	**140**	140	140
Total expenses	**10,087**	9,172	9,400
Result before taxation	**949**	1,817	2,558
Taxation **31**	**272**	426	732
Result after taxation	**677**	1,391	1,826
Third-party interests	**39**	28	45
Net profit for the period	**638**	1,363	1,781
Non-distributable profit of Stichting Regio Bank	**43**	37	32
Profit available for distribution	**595**	1,326	1,749

The numbers against the items refer to the notes starting on page 58.

COMPANY PROFIT AND LOSS ACCOUNT OF ING BANK
FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros

	2002	2001	2000
Distributable result of group companies after taxation	**668**	1,218	1,901
Other results after taxation	**-73**	108	-152
Profit available for distribution	**595**	1,326	1,749

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET PROFIT OF ING BANK
FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros

	2002	2001	2000
Net profit for the period	**638**	1,363	1,781
Other components of comprehensive net profit:			
– unrealised revaluations (1)	**-57**	-391	117
– exchange differences (2)	**-454**	91	-87
Net profit not recognised in the consolidated profit and loss account	**-511**	-300	30
Realised revaluations released to the profit and loss account	**-117**		
Comprehensive net profit for the period	**10**	1,063	1,811

(1) In 2002, deferred taxes with regard to unrealised revaluations amounted to EUR -20 million (2001: EUR – 137 million; 2000: EUR 41 million).

(2) In 2002, deferred taxes with regard to exchange differences amounted to EUR -157 million (2001: EUR 32 million; 2000: EUR – 30 million).

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.

CONSOLIDATED STATEMENT OF CASH FLOWS OF ING BANK FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros

	2002	2001	2000
Result before taxation	**949**	1,817	2,558
Adjusted for:			
– depreciation	**411**	449	567
– value adjustments to receivables	**1,435**	750	400
– value adjustments to financial fixed assets	**136**		
– additions to the Fund for general banking risks	**140**	140	140
– other	**-2,333**	-584	-346
Loans and advances granted/repaid	**-30,181**	-9,202	-42,006
Trading portfolio purchases/sales (incl. securities and property)	**3,298**	-2,255	-11,306
Taxation	**-105**	-680	-798
Movements in:			
– funds entrusted and debt securities	**45,660**	23,603	26,936
– banks, not available on demand	**7,304**	-120	9,098
– other receivables and accrued assets	**3,843**	-1,410	-4,100
– other liabilities and accrued liabilities	**-130**	-1,300	6,920
– provisions	**-327**	-901	-191
Net cash flow from operating activities **32**	**30,100**	10,307	-12,128
Investments and advances:			
– participating interests	**-729**	-190	-1,240
– investments in interest-bearing securities	**-70,273**	-68,522	-32,380
– investments in shares	**-543**	-994	-888
– property and equipment	**-1,314**	-1,389	-1,515
Disposals and redemptions:			
– participating interests	**66**	358	1,690
– investments in interest-bearing securities	**52,537**	59,921	31,335
– investments in shares	**1,815**	1,284	598
– property and equipment	**682**	875	677
Net cash flow from investing activities	**-17,759**	-8,657	-1,723
Movements in long-term liabilities	**2,048**	1,892	1,493
Paid-in share premium		618	2,579
Cash dividends	**-298**	-939	-2,146
Net cash flow from financing activities	**1,750**	1,571	1,926
Net cash flow	**14,091**	3,221	-11,925
Cash at beginning of year	**3,467**	597	13,847
Exchange differences	**833**	-351	-1,325
Cash at year-end	**18,391**	3,467	597
Cash comprises the following items:			
Short-dated government paper	**8,398**	4,653	3,055
Bank deposits available on demand	**1,211**	-9,236	-5,907
Cash	**8,782**	8,050	3,449
Cash at year-end	**18,391**	3,467	597

The number against the item refers to the note on page 64.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED AND COMPANY BALANCE SHEET AND CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK

INTRODUCTION

The financial data of ING Bank are also included in the consolidated annual accounts of ING Groep N.V., which is the holding company of ING Bank. The annual accounts of ING Groep N.V. are available on the Internet at the ING Group website: www.ing.com.

CONSOLIDATION PRINCIPLES

ING Bank comprises ING Bank N.V. and its group companies. The consolidated financial statements of ING Bank include the financial statements of all companies that form an organisational and economic entity and are controlled by ING Bank. Control is presumed to exist when ING Bank has, directly or indirectly through group companies, more than one half of the voting power or otherwise exercises effective control. The financial statements of these group companies are consolidated in full on a line-by-line basis, using uniform accounting principles. Third-party interests are presented separately in the consolidated balance sheet and profit and loss account.

The financial data of joint ventures are included in proportion to ING Bank's interest where it is relevant to the understanding of ING Bank's shareholders' equity and results. Intercompany financial relationships between business units of ING Bank are eliminated.

Assets, liabilities, income and expenses of Stichting Regio Bank are included in full. By virtue of this savings bank's legal status as a non-profit organisation (Stichting), its net profit is not eligible for distribution to the shareholders of ING Bank, but is instead added to this organisation's reserves. These reserves, together with the capital, are shown separately as a part of Group equity.

The parent company profit and loss account has been drawn up in accordance with Section 402, Book 2, of the Dutch Civil Code. A list containing the information referred to in Section 379 (1) and Section 414, Book 2, of the Dutch Civil Code has been filed with the office of the Commercial Register of Amsterdam, in accordance with Section 379 (5), Book 2, of the Dutch Civil Code.

CHANGES IN THE COMPOSITION OF THE GROUP

As part of a restructuring of ING Group's activities the participating interest in Kookmin Bank has been transferred from ING Verzekeringen N.V. to ING Bank N.V. The transfer was done at fair value at 30 June 2002. As of 31 December 2002 a real estate portfolio has been transferred from ING Verzekeringen N.V. to ING Bank N.V., the transfer was done at fair value.

In 2002, ING Bank 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 Bank 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 Bank 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 Bank currently enjoys management control, ING Vysya Bank has been consolidated.

In 2002, ING Bank acquired 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.*

In 2001, ING Bank increased its shareholding in Bank Slaski, based in Poland, from 55.0% to 82.8% for an amount of EUR 187 million. Bank Slaski has been merged with ING Bank Warsaw as from 1 September 2001. The combined bank, in which ING holds 88%, operates under the brand name ING Bank Slaski. Goodwill amounted to EUR 118 million and is charged to *Shareholders' equity*.

As part of a restructuring of ING Group's insurance activities in Belgium, the subsidiary BBL Life has been transferred to ING Verzekeringen N.V. The transfer was done at net asset value as at 30 September 2001 and not against the higher fair market value.

PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS

GENERAL PRINCIPLES

Recognition

An asset is recognised in the balance sheet when it is probable that the future economic benefits will flow to the enterprise and the asset can be measured reliably. A liability is recognised in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. If the criteria for recognition are no longer met, the assets and liabilities are derecognised.
Income is recognised in the profit and loss account when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Expenses are recognised in the profit and loss account when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Valuation

Assets and liabilities are shown at face value except where a different valuation principle is stated below.

Use of estimates

The preparation of the annual accounts necessitates the use of estimates and assumptions. These estimates and assumptions affect the reported amounts of the assets and liabilities and the amounts of the contingent liabilities as at balance sheet date as well as reported income and expenses for the year. The actual outcome may differ from these estimates.

Foreign currencies

GENERAL The euro is the reporting currency of ING Bank. Assets and liabilities in foreign currencies are translated at the spot mid-rates (Amsterdam exchange rates) prevailing on the balance sheet date. Non-monetary items which are expressed in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Income and expenses arising from foreign currency transactions are translated at the rates prevailing on the transaction date.

The following exchange differences are credited or debited, net of any related taxes, to *Shareholders' equity*:

— exchange differences on participating interests and liabilities assumed in connection with their financing;
— exchange differences on loans serving to hedge exchange rate risks on foreign interests.

All other exchange differences are taken to the profit and loss account.

FORWARD FOREIGN EXCHANGE CONTRACTS Forward foreign exchange contracts relating to borrowing and lending are translated at the spot mid-rates prevailing on the balance sheet date. In general, differences between the spot rates prevailing on the balance sheet date and on the contract date are taken to the profit and loss account. Differences between the valuations at the forward rate and the spot rate at the contract date are amortised and charged to the profit and loss account in proportion to the expired part of the terms of the contracts concerned. The other forward foreign exchange contracts are valued at the market quotations for their remaining terms at the balance sheet date. In general, differences resulting from revaluations are taken to the profit and loss account. Exchange differences on forward foreign exchange contracts serving to hedge exchange rate risks on participating interests are taken to *Shareholders' equity.*

BUSINESS UNITS OUTSIDE THE EURO ZONE Assets and liabilities of business units outside the euro zone are translated at the closing rate prevailing on the balance sheet date. Income and expenses of business units outside the euro zone (excluding business units in countries with hyperinflation) are translated at average exchange rates for the year. The financial statements of a business unit that reports in the currency of a hyperinflationary economy, are restated for the influences of inflation before translation into euros. Income and expenses of business entities in countries with hyperinflation are translated at the closing rate prevailing on the balance sheet date.

Exchange differences on assets and liabilities of business units outside the euro zone are credited or debited, net of any related taxes, to *Shareholders' equity,* except for exchange differences on monetary assets and liabilities of business units in countries with hyperinflation. These differences are taken to the profit and loss account.

Exchange differences on results arising from differences between the spot rates on the balance sheet date and the average rates for the year are taken to *Shareholders' equity.*

Geographical analyses

The geographical analyses of assets, liabilities, income and expenses in the notes to the consolidated balance sheet and profit and loss account are based on the location of the office from which the transactions are originated.

Derivatives

Derivatives are stated at fair value. Changes in the fair value are included in the profit and loss account. However, derivatives serving to hedge the risks on own positions are recognised in accordance with the accounting principles of the hedged items.

Hedge accounting

Transactions qualify as hedges if these transactions are identified as such and there is a negative correlation between the hedging results and the results of the positions being hedged. Hedging instruments are accounted for in accordance with the accounting principles of the hedged item.

Impairments

The carrying value of *Property and equipment,* participating interests and *Shares* and *Interest-bearing securities* as part of the investment portfolio is reviewed to ascertain whether there has been a permanent diminution in value. These impairments are assessed on an individual basis and are taken to the profit and loss account immediately. Impairments of participating interests, shares and interest-bearing securities that are part of the investment portfolio are included in the profit and loss account as *Value adjustments to financial fixed assets*. Impairments of assets carried at revalued amounts are first charged directly to any revaluation reserve for these assets.

Receivables

Receivables are carried at the face value less any diminution in value deemed necessary to cover the risk of uncollectibility.

Investment and trading portfolios

The investment portfolio comprises those assets which are intended for use on a continuing basis and have been identified as such. These investments are held in order to manage interest rate, capital and liquidity risks. Positions held with trading intent are those held intentionally for short-term resale and/or with the intent of benefiting from actual or expected short-term price movements or to lock in arbitrage profits, and positions held through matched principal broking and market making.

If due to a change in management's intent transfers are made between investment and trading portfolios, these assets are remeasured to fair value and gains and losses are accounted for in accordance with the accounting principles applicable to the portfolio in which the assets were originally held.

Repurchase transactions and reverse repurchase transactions

Interest-bearing securities and shares which have been sold with an agreement to repurchase (repurchase transactions), are included as assets in the balance sheet. Interest-bearing securities and shares, which have been acquired in reverse sale and repurchase transactions, are not recognised in the balance sheet.

Securities borrowing and lending

Interest-bearing securities and shares which are lent out, are included in the balance sheet. Interest-bearing securities and shares which are borrowed, are not recognised in the balance sheet.

Leases

Assets held under a lease for which substantially all the risks and rewards are transferred to the lessee (finance lease) are reported in the balance sheet at net present value. Income from a finance lease is recognised in the profit and loss account over the lease term in proportion to the funds invested. Income from an operating lease is recognised over the lease term in the profit and loss account. Lease payments under an operating lease are recognised as an expense in the profit and loss account over the lease term.

SPECIFIC PRINCIPLES

Acquisition and disposal of group companies and goodwill

ING Bank's acquisitions are accounted for under the purchase method of accounting, whereby the cost of the acquisitions is allocated to the fair value of assets and liabilities acquired. Goodwill, being the difference between the cost of the acquisition (including assumed debt) and ING Bank's interest in the fair value of the acquired assets and liabilities as at the date of acquisition, is debited to *Shareholders' equity*. The results of the operations of the acquired companies are included in the profit and loss account from their respective dates of acquisition.

Adjustments to the fair value as of the date of acquisition of acquired assets and liabilities that are identified before the end of the first annual accounting period commencing after acquisition are recorded as an adjustment to goodwill; any subsequent adjustment is recognised as income or expense. On disposal of group companies the difference between the sale proceeds and cost is included in the profit and loss account; for disposals within 5 years of acquisition, goodwill is adjusted on a pro-rata basis.

Short-dated government paper and interest-bearing securities

Investment portfolio securities are stated at redemption value. The difference between redemption value and purchase price is amortised over the weighted average remaining term of the investments concerned, either credited or debited to the profit and loss account. Investment portfolio securities on which interest is not received annually and on which the redemption value is paid out as a lump sum on maturity (such as zero-coupon bonds and savings certificates) are included at purchase price plus the proportion of the difference between purchase price and redemption value related to the period elapsed since the date of purchase.

The results on the disposal of investment portfolio securities i.e. the difference between the proceeds on disposal and the carrying amount of the investment portfolio securities sold, are shown as yield differences. Results on disposal of derivatives related to the investment portfolio securities concerned are likewise shown as yield differences. Allowing for the weighted average remaining term of the investment portfolio, these yield differences are included in the profit and loss account as interest income. Results on disposal due to a structural reduction of investment portfolio securities are included directly in the profit and loss account, including the results on disposal of the related derivatives.

Securities that are part of the trading portfolio are stated at the fair value; which generally means quoted prices. Changes in the fair value, both realised and unrealised, on these securities are included in the profit and loss account. The company's own debentures repurchased for sale at a future date and interest-bearing securities repurchased after issue by group companies are stated at the lower of cost and fair value.

Banks and Loans and advances

Banks and *Loans and advances* refer to receivables from banks and non-banks. Receivables that are part of the non–trading portfolio are carried at face value less any diminution in value (impairment) deemed necessary to cover the risk of uncollectibility. Receivables are impaired if it is probable that the principal and interest contractually due will not be collected. In general, to determine the amount of the impairment (provision for loan losses), the degree of risk of uncollectibility is assessed on a static basis:

— per individual loan, taking into account among other things amounts outstanding at year-end, the financial position, results and cash-flow information of the debtor, the payment history and the value of the collateral (provision for debtor risk);
— per group of loans subdivided by country, taking into account country-specific risks;
— per group of loans subdivided by the degree of risk of uncollectibility (risk classification), determined on the basis of a wide range of aspects with regard to creditworthiness and taking into account empirically determined risk percentages for each risk category.

The net amounts added to or withdrawn from these provisions are included in the profit and loss account.

When a borrower is in default as regards repayment of principal or payment of interest for 90 days or when, in the judgement of management, the accrual of interest should cease before 90 days, such a loan is given non-accrual status. Any accrued but unpaid interest is reversed and charged to current period interest revenue. Interest payments received during the period are recorded as interest income on a cash basis.

Receivables are written off and charged against the provision for loan losses when all the necessary legal procedures have been completed and the amount of the loss is finally determined.

Receivables included in *Loans and advances* that are part of the trading portfolio are stated at the fair value. Changes in the fair value, both realised and unrealised, on these receivables are included in the profit and loss account.

Shares

Shares are stated at the fair value as at balance sheet date, which generally means quoted prices. Changes in the carrying amount resulting from revaluations, on the securities in the trading portfolio are included in the profit and loss account.

In the case of investment portfolio shares, changes in the carrying amount resulting from revaluations are credited or debited to *Shareholders' equity* allowing for taxation where necessary. Dividends received and the difference between the sale proceeds and cost on disposal of investment portfolio shares, are taken to the profit and loss account.

Equity participations are stated at the lower of cost and fair value. Unrealised losses and results on disposal of equity participations are included in the profit and loss account.

Participating interests in group companies

Movements in balance sheet values due to movements in the revaluation reserves of the participating interests are reflected in the Revaluation reserve, which forms part of *Shareholders' equity*. Movements in balance sheet values due to the results of these Participating interests in group companies, accounted for in accordance with ING Bank accounting principles, are included in the profit and loss account. In case of a permanent diminution in value (impairment) the movement is included in the profit and loss account as *Value adjustments to financial fixed assets*. Other

movements in the balance sheet value of these Participating interests in group companies, other than those due to movements in share capital are included in Other reserves, which forms part of *Shareholders' equity*.
The Reserve for participating interests is carried at an amount equal to the share in the results of Participating interests in group companies since their first inclusion at net asset value less the amount of profit distributions to which rights have accrued in the interim. Profit distributions which can be repatriated to the Netherlands without restriction are likewise deducted from the Reserve for participating interests, which forms part of *Shareholders' equity*.

Other participating interests

INVESTMENTS IN ASSOCIATES Participating interests in which a significant influence is exercised over the financial and operating policy are stated at net asset value. ING Bank's share in the results of these investments in associates is recognised in the profit and loss account.

INVESTMENTS IN NON-ASSOCIATES Investments in non-associates are stated at fair value. Each year, the net asset value of the investment is determined, which approximates the fair value. Dividends received are credited to the profit and loss account. Changes due to revaluation are credited or debited to *Shareholders' equity*. In case of a permanent diminution in value (impairment) the movement is included in the profit and loss account as *Value adjustments to financial fixed assets*. On disposal of Investments in non-associates, the difference between the sale proceeds and cost is included in the profit and loss account.

Property and equipment

PROPERTY IN USE BY THE BANK Property in use by the Bank is stated at fair value as at balance sheet date. Changes in the carrying amount, resulting from revaluations are credited or debited to *Shareholders' equity,* allowing for taxation where necessary. External valuations are made by rotation in such a way as to ensure that all properties are appraised at least once every five years. Value-enhancing investments in properties made since the last valuation are capitalised at the cost of the investment until the next valuation. The buildings are depreciated on a straight-line basis over an estimated economic life of at most 50 years. The installations and banking facilities are depreciated on a straight-line basis over ten years. In determining depreciation, no allowance is made for residual value. Land is not depreciated.

PROPERTY NOT IN USE BY THE BANK Buildings let as a long-term investment and bank premises no longer in use are stated at the fair value as at balance sheet date. Changes in the carrying amount resulting from revaluations are credited or debited to *Shareholders' equity,* allowing for taxation where necessary. On disposal of these investments, the difference between the sale proceeds and cost is recognised in the profit and loss account. Buildings are depreciated on a straight-line basis over a maximum of 50 years, no allowance is made for residual value.

Properties under construction are stated at direct purchase and construction cost incurred up to the balance sheet date plus interest during construction and the group's own development and supervision expenses, where necessary less any diminution in value on completion. The difference between the net proceeds and cost of property under construction and any downward diminution in value are reflected in the profit and loss account. Infrastructure projects and properties let on a lease basis are valued at cost including interest and own development costs less investment grants, or at fair value if lower; depreciation is charged over the term of the contracts concerned on the basis of the value thus obtained. Properties not let on a lease basis and vacant properties are stated at estimated value on private sale and are depreciated at 2% per annum.

EQUIPMENT AND OTHER OPERATING ASSETS Equipment and other operating assets are stated at cost less accumulated depreciation. The cost of these assets is depreciated on a straight-line basis over their estimated useful lives, which are as follows; data processing equipment 2 to 5 years and other movable fixed assets 4 to 10 years. Expenditures for maintenance and repair are charged to the profit and loss account as incurred. Expenditure incurred on major improvements is capitalised and depreciated. On disposal of these assets, the difference between the proceeds on disposal and net book value is recognised in the profit and loss account.

Funds entrusted

The savings accounts included in *Funds entrusted* are stated including interest payable insofar as it is contractually agreed that this will be added to the savings accounts. Liabilities that are not included in the trading portfolio are stated at face value. Liabilities that are part of the trading portfolio are stated at the fair value. Changes in the fair value, both realised and unrealised, on these liabilities are included in the profit and loss account.

Other liabilities

Liabilities that are part of the trading portfolio are stated at fair value, which generally means quoted prices. Changes in the fair value, both realised and unrealised, on these liabilities are included in the profit and loss account.

General provisions

GENERAL A general provision involves a present obligation arising from past events, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits, whereas the timing or the amount is uncertain. Unless stated otherwise below, general provisions are discounted using a pre-tax discount rate to reflect the time value of money.

DEFERRED TAX LIABILITIES Deferred corporate tax is stated at face value and is calculated for temporary valuation differences between carrying amounts of assets and liabilities in the balance sheet and tax base, based on tax rates that are expected to apply in the period when the assets are realised or the liabilities are settled. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. A deferred tax asset is recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable profits will be available for compensation.

PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES Provisions for pension liabilities and other staff-related liabilities are calculated using the projected unit credit method of actuarial cost allocation. In accordance with this method, the discounted value of the pension liabilities and other staff-related liabilities is determined on the basis of the active period of service up to the balance sheet date, the projected salary at the expected retirement date and the market yields at the balance sheet date on high quality corporate bonds. In order to distribute expenses for pensions and other staff-related liabilities evenly over the years, these expenses are calculated using the expected rate of return on plan assets. Differences between this expected return and the actual return on these plan assets and actuarial changes are not recognised in the profit and loss account, unless the accumulated differences and changes exceeds 10% of the greater of the defined benefit obligation and the fair value of the plan assets. The excess is amortised and charged to the profit and loss account over employees remaining working lives.

The rates used for salary developments, interest discount factors and other pension adjustments reflect specific country conditions.

WEIGHTED AVERAGES OF BASIC ACTUARIAL ASSUMPTIONS IN ANNUAL % AS AT 31 DECEMBER

	2002	2001	2000
Discount rates	**5.75**	6.00	6.00
Expected rates of salary increases			
(excluding promotional increase)	**2.75**	2.75	2.75
Medical cost trend rates	**3.25**	2.75	2.25
Consumer price inflation	**2.00**	2.25	2.25

The expected rate of return for 2002 on plan assets was 7.00% (2001: 7.50%; 2000: 7.50%).

The expected rate of return on plan assets was weighted by the fair value of these assets. All other assumptions were weighted by defined benefit obligations.

Fund for general banking risks

The *Fund for general banking risks* serves to hedge the general risk inherent in the banking operations. Amounts added to or withdrawn from the Fund for general banking risks are recognised separately as such in the profit and loss account. Apart from characteristics of a provision, the Fund for general banking risks bears the nature of group equity and is recognised net of deferred tax claims. In accordance with the rules of the Dutch Central Bank, the *Fund for general banking risks* is regarded as Tier-1 capital.

Contingent liabilities

Contingent liabilities are commitments or risks of which it is more likely than not that no outflow from ING Bank of resources embodying economic benefits will occur. The underlying value of these commitments or risks is not recorded as a liability in the balance sheet.

Revenue recognition

INTEREST INCOME Interest income is recognised in the profit and loss account for all interest bearing instruments on an accrued basis. Interest income includes coupons earned on fixed income investment and trading securities and amortisation of accrued discounts and premiums and yield differences.

COMMISSION Fees and commissions from banking and asset management services are recognised in the profit and loss account over the period in which the related services are performed. Fees and commissions with the nature of interest are deferred and amortised on a time proportionate basis that takes into account the effective yield on the related asset and are recognised under interest income.

Taxation

Taxation is calculated on the result before taxation shown in the annual accounts, taking into account tax-allowable deductions, charges and exemptions.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED STATEMENT OF CASH FLOWS OF ING BANK

The cash flow statement has been drawn up in accordance with the indirect method, distinguishing between cash flows from operating, investing and financing activities.

Cash flows in foreign currencies are translated at the average exchange rates for the year. Where the balance of items in the cash flow statement does not correspond to the movements in the relevant balance sheet items, this is mainly due to differences on translation.

In the net cash flow from operating activities, the result before taxation is adjusted for those items in the profit and loss account and movements in balance sheet items which do not result in actual cash flows during the year. The net cash flow shown in respect of *Loans and advances* only relates to transactions involving actual payments or receipts. The *Value adjustments to receivables* which is deducted from the item *Loans and advances* in the balance sheet has been adjusted accordingly for the result before taxation and is shown separately in the cash flow statement.
The *Value adjustments to financial fixed assets* which is deducted from the items *Shares* and *Other participating interests* is also shown separately in the net cash flow statement.

The investments in and disposals of participating interests have been included in the cash flow from investing activities at cost/sales price, insofar as payment was made in cash. The cash-assets of the consolidated participating interests concerned have been eliminated from the cost/sales price. The cash-assets of the consolidated participating interests that were transferred from ING Group to ING Bank as a payment of share premium are included in Cash-assets from acquisitions.

Cash dividends are included in the cash flow from financing activities.

Included in *Cash* are those assets which can be converted into cash without restriction and without material risk of diminution in value as a result of the transaction. The difference between the net cash flow in accordance with the cash flow statement and the movement in *Cash* in the balance sheet is due to exchange differences and is separately accounted for as part of the reconciliation of the net cash flow and the balance sheet movement in cash.

amounts in millions of euros, unless stated otherwise

ASSETS

1 CASH

Cash includes till money at Dutch post offices and deposits with central banks in countries where the bank has a presence and which are available on demand. Cash and balances with central banks amount to EUR 7,591 million (2001: EUR 6,846 million) consolidated and EUR 5,132 million (2001: EUR 4,980 million) for the company.

2 SHORT-DATED GOVERNMENT PAPER

Short-dated government paper includes international government paper amounting to EUR 8,056 million (2001: EUR 4,653 million) consolidated and EUR 5,350 million (2001: EUR 3,157 million) for the company.

The cost and fair value of the *Short-dated government paper* as at balance sheet date are virtually the same, both consolidated and for the company (year-end 2001 also virtually the same).

3 BANKS

Banks includes receivables from banks, other than in the form of interest-bearing securities.

BANKS

	NETHERLANDS	INTERNATIONAL	TOTAL	NETHERLANDS	INTERNATIONAL	TOTAL
			2002			2001
Loans and advances to banks	**5,919**	**16,780**	**22,699**	7,416	15,574	22,990
Cash advances, overdrafts and other balances due on demand	**1,668**	**21,362**	**23,030**	2,566	28,569	31,135
	7,587	**38,142**	**45,729**	9,982	44,143	54,125
Provision for loan losses			**-47**			-43
			45,682			54,082

Banks includes receivables with regard to securities, which have been acquired in reverse sale and repurchase transactions amounting to EUR 13,942 million (2001: EUR 13,265 million) consolidated and EUR 7,113 million (2001: EUR 9,324 million) for the company.

BANKS ANALYSED BY NON-SUBORDINATED AND SUBORDINATED RECEIVABLES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Non-subordinated receivables from:				
Group companies	**288**	136	**18,947**	18,586
Third parties	**44,753**	53,835	**13,234**	13,398
	45,041	53,971	**32,181**	31,984
Subordinated receivables from:				
Group companies			**753**	23
Third parties	**641**	111	**51**	51
	45,682	54,082	**32,985**	32,058

LEASE CONTRACTS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Assets held under finance lease contracts	**100**	137	**16**	
Assets held under operating lease contracts	**60**	12		
	160	149	**16**	0

4 LOANS AND ADVANCES

Loans and advances is subject to credit risk, which means the risk of suffering losses following default by a debtor or counterparty. Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate exposure is material in relation to ING Bank's total exposure. Although ING Bank's portfolio of financial instruments is broadly diversified along industry and product lines, material transactions are completed with other financial institutions. Additionally, mortgages and loans in the Netherlands represent areas of significant credit exposure.

LOANS AND ADVANCES ANALYSED BY SECURITY

			CONSOLIDATED			CONSOLIDATED
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Private sector:						
– loans guaranteed by public authorities	**5,327**	**3,611**	**8,938**	8,073	4,729	12,802
– 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	**41,134**	**83,395**	**124,529**	35,531	89,931	125,462
Public sector	**2,686**	**12,139**	**14,825**	876	8,669	9,545
	145,464	**143,997**	**289,461**	127,947	132,376	260,323
Provision for loan losses	**-999**	**-3,824**	**-4,823**	-909	-3,522	-4,431
	144,465	**140,173**	**284,638**	127,038	128,854	255,892

LOANS AND ADVANCES ANALYSED BY NON-SUBORDINATED AND SUBORDINATED RECEIVABLES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Non-subordinated receivables from:				
Participating interests in group companies		64		
ING Group	**2,534**	1,267		1,255
Other group companies		60	**34,168**	6,338
Third parties	**281,570**	254,001	**102,661**	89,057
	284,104	255,392	**136,829**	96,650
Subordinated receivables from:				
Other group companies			**49**	
Third parties	**534**	500		45
	284,638	255,892	**136,878**	96,695

The receivables from ING Group relate among others to the financing transaction in respect of acquisitions of group companies. The ensuing interest income is offset by charging group expenses to ING Bank.

LOANS AND ADVANCES ANALYSED BY INDUSTRY

	CONSOLIDATED	
	2002	2001
Private sector:		
– agriculture, horticulture, forestry and fisheries	**1,552**	1,967
– manufacturing	**34,999**	25,975
– service industry	**58,303**	54,768
– financial institutions	**63,729**	56,421
– other	**111,861**	107,281
	270,444	246,412
Public authorities	**14,194**	9,480
	284,638	255,892

LEASE CONTRACTS INCLUDED IN LOANS AND ADVANCES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Assets held under finance lease contracts	**6,864**	6,094	**274**	477
Assets held under operating lease contracts	**4,248**	2,661	**2**	5
	11,112	8,755	**276**	482

As at 31 December 2002, the balance sheet value of receivables included in *Loans and advances*, of which interest income is not recognised in the profit and loss account because realisation of the interest income is almost certainly not to be expected, amounted to EUR 315 million (2001: EUR 317 million).

As at 31 December 2002, the receivables included in *Loans and advances* that are part of the trading portfolio amounted to EUR 2,097 million consolidated (2001: EUR 6,121 million) and EUR 1,820 million (2001: EUR 3,121 million) for the company.

Loans and advances includes receivables with regard to securities which have been acquired in reverse sale and repurchase transactions amounting to EUR 38,282 million (2001: EUR 26,377 million) consolidated and EUR 9,390 million (2001: EUR 1,360 million) for the company.

The total amount of loans, advances and guarantees granted to members of the Executive Board and members of the Supervisory Board as at balance-sheet date is EUR 2 million (2001: EUR 4 million), at an average interest rate of 4.4% (2001: 5.3%).

PROVISION FOR LOAN LOSSES. The provision for loan losses is allocated to *Loans and advances, Banks* and *Other assets*.

ALLOCATION OF THE CONSOLIDATED PROVISION FOR LOAN LOSSES TO THE VARIOUS CATEGORIES

			CONSOLIDATED			CONSOLIDATED
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Loans to and guaranteed by public authorities	**31**	**47**	**78**		68	68
Loans secured by mortgages	**121**	**73**	**194**	113	41	154
Loans guaranteed by credit institutions		**43**	**43**			
Other personal lending	**199**	**145**	**344**	107	170	277
Other corporate loans and guarantees	**648**	**3,516**	**4,164**	689	3,243	3,932
Allocated to Loans and advances	**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 LOANS AND ADVANCES, BANKS AND OTHER ASSETS

	CONSOLIDATED	
	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**

5 INTEREST-BEARING SECURITIES

PORTFOLIO ANALYSIS OF INTEREST-BEARING SECURITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Investment portfolio	**77,200**	60,725	**23,869**	21,143
Trading portfolio	**22,794**	25,026	**8,306**	7,756
	99,994	85,751	**32,175**	28,899

INTEREST-BEARING SECURITIES ANALYSED BY ISSUER

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Public sector	**56,998**	45,739	**14,607**	13,888
Other	**42,996**	40,012	**17,568**	15,011
	99,994	85,751	**32,175**	28,899

INTEREST-BEARING SECURITIES ANALYSED BY LISTING

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Listed	**94,244**	77,888	**29,113**	25,923
Unlisted	**5,750**	7,863	**3,062**	2,976
	99,994	85,751	**32,175**	28,899

INTEREST-BEARING SECURITIES ANALYSED BY NON-SUBORDINATED AND SUBORDINATED

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Non-subordinated interest-bearing securities issued by:				
Participating interests	**104**	**75**	**1,261**	61
Group companies	**572**	**333**	**527**	1,733
Third parties	**98,338**	**85,096**	**30,274**	27,009
	99,014	**85,504**	**32,062**	28,803
Subordinated interest-bearing securities issued by:				
Participating interests	**2**		**2**	
Group companies	**20**		**20**	
Third parties	**958**	**247**	**91**	96
	99,994	**85,751**	**32,175**	28,899

INVESTMENT PORTFOLIO OF INTEREST-BEARING SECURITIES

	CONSOLIDATED BALANCE SHEET VALUE		CONSOLIDATED ESTIMATED FAIR VALUE	
	2002	2001	**2002**	2001
Debentures	**76,732**	60,567	**79,960**	61,779
Other interest-bearing securities	**468**	158	**468**	158
	77,200	60,725	**80,428**	61,937

MOVEMENTS IN THE INVESTMENT PORTFOLIO OF INTEREST-BEARING SECURITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Opening balance	**60,725**	51,746	**21,143**	13,839
Additions	**70,272**	68,522	**21,928**	21,619
Changes in the composition of the group	**1,389**			
Disposals and redemptions	**-52,534**	-59,921	**-18,491**	-14,407
Exchange differences	**-2,562**	378	**-850**	92
Other movements	**-90**		**139**	
Closing balance	**77,200**	60,725	**23,869**	21,143

As at 31 December 2002, the cost of the investment portfolio of *Interest-bearing securities* amounted to EUR 74,684 million (2001: EUR 60,921 million) consolidated and EUR 24,771 million (2001: EUR 21,478 million) for the company.

As at 31 December 2002, the cost of the *Interest-bearing securities* in the trading portfolio was EUR 365 million lower (2001: EUR 257 million higher) consolidated than their fair value and EUR 24 million lower (2001: EUR 17 million higher) for the company.

As at 31 December 2002 an amount of EUR 71,159 million (2001: EUR 71,871 million) consolidated and EUR 18,028 million (2001: EUR 26,266 million) for the company was expected to be recovered or settled after more than one year from the balance sheet date.

INTEREST-BEARING SECURITIES LENT AND TEMPORARILY SOLD

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Lent	**878**	518	**5**	
Sold in repurchase transactions	**15**	17		

Borrowed interest-bearing securities are not recognised in the balance sheet and amount to EUR 145 million (2001: EUR 56 million) consolidated and EUR 31 million (2001: EUR 29 million) for the company as at 31 December 2002.

The difference between redemption value and purchase price as at balance sheet date of the interest-bearing securities in the investment portfolio still to be amortised is EUR 431 million premium (2001: EUR 321 million premium) consolidated and EUR 192 million premium (2001: EUR 248 million premium) for the company.

6 SHARES

The portfolio comprises shares and equity participations.

ANALYSIS OF THE SHARES PORTFOLIO

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Investment portfolio	**1,244**	2,877	**331**	313
Trading portfolio	**3,979**	5,339	**2,369**	3,716
Equity participations	**1,239**	920	**15**	36
Other	**1,558**	1,583	**1,042**	743
	8,020	10,719	**3,757**	4,808

The balance sheet value of the trading portfolio as at 31 December 2002 includes depository receipts of ordinary shares of ING Groep N.V. amounting to EUR 392 million (2001: EUR 1,727 million). As at 31 December 2002, the market risk of these shares is hedged by means of an asset swap concluded with ING Group. The shares are part of the hedge for the ING Group stock option plan.

As at 31 December 2002 Other included options held by the bank for the account and risk of customers amounting to EUR 150 million (2001: EUR 134 million). These are customer's options, which are not segregated from the assets and liabilities of the group and, therefore, included in the balance sheet. The associated liability is included in *Other liabilities.*

SHARES ANALYSED BY LISTING

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Listed	**5,282**	8,468	**2,932**	4,199
Unlisted	**2,738**	2,251	**825**	609
	8,020	10,719	**3,757**	4,808

MOVEMENTS IN THE INVESTMENT PORTFOLIO OF SHARES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Opening balance	**2,877**	3,650	**313**	66
Additions	**543**	994	**110**	253
Changes in the composition of the group	**8**			
Revaluations	**-222**	-509	**135**	
Value adjustments to financial fixed assets	**-84**		**-84**	
Disposals	**-1,841**	-1,284	**-184**	-9
Exchange differences	**-25**	16	**1**	2
Other movements	**-12**	10	**40**	1
Closing balance	**1,244**	2,877	**331**	313

INVESTMENT PORTFOLIO OF SHARES

	CONSOLIDATED	
	2002	2001
Purchase price	**1,328**	2,715
Revaluations		
– gross unrealised gains	**22**	334
– gross unrealised losses	**-106**	-172
	1,244	2,877

As at 31 December 2002, the cost or purchase price of the shares in the trading portfolio was EUR 51 million higher (2001: EUR 44 million lower) consolidated than their fair value and EUR 173 million higher (2001: EUR 122 million higher) for the company. As at 31 December 2002, the cost or purchase price of shares in the investment portfolio was EUR 84 million higher (2001: EUR 162 million lower) consolidated than the carrying amount. In 2002 an amount of EUR 84 million has been recognised as *Value adjustments to financial fixed assets*.

SHARES LENT AND TEMPORARILY SOLD

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Lent	**453**	77	**453**	
Sold in repurchase transaction	**1**	17	**1**	

Borrowed shares are not recognised in the balance sheet and amount to EUR 72 million (2001: EUR 319 million) consolidated.

7 PARTICIPATING INTERESTS IN GROUP COMPANIES

BREAKDOWN OF PARTICIPATING INTERESTS IN GROUP COMPANIES

	OWNERSHIP (%)	COMPANY BALANCE SHEET VALUE	OWNERSHIP (%)	COMPANY BALANCE SHEET VALUE
		2002		2001
Name of investee				
Bank Brussel Lambert N.V.	**99.4**	**4,137**	99.4	4,003
Storeria B.V. (holding company of ING BHF Bank)	**100.0**	**1,793**	100.0	2,135
Postbank N.V.	**100.0**	**997**	100.0	1,512
Cupula B.V.	**100.0**	**1,321**	100.0	1,321
Bank Slaski S.A.	**87.8**	**522**	87.8	552
ING Lease Top Holding N.V. (1)	**100.0**	**291**		
ING Lease Holding N.V.			100.0	398
ING Vastgoed B B.V.	**100.0**	**1,278**	100.0	452
CenE Bankiers	**100.0**	**235**	100.0	221
Middenbank Curaçao N.V.	**100.0**	**102**	100.0	185
Ingelton	**100.0**	**1,359**	100.0	1,354
Other (including financing companies)		**2,928**		3,723
		14,963		15,856

(1) In 2002, the activities of ING Lease Holding N.V. were transferred to ING Lease Top Holding N.V.

As at 31 December 2002, *Participating interests in group companies* included credit institutions of EUR 6,979 million (2001: EUR 6,752 million) for the company. As at 31 December 2002, listed participating interests in group companies amounted to EUR 526 million (2001: EUR 503 million) for the company.

MOVEMENTS IN PARTICIPATING INTERESTS IN GROUP COMPANIES

	CONSOLIDATED	
	2002	2001
Opening balance	**15,856**	15,520
Investments in group companies	**1,011**	1,439
Paid in share premium		
Revaluations	**-130**	-370
Results from group companies	**668**	1,218
Dividends received	**-1,206**	-2,326
Disposals		-180
Exchange differences	**-380**	47
Other movements	**-856**	508
Closing balance	**14,963**	15,856

8 OTHER PARTICIPATING INTERESTS

BREAKDOWN OF OTHER PARTICIPATING INTERESTS

	Ownership (%)	Balance sheet value	Estimated fair value	Ownership (%)	Balance sheet value	Estimated fair value
			Consolidated			Consolidated
			2002			2001
Investments in associates:						
– Atlas Investeringsgroep N.V.	**33.0**	**22**	**22**	33.0	27	27
– Postkantoren B.V.	**50.0**	**49**	**49**	50.0	48	48
– Algemeine Deutsche Direktbank A.G. (1)				49.0	69	69
– other investments in associates		**889**	**889**		420	420
		960	**960**		564	564
Investments in non-associates		**704**	**704**		395	395
Total investments in other participating interests		**1,664**	**1,664**		959	959
Receivables from other participating interests		**181**	**181**		154	154
		1,845	**1,845**		1,113	1,113

(1) Following the increase of the interest held in Algemeine Deutsche Direktbank A.G. to 70% in 2002, as of February 2002 DiBa has been consolidated in the financial statements of ING Bank.

As at 31 December 2002, the cost of these *Other participating interests* amounted to EUR 1,897 million (2001: EUR 1,024 million).

As at 31 December 2002, *Other participating interests* included credit institutions of EUR 756 million (2001: EUR 391 million). As at 31 December 2002, listed other participating interests amounted to EUR 494 million (2001: EUR 224 million).

In 2002 ING Bank acquired the participating interest in Kookmin Bank from ING Insurance for an amount of EUR 603 million. This participating interest is included under Investments in non-associates.

MOVEMENTS IN OTHER PARTICIPATING INTERESTS

	Associates		Non-associates		Receivables from other participating interests	Consolidated
	2002	2001	**2002**	2001	**2002**	2001
Opening balance	**564**	633	**395**	574	**154**	96
Additions and advances	**93**	29	**603**	89	**38**	58
Changes in the composition of the group	**402**		**-46**	14	**-1**	
Transfer from Shares						
Revaluations	**-24**	-6	**-138**	42		
Value adjustments to financial fixed assets			**-52**			
Results from other participating interests	**-6**	41		18		
Dividends received	**-15**	-40		-3		
Disposals and redemptions	**-6**	-22	**-59**	-336	**-22**	
Exchange differences	**6**	13	**1**	1		
Other movements	**-54**	-84		-4	**12**	
Closing balance	**960**	564	**704**	395	**181**	154

In 2002, an amount of EUR 52 million has been recognised as *Value adjustments to financial fixed assets.*

9 PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT BY TYPE

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Property:				
– in use by the Bank	**1,595**	1,731	**1**	4
– not in use by the Bank	**3,557**	2,403	**1**	2
Equipment and other operating assets	**1,032**	1,552	**279**	276
	6,184	5,686	**281**	282

Property not in use by the Bank includes real estate projects, infrastructure projects and residential, commercial and retail properties. As at 31 December 2002, the item also included operating lease contracts totalling EUR 206 million (2001: EUR 469 million) consolidated.

PROPERTY IN USE BY THE BANK, PROPERTY NOT IN USE BY THE BANK AND OTHER OPERATING ASSETS

	CONSOLIDATED					
	PROPERTY IN USE BY THE BANK		PROPERTY NOT IN USE BY THE BANK		EQUIPMENT AND OTHER OPERATING ASSETS	
	2002	2001	**2002**	2001	**2002**	2001
Opening balance	**1,731**	1,666	**2,403**	2,119	**1,552**	1,695
Capitalised interest during construction						
Additions	**61**	31	**958**	690	**296**	650
Changes in the composition of the group	**10**		**456**			4
Revaluations	**29**	104	**99**	14		
Disposals	**-20**	-21	**-574**	-431	**-100**	-407
Depreciation	**-47**	-47	**-26**	-24	**-335**	-378
Exchange differences		7	**-5**		**-5**	20
Other movements	**-169**	-9	**246**	35	**-376**	-32
Closing balance	**1,595**	1,731	**3,557**	2,403	**1,032**	1,552

The balance sheet value as at 31 December 2002 included revaluations of EUR 189 million (2001: EUR 141 million) consolidated and depreciation and other diminution in value of EUR -2,535 million (2001: EUR -3,106 million) consolidated. The cost or purchase price of *Property and equipment* amounted to EUR 8,316 million (2001: EUR 8,567 million) consolidated.

APPRAISAL OF PROPERTY IN USE BY ING BANK DURING THE LAST FIVE YEARS

(in %)

YEARS OF APPRAISAL	
2002	8
2001	11
2000	13
1999	25
1998	43
	100

10 OTHER ASSETS

BREAKDOWN OF OTHER ASSETS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Receivables not connected with lending	**3,518**	3,122	**1,622**	1,102
Recoverable taxation	**763**	1,138	**340**	571
Deferred tax assets	**940**	883	**154**	375
Other receivables	**698**	730	**179**	180
	5,919	5,873	**2,295**	2,228

As at 31 December 2002, an amount of EUR 1,855 million (2001: EUR 1,845 million) consolidated was expected to be recovered or settled after more than one year from the balance sheet date.

DEFERRED TAX ASSETS AS AT 31 DECEMBER BY ORIGIN

	CONSOLIDATED	
	2002	2001
Deferred tax assets relating to:		
– general provisions	**248**	369
– unused tax losses carried forward	**367**	286
– other	**596**	366
	1,211	1,021
Deferred tax liabilities (offset by deferred tax assets)	**-271**	-138
	940	883

DEFERRED TAX ASSETS IN CONNECTION WITH UNUSED TAX LOSSES CARRIED FORWARD

	CONSOLIDATED	
	2002	2001
Total unused tax losses carried forward	**4,992**	2,593
Unused tax losses carried forward not recognised as a deferred tax asset	**3,436**	1,735
Unused tax losses carried forward recognised as a deferred tax asset	**1,556**	858
Average tax rate	**23.6%**	33.3%
Deferred tax asset	**367**	286

TOTAL UNUSED TAX LOSSES CARRIED FORWARD AS AT 31 DECEMBER ANALYSED BY EXPIRATION TERMS

	CONSOLIDATED	
	2002	2001
– up to five years	**780**	352
– five to ten years	**209**	207
– ten to twenty years	**1,534**	134
– unlimited	**2,469**	1,900
	4,992	2,593

11 ACCRUED ASSETS

BREAKDOWN OF ACCRUED ASSETS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Accrued interests and rents	**5,535**	6,315	**2,252**	2,311
Other accrued assets	**2,114**	5,222	**316**	1,447
	7,649	11,537	**2,568**	3,758

As at 31 December 2002, an amount of EUR 1,332 million (2001: EUR 3,643 million) consolidated was expected to be recovered or settled after more than one year from the balance sheet date.

LIABILITIES AND EQUITY

12 BANKS

Banks includes non-subordinated debts to banks, other than in the form of debt securities. As at 31 December 2002, liabilities with regard to securities sold in repurchase transactions amounted to EUR 22,316 million (2001: EUR 17,493 million) consolidated and EUR 10,861 million (2001: EUR 5,889 million) for the company.

BANKS ANALYSED BY INTEREST TYPE

			CONSOLIDATED			CONSOLIDATED
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Non-interest bearing	**142**	**2,171**	**2,313**	175	942	1,117
Interest-bearing	**27,996**	**65,958**	**93,954**	33,233	73,460	106,693
	28,138	**68,129**	**96,267**	33,408	74,402	107,810

BANKS ANALYSED BY GROUP COMPANIES AND THIRD PARTIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Group companies			**35,494**	24,252
Third parties	**96,267**	107,810	**44,350**	46,649
	96,267	107,810	**79,844**	70,901

13 FUNDS ENTRUSTED

Funds entrusted relates to non-subordinated debts to non-banks, other than in form of debt securities.

FUNDS ENTRUSTED

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Savings accounts	**115,156**	69,562	**17,170**	14,314
Other funds entrusted	**131,959**	134,307	**55,170**	49,049
	247,115	203,869	**72,340**	63,363

FUNDS ENTRUSTED ANALYSED BY INTEREST TYPE

	CONSOLIDATED			COMPANY		
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Non interest-bearing	**14,867**	**3,252**	**18,119**	12,814	1,857	14,671
Interest-bearing	**82,885**	**146,111**	**228,996**	83,610	105,588	189,198
	97,752	**149,363**	**247,115**	96,424	107,445	203,869

No funds have been entrusted to ING Bank by customers on terms other than those prevailing in the normal course of business.

As at 31 December 2002, *Funds entrusted* included liabilities with regard to securities sold in repurchase transactions amounting to EUR 11,481 million (2001: EUR 7,250 million) consolidated and EUR 7,000 million (2001: EUR 3,495 million) for the company.

As at 31 December 2002, the liabilities included under *Funds entrusted* that are part of the trading portfolio amounted to EUR 277 million consolidated (2001: EUR 1,921 million) and EUR 277 million for the company (2001: EUR 1,012 million).

FUNDS ENTRUSTED ANALYSED BY GROUP COMPANIES AND THIRD PARTIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Other participating interests		3		
Group companies	**3,327**	1,174	**7,594**	3,843
Third parties	**243,788**	202,692	**64,746**	59,520
	247,115	203,869	**72,340**	63,363

Savings accounts

Savings accounts relates to balances on savings accounts, savings books, saving deposits and time deposits of personal customers. The interest payable on savings accounts, which is contractually added to the accounts, is also included.

Other funds entrusted

BREAKDOWN OF OTHER FUNDS ENTRUSTED

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Private loans	**928**	1,322	**366**	671
Mortgage loan	**43**	189		
Corporate time deposits	**45,035**	60,098	**23,257**	29,142
Credit balances on customer accounts	**85,953**	72,698	**31,547**	19,236
	131,959	134,307	**55,170**	49,049

14 DEBT SECURITIES

Debt securities includes debentures and other issued debt securities with either fixed-interest rates or interest rates dependent on prevailing interest-rate levels, such as certificates of deposit and accepted bills issued by the group, where not subordinated.

BONDS AND OTHER INTEREST-BEARING SECURITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Other participating interests				
Other group companies	**14**	9	**14**	9
Third parties	**75,479**	74,399	**39,919**	38,998
	75,493	74,408	**39,933**	39,007

15 OTHER LIABILITIES

The amounts are due within one year.

OTHER LIABILITIES ANALYSED BY TYPE

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Sundry creditors	**6,154**	5,963	**1,113**	1,381
Income tax	**1,066**	645	**94**	30
Other taxation and social security contributions		55		23
Trading portfolio	**10,416**	9,674	**6,427**	6,773
	17,636	16,337	**7,634**	8,207

16 ACCRUED LIABILITIES

BREAKDOWN OF ACCRUED LIABILITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Accrued interest	**6,077**	9,329	**9,483**	9,519
Costs payable	**1,654**	117	**983**	59
Yield differences on interest-bearing securities	**1,028**	743	**709**	540
	8,759	10,189	**11,175**	10,118

As at 31 December 2002, an amount of EUR 1,663 million (2001: EUR 897 million) consolidated was expected to be settled after more than one year from the balance sheet date.

17 GENERAL PROVISIONS

BREAKDOWN OF GENERAL PROVISIONS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Deferred tax liabilities	791	**649**	25	11
Pension liabilities and other staff-related liabilities	326	**998**	-59	568
Reorganisations and relocations	170	**74**	149	53
Other	310	**203**	644	688
	1,597	**1,924**	759	1,320

As at 31 December 2002, an amount of EUR 1,061 million (2001: EUR 1,712 million) consolidated was expected to be settled after more than one year from the balance sheet date.

MOVEMENTS IN GENERAL PROVISIONS, OTHER THAN PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES

					CONSOLIDATED	
	DEFERRED TAX LIABILITIES		REORGANISATIONS AND RELOCATIONS		OTHER	
	2002	2001	**2002**	2001	**2002**	2001
Opening balance	**649**	983	**74**	392	**203**	439
Changes in the composition of the group	**197**	-26	**1**			
Additions / releases	**-443**	-498	**142**	-296	**177**	-70
Transfer to deferred tax assets	**306**	134				
Charges		-6	**-43**	-1	**-41**	-8
Exchange differences	**4**	1			**-1**	2
Other movements	**78**	61	**-4**	-21	**-28**	-160
Closing balance	**791**	649	**170**	74	**310**	203

PROVISION FOR DEFERRED TAX LIABILITIES BY ORIGIN

	CONSOLIDATED	
	2002	2001
Deferred tax assets (offset by deferred tax liabilities) relating to:		
– unused tax losses carried forward	10	15
	10	15
Deferred tax liabilities relating to:		
– investments	164	97
– depreciation	27	28
– general provisions	98	92
– receivables	77	-2
– loans	239	153
– shares		2
– property and equipment	148	115
– other	48	179
	801	664
	791	649

DEFERRED TAX ASSETS (OFFSET BY DEFERRED TAX LIABILITIES) IN CONNECTION WITH UNUSED TAX LOSSES CARRIED FORWARD

	CONSOLIDATED	
	2002	2001
Total unused tax losses carried forward	**29**	1,580
Unused tax losses carried forward not recognised as a deferred tax asset		1,532
Unused tax losses carried forward recognised as a deferred tax asset	**29**	48
Average tax rate	**33.0%**	31.3%
Deferred tax asset	**10**	15

Due to a change in tax position, as at 31 December 2002 a major part of the unused tax loss carried forward is reported under Deferred tax assets.

TOTAL UNUSED TAX LOSSES CARRIED FORWARD AS AT 31 DECEMBER BY EXPIRATION TERMS

	CONSOLIDATED	
	2002	2001
– up to five years	**17**	17
– five to ten years		8
– ten to twenty years		1,519
– unlimited	**12**	36
	29	1,580

Pension liabilities and other staff-related liabilities

ING Bank maintains defined benefit retirement plans in the major countries in which it operates. These plans generally cover all employees and provide benefits that are related to the remuneration and service of employees upon retirement. Annual contributions are paid to the funds at a rate necessary to adequately finance the accrued liabilities of the plans calculated in accordance with local legal requirements. Plans in other countries comply with applicable local regulations concerning funding and investment levels. ING Bank provides other post-employment and post-retirement employee benefits to certain employees. These are primarily post-retirement healthcare benefits and post-employment defined benefit early-retirement plans provided to employees and former employees. Certain group companies sponsor defined contribution pension plans. These do not give rise to balance sheet provisions, other than relating to short-term timing differences included in current liabilities.

SUMMARY OF PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES

	CONSOLIDATED							
	PENSION LIABILITIES		HEALTHCARE		OTHER		TOTAL	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Defined benefit obligation	**7,099**	5,376	**239**	280	**400**	1,187	**7,738**	6,843
Fair value of plan assets	**5,181**	4,955			**226**	243	**5,407**	5,198
Funded status	**1,918**	421	**239**	280	**174**	944	**2,331**	1,645
Unrecognised past service costs			**1**				**1**	
Unrecognised gains/(losses)	**-2,016**	-581	**-6**	14	**16**	-80	**-2,006**	-647
	-98	-160	**234**	294	**190**	864	**326**	998

MOVEMENTS IN PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES

	PENSION LIABILITIES		HEALTHCARE		OTHER		CONSOLIDATED TOTAL	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Opening balance	**-160**	-39	**294**	256	**864**	794	**998**	1,011
Plan adjustments	**509**				**-509**			
Benefit costs	**356**	136	**27**	23	**27**	85	**410**	244
Employers' contribution	**-904**	-287	**-5**	-2	**-34**	-28	**-943**	-317
Changes in the composition of the group	**83**	34	**-78**	26	**-30**	13	**-25**	73
Effect of curtailment or settlement	**15**	-3	**-2**	-8	**-128**		**-115**	-11
Exchange differences	**3**	-1	**-2**	-1			**1**	-2
Closing balance	**-98**	-160	**234**	294	**190**	864	**326**	998

Plan adjustments reflect the transfer of liabilities related to the early retirement scheme in the Netherlands.

As at 31 December 2002, the defined benefit obligation consisted of wholly or partly funded plans amounting to EUR 7,031 million (2001: EUR 5,571 million) and unfunded plans amounting to EUR 707 million (2001: EUR 1,272 million).

The assets of funded plans primarily consist of debt securities, equity and real estate funds, of which as at 31 December 2002 EUR 32 million (2001: EUR 56 million) was invested in securities issued by the employer and related parties, including shares of ING Groep N.V.

18 FUND FOR GENERAL BANKING RISKS

MOVEMENTS IN FUND FOR GENERAL BANKING RISKS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Opening balance	**1,146**	1,054	**1,146**	1,054
Additions and advances	**140**	140	**140**	140
Exchange differences	**-3**	15	**-3**	15
Corporation tax	**-50**	-72	**-50**	-72
Other movements		9		9
Closing balance	**1,233**	1,146	**1,233**	1,146

19 SUBORDINATED LIABILITIES

SUBORDINATED LIABILITIES BY TYPE

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Capital debentures	**10,632**	9,296	**7,986**	7,319
Private loans	**2,543**	1,831	**1,911**	655
	13,175	11,127	**9,897**	7,974

Subordinated liabilities relates to subordinated capital debentures and private loans which may be included in the calculation of the capital ratio. The capital debentures and private loans relate to debentures subordinated to all current and future liabilities of ING Bank and also debentures taken up by group companies.

The interest rate on the subordinated liabilities as at year-end is 6.2% (2001: 6.1%) consolidated and 6.2% (2001: 6.0%) for the company. The interest expense during the year 2002 was EUR 779 million (2001: EUR 699 million) consolidated and EUR 549 million (2001: EUR 446 million) for the company.

SUBORDINATED LIABILITIES TO GROUP COMPANIES AND TO THIRD PARTIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Group companies	**1,560**	237	**1,335**	239
Third parties	**11,615**	10,890	**8,562**	7,735
	13,175	11,127	**9,897**	7,974

20 SHAREHOLDERS' EQUITY

BREAKDOWN OF SHAREHOLDERS' EQUITY

	COMPANY	
	2002	2001
Share capital	**525**	525
Reserves	**13,544**	13,819
Profit available for distribution	**595**	1,326
	14,664	15,670

SHARE CAPITAL

	ORDINARY SHARES (PAR VALUE EUR 1.13)		PREFERENCE SHARES (PAR VALUE EUR 1.13)
	NUMBER X 1,000	AMOUNT	NUMBER X 1
2002			
Authorised share capital	**1,600,000**	**1,808**	**50**
Unissued share capital	**1,134,965**	**1,283**	**43**
Issued share capital	**465,035**	**525**	**7**
2001			
Authorised share capital	1,600,000	1,808	50
Unissued share capital	1,134,965	1,283	43
Issued share capital	465,035	525	7

MOVEMENTS IN ISSUED SHARE CAPITAL

	ORDINARY SHARES		PREFERENCE SHARES
	NUMBER X 1,000	AMOUNT	NUMBER X 1
Issued share capital as at 1 January 2001	465,035	528	6
Issued to ING Group			1
Conversion of share capital into euros		-3	
Issued share capital as at 31 December 2001	465,035	525	7
Issued to ING Group			
Issued share capital as at 31 December 2002	**465,035**	**525**	**7**

The par value of the shares is currently EUR 1.13. In 2001, the par value of the shares was converted from NLG 2.50 into EUR 1.13. As part of the conversion, the share capital was decreased. This decrease was added to the share premium reserve.

In 2001 ING Bank issued 1 preference share with a nominal value of EUR 1.13 and a paid-in share premium of EUR 521 million.

RESERVES

	TOTAL	PREFERENCE SHARE PREMIUM RESERVE	SHARE PREMIUM RESERVE	REVALUATION RESERVE	RESERVE FOR PARTICIPATING INTERESTS	EXCHANGE DIFFERENCES RESERVE	OTHER RESERVES
Balance as at 31 December 2000	12,921	2,499	6,693	744	81	-256	3,160
Unrealised revaluations after taxation	-391			-390	-3		2
Exchange differences	91	122				-31	
Net profit not recognised in the profit and loss account	-300	122	0	-390	-3	-31	2
Write-off of goodwill	-142						-142
Conversion of share capital into euros	3		3				
Profit appropriation previous year	1,749						1,749
Paid-in share premium	613	521	92				
Dividend	-939						-939
Other movements	-86		2		3	-1	-90
Balance as at 31 December 2001	13,819	3,142	6,790	354	81	-288	3,740
Unrealised revaluations after taxation	-57			-48	-9		
Exchange differences	-454	-140				-314	
Net profit not recognised in the profit and loss account	-511	-140		-48	-9	-314	
Realised revaluations released to the profit and loss account	-117			-117			
Write-off of goodwill	-738						-738
Profit appropriation previous year	1,326						1,326
Paid-in share premium							
Dividend	-298						-298
Other movements	63						63
Balance as at 31 December 2002	**13,544**	**3,002**	**6,790**	**189**	**72**	**-602**	**4,093**

The revaluation reserve and the reserve for participating interests include the statutory reserves. Share premium includes a non-distributable amount of EUR 3 million from the conversion of share capital into euros.

Tax benefit and net profit not recognised in the profit and loss account amounts to EUR -176 million (2001: EUR – 105 million). The aggregate current tax relating to items that are charged or credited to *Shareholders' equity* amounted to EUR -208 million (2001: EUR – 101 million). The aggregate deferred tax relating to items that are charged or credited to *Shareholders' equity* amounted to EUR 65 million (2001: EUR 124 million).

21 CAPITAL AND RESERVES OF STICHTING REGIO BANK

Capital and reserves of Stichting Regio Bank is shown separately by virtue of Stichting Regio Bank's legal status. The increase reflects the profit for 2002.

ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED AND COMPANY BALANCE SHEET OF ING BANK

amounts in millions of euros, unless stated otherwise

ANALYSIS OF CERTAIN ASSETS AND LIABILITIES BY MATURITY

						CONSOLIDATED
2002	ON DEMAND	UP TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	TOTAL
ASSETS						
Banks	**5,396**	**26,280**	**7,354**	**4,806**	**1,846**	**45,682**
Loans and advances	**19,652**	**77,538**	**22,817**	**50,931**	**113,700**	**284,638**
LIABILITIES						
Banks	**4,185**	**78,105**	**10,718**	**1,604**	**1,655**	**96,267**
Funds entrusted:						
— savings accounts	**98,943**	**9,243**	**1,277**	**2,517**	**3,176**	**115,156**
— other funds entrusted	**31,243**	**79,434**	**10,607**	**7,566**	**3,109**	**131,959**
Debt securities	**1,483**	**27,490**	**15,253**	**23,684**	**7,583**	**75,493**
Subordinated liabilities		**159**	**580**	**3,970**	**8,466**	**13,175**

2001	ON DEMAND	UP TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	TOTAL
ASSETS						
Banks	11,365	29,400	7,295	3,087	2,935	54,082
Loans and advances	25,476	69,122	19,571	40,963	100,760	255,892
LIABILITIES						
Banks	20,601	72,025	11,527	1,513	2,144	107,810
Funds entrusted:						
— savings accounts	61,971	3,500	1,388	2,291	412	69,562
— other funds entrusted	68,011	47,295	5,256	6,784	6,961	134,307
Debt securities		25,560	14,261	23,070	11,517	74,408
Subordinated liabilities		259	708	3,622	6,538	11,127

ANALYSIS OF CERTAIN ASSETS AND LIABILITIES BY MATURITY

COMPANY

2002	ON DEMAND	UP TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	TOTAL
Assets						
Banks	**9,318**	**16,481**	**3,146**	**1,198**	**2,842**	**32,985**
Loans and advances	**13,272**	**46,301**	**11,545**	**15,178**	**50,582**	**136,878**
Liabilities						
Banks	**26,562**	**46,288**	**5,913**	**740**	**341**	**79,844**
Funds entrusted:						
— savings accounts	**13,511**	**383**	**170**	**1,182**	**1,924**	**17,170**
— other funds entrusted	**27,500**	**20,167**	**3,300**	**3,223**	**980**	**55,170**
Debt securities		**21,013**	**7,238**	**6,881**	**4,801**	**39,933**
Subordinated liabilities		**100**	**145**	**2,412**	**7,240**	**9,897**

2001	ON DEMAND	UP TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	TOTAL
Assets						
Banks	5,771	16,175	6,850	509	2,753	32,058
Loans and advances	10,202	23,338	9,320	11,977	41,858	96,695
Liabilities						
Banks	26,644	37,086	6,143	514	514	70,901
Funds entrusted:						
— savings accounts	12,117	780	354	799	264	14,314
— other funds entrusted	23,116	17,083	2,017	4,224	2,609	49,049
Debt securities		19,371	9,444	4,619	5,573	39,007
Subordinated liabilities		205	475	2,009	5,285	7,974

Assets not freely disposable

The assets not freely disposable primarily consist of interest-bearing securities pledged to secure deposits from the Dutch Central Bank and other banks, serve to secure margin accounts and are used for other purposes required by law. Of these assets EUR 1,275 million (2001: EUR 2,228 million) relates to guarantees provided for certain liabilities included in the balance sheet as well as off-balance-sheet contingent liabilities.

ASSETS NOT FREELY DISPOSABLE

	FUNDS ENTRUSTED AND DEBT SECURITIES		BANKS		CONTINGENT LIABILITIES		TOTAL	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Cash		12		2		1		15
Short-dated government paper				305				305
Banks	**8**				**4**	11	**12**	11
Loans and advances	**762**	618					**762**	618
Interest-bearing securities		272	**445**	946			**445**	1,218
Shares						9		9
Other assets	**55**	48	**1**			4	**56**	52
	825	950	**446**	1,253	**4**	25	**1,275**	2,228

22 CONTINGENT LIABILITIES

BREAKDOWN OF CONTINGENT LIABILITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Discounted bills	**6**	6	**6**	6
Guarantees	**16,783**	20,013	**15,010**	15,183
Irrevocable letters of credit	**6,030**	5,776	**3,778**	3,739
Other	**464**	189	**214**	143
Contingent debts	**23,283**	25,984	**19,008**	19,071
Irrevocable facilities	**63,866**	63,269	**32,501**	34,938
	87,149	89,253	**51,509**	54,009

CONTINGENT DEBTS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Group companies	**25**	108	**8,588**	3,515
Third parties	**23,258**	25,876	**10,420**	15,556
	23,283	25,984	**19,008**	19,071

IRREVOCABLE FACILITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Group companies		30	**5,496**	8,468
Third parties	**63,866**	63,239	**27,005**	26,470
	63,866	63,269	**32,501**	34,938

Contingent liabilities

In response to the needs of its customers, ING Bank offers financial products related to loans (discounted bills). The underlying values of these products are not recorded as assets or liabilities in the balance sheet. For these products, the underlying values represent the maximum potential credit risk to which ING Bank is exposed, i.e. assuming that all counterparties failed completely to perform in accordance with the terms of the contracts and that any existing collateral or security proves to be of no value.

Guarantees relate both to credit and non-credit substitute guarantees. Credit-substitute guarantees are guarantees given by ING Bank in respect of credit granted to customers by a third party. Many of them are expected to expire without being drawn on and do not necessarily represent future cash outflows. Besides, general guarantees within the meaning of Section 403, Book 2, of the Dutch Civil Code have been given on behalf of a number of group companies. Also guarantees have been given on behalf of several group companies in the Netherlands. The last two kinds of guarantees are not included in the above-mentioned scheme. It is not expected that these guarantees will be called upon in the future.

Irrevocable letters of credit mainly secure payments to a third party for a customer's foreign and domestic transactions in order to finance a shipment of goods. ING Bank's credit risk in these transactions is limited since these transactions are collateralised by the commodity shipped and are of a short duration.

Other contingent liabilities mainly relate to acceptances of bills and are of a short-term nature.

Irrevocable facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients. Many of these facilities are for a fixed duration and bear interest at a floating rate. Most of the unused portion of irrevocable credit facilities is secured by customers' assets or counter-guarantees by the central government and exempted bodies under the regulatory requirements.

Irrevocable facilities also include commitments made to purchase securities to be issued by governments and private issuers.

Special Purpose Entities (SPE)

ING Bank has established a number of SPEs and engages in activities with SPEs for example as investor, administrator or provider of other financial services. A number of SPEs which are controlled by ING Bank are included in the consolidated financial statements.

The non-consolidated SPEs include asset-backed commercial paper programmes. In the normal course of business, ING Bank structures financing transactions for its clients assisting them in obtaining sources of liquidity by selling the clients' receivables or other financial assets to an SPE. The SPE issues asset-backed commercial paper to the market to fund the purchases. ING Bank, in its role as administrative agent, facilitates these transactions by providing structuring, accounting, funding and operations services. As ING Bank has no ownership and controlling interest in the SPE nor does it service the transferred assets, the SPE is not included in the consolidated financial statements. ING Bank supports the commercial paper programs by providing the SPE with short term stand by liquidity facilities. Primarily these liquidity facilities are meant to cover temporarily disruptions in the commercial paper market. Once drawn these facilities bear normal credit risk. A number of programs are supported by granting structured liquidity facilities to the SPE, in which ING Bank in addition to normal liquidity facilities to a certain extent covers the credit risk incorporated in these programs itself, and as a consequence might suffer credit losses from it. Furthermore under a Program Wide Credit Enhancement ING Bank guarantees to a limited amount all remaining losses incorporated in the SPE to the commercial paper investors. All facilities, which vary in risk profile, are granted to the SPE subject to normal ING Bank analysis procedures regarding credit risk and liquidity risk. The fees received for services provided and for facilities are charged on market conditions.

The normal non-structured stand by liquidity facilities and the structured facilities are reported under irrevocable facilities.

Future rental commitments

FUTURE RENTAL COMMITMENTS FOR LEASE CONTRACTS AS AT 31 DECEMBER 2002

2003	2,713
2004	2,738
2005	1,613
2006	1,071
2007	596
years after 2007	1,603

Legal proceedings

ING Bank companies are involved in lawsuits and arbitration cases in the Netherlands and in a number of other countries, relating to claims by or against these companies arising in the course of ordinary activities, and also from acquisitions, including the activities as lender, employer, investor and taxpayer. Several of these cases involve claims of either large or indefinite amounts. Although it is not feasible to predict or to determine the outcome of current or impending legal proceedings, the Executive Board is of the opinion that the outcome is unlikely to have any material adverse effects on the financial position or results of ING Bank.

Derivatives

USE OF DERIVATIVES ING Bank uses derivative financial instruments in the normal course of business for non-trading and trading purposes. Derivatives are financial instruments, which include forwards, futures, options and swaps, whose value is based on an underlying asset, index or reference rate.

NON-TRADING ACTIVITIES ING Bank's principal objective in holding or issuing derivatives for non-trading purposes is risk management. To achieve its risk management objective, ING Bank uses a combination of interest-rate instruments, primarily interest-rate swaps. Net positions in foreign currencies are subject to changes in value as exchange rates change. These fluctuations are managed by entering into currency swaps, forwards and options.

NOTIONAL AMOUNTS AND THE POSITIVE AND NEGATIVE FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS USED FOR NON-TRADING PURPOSES

	NOTIONAL AMOUNT		POSITIVE YEAR-END FAIR VALUE		NEGATIVE YEAR-END FAIR VALUE	
	2002	2001	**2002**	2001	**2002**	2001
Interest-rate contracts	**298,751**	237,696	**4,764**	3,434	**5,109**	3,515
Currency contracts	**22,704**	25,317	**328**	249	**426**	409
Equity contracts	**629**	2,989	**70**	77	**19**	118
Other contracts						
	322,084	266,002	**5,162**	3,760	**5,554**	4,042

ING Bank's use of these instruments is changed from time to time in response to changing market conditions as well as changes in the mix of the related assets and liabilities.

TRADING ACTIVITIES ING Bank trades derivative financial instruments on behalf of clients and for its own account. Derivative financial instruments used for risk management purposes to control risks of trading portfolios, are reported as being held for trading purposes.

NOTIONAL AMOUNTS, THE AVERAGE FAIR VALUES AND YEAR-END FAIR VALUES OF TRADING DERIVATIVE FINANCIAL INSTRUMENTS

	NOTIONAL AMOUNT		AVERAGE POSITIVE FAIR VALUE		AVERAGE NEGATIVE FAIR VALUE		POSITIVE YEAR-END FAIR VALUE		NEGATIVE YEAR-END FAIR VALUE	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Interest-rate contracts	**867,312**	674,918	**10,468**	5,486	**10,500**	4,970	**14,809**	8,763	**15,216**	8,481
Currency contracts	**323,921**	368,463	**6,451**	6,255	**6,376**	5,911	**6,231**	7,436	**7,707**	6,853
Equity contracts	**32,680**	30,028	**1,835**	1,292	**1,080**	833	**2,349**	1,231	**1,447**	889
Other contracts	**19**									
	1,223,932	1,073,409	**18,754**	13,033	**17,956**	11,714	**23,389**	17,430	**24,370**	16,223

NUMERICAL INFORMATION ABOUT DERIVATIVES ACTIVITIES The tables on the following pages give numerical information about the derivatives activities, detailing types of derivatives, credit risks, counterparties and use of the derivatives transactions.

The first table illustrates the relative importance of the various types of derivative products, showing the notional amounts at year-end 2002 and year-end 2001. Notional amounts represent units of account which, in respect of derivatives, reflect the relationship with the underlying assets (bonds, for example, in the case of interest-rate futures). What they do not reflect, however, is the credit risk assumed by entering into derivative transactions.

Listed derivatives are standardised and include futures and certain option contracts. Over-the-counter derivatives contracts are individually negotiated between contracting parties and include forward contracts, options and swaps.

Forward contracts are commitments to exchange currencies or to buy or sell other financial instruments at specified future dates. Futures contracts are similar to forwards. However, major exchanges act as intermediaries and require daily cash settlement and collateral deposits.

Option contracts give the purchaser, for a premium, the right, but not the obligation, to buy or sell within a limited period of time a financial instrument or currency at a contracted price that may also be settled in cash. Written options give the issuer the obligation to buy or sell within a limited period of time a financial instrument or currency at a contracted price that may also be settled in cash. This subjects ING Bank to market risk, but not to credit risk, since the counterparties have already performed in accordance with the terms of the contract by paying a cash premium up front.

Swap contracts are commitments to settle in cash at a specified future date, based on differentials between specified financial indices as applied to a notional amount. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party.

The positive year-end fair value represents the maximum loss that ING Bank would incur on its derivatives transactions if all its counterparties at year-end defaulted. This fair value can and will fluctuate from day to day due to changes in the value of the underlying assets. In order to arrive at an estimate of credit risk at any given time, a margin is added to the fair value figures to arrive, in accordance with internationally accepted criteria, at what is called the unweighted credit equivalents.

The weighted credit equivalents are the unweighted credit equivalents multiplied by the weighting factors determined in accordance with standards of the international supervisory authorities. Under certain conditions, the credit risk can be reduced by entering into bilateral netting agreements. In the case of non-observance of the obligation by the counterparty, this kind of agreement gives the right to net off receivables and payables in respect of open derivatives contracts. The effect of reducing the risk by means of bilateral netting agreements is shown at the bottom of the table.

OPEN CONTRACTS AS AT YEAR-END

	NOTIONAL AMOUNT	POSITIVE FAIR VALUE	UNWEIGHTED CREDIT EQUIVALENT	WEIGHTED CREDIT EQUIVALENT	NOTIONAL AMOUNT	POSITIVE FAIR VALUE	UNWEIGHTED CREDIT EQUIVALENT	WEIGHTED CREDIT EQUIVALENT
				2002				2001
INTEREST-RATE CONTRACTS								
Over-the-counter:								
– swaps	**881,416**	**18,483**	**22,503**	**5,464**	740,719	11,644	15,146	3,635
– forwards	**75,074**	**106**	**134**	**28**	51,604	98	140	31
– options purchased	**68,145**	**982**	**1,322**	**345**	44,188	449	674	171
– options written	**48,533**				36,276	5		
Listed:								
– options purchased	**2,130**	**2**			3,020	1		
– options written	**1,111**				1,756			
– futures	**89,654**				35,051			
CURRENCY CONTRACTS								
Over-the-counter:								
– swaps	**33,560**	**1,120**	**2,589**	**802**	31,186	1,355	2,792	860
– forwards	**260,085**	**5,010**	**8,012**	**2,001**	317,932	5,747	9,348	2,488
– options purchased	**24,918**	**429**	**687**	**167**	19,846	583	812	213
– options written	**27,771**				21,542			
Listed:								
– options purchased	**6**							
– options written	**155**							
– futures	**130**				3,274			
EQUITY CONTRACTS								
Over-the-counter:								
– swaps	**5,775**	**667**	**1,017**	**433**	4,688	331	619	298
– forwards	**64**	**23**	**27**	**13**	67	9	13	2
– options purchased	**7,967**	**1,110**	**1,640**	**418**	8,786	536	1,127	286
– options written	**7,759**				8,620	1		
Listed:								
– options purchased	**5,537**	**619**			5,230	431		
– options written	**6,161**				5,519			
– futures	**46**				107			
OTHER CONTRACTS								
Over-the-counter	**19**							
Listed								
	1,546,016	**28,551**	**37,931**	**9,671**	1,339,411	21,190	30,671	7,984
Effect of contractual netting		**-14,449**	**-17,187**	**-4,019**		-9,756	-12,484	-2,948
		14,102	**20,744**	**5,652**		11,434	18,187	5,036

Collateral held, which do not meet the criteria for contractual netting, would additionally reduce the total weighted credit equivalent with an amount of EUR 498 million (2001: EUR 112 million).

OPEN CONTRACTS BY REMAINING TERM, BASED ON THE NOTIONAL AMOUNTS, AS AT 31 DECEMBER

2002	UP TO 1 YEAR	1 TO 2 YEARS	2 TO 3 YEARS	3 TO 4 YEARS	4 TO 5 YEARS	OVER 5 YEARS	TOTAL
INTEREST-RATE CONTRACTS							
Over-the-counter:							
– swaps	**393,175**	**135,745**	**69,315**	**58,869**	**59,760**	**164,552**	**881,416**
– forwards	**69,419**	**5,655**					**75,074**
– options purchased	**22,130**	**16,023**	**8,621**	**3,141**	**6,746**	**11,484**	**68,145**
– options written	**15,526**	**10,981**	**6,764**	**2,672**	**5,390**	**7,200**	**48,533**
Listed:							
– options purchased	**2,105**					**25**	**2,130**
– options written	**972**				**30**	**109**	**1,111**
– futures	**80,305**	**5,116**	**1,115**	**114**	**496**	**2,508**	**89,654**
CURRENCY CONTRACTS							
Over-the-counter:							
– swaps	**8,973**	**5,764**	**3,772**	**4,373**	**4,157**	**6,521**	**33,560**
– forwards	**245,183**	**8,820**	**3,308**	**1,238**	**1,258**	**278**	**260,085**
– options purchased	**24,377**	**328**	**182**	**23**	**2**	**6**	**24,918**
– options written	**27,311**	**353**	**76**	**23**	**2**	**6**	**27,771**
Listed:							
– options purchased	**6**						**6**
– options written	**155**						**155**
– futures	**72**	**9**	**36**	**13**			**130**
EQUITY CONTRACTS							
Over-the-counter:							
– swaps	**5,667**				**50**	**58**	**5,775**
– forwards	**64**						**64**
– options purchased	**5,700**	**653**	**999**	**168**	**103**	**344**	**7,967**
– options written	**5,232**	**871**	**1,007**	**261**	**142**	**246**	**7,759**
Listed:							
– options purchased	**4,336**	**470**	**471**	**260**			**5,537**
– options written	**4,669**	**778**	**290**	**424**			**6,161**
– futures	**46**						**46**
OTHER CONTRACTS							
Over-the-counter	**19**						**19**
Listed							
	915,442	**191,566**	**95,956**	**71,579**	**78,136**	**193,337**	**1,546,016**

OPEN CONTRACTS BY REMAINING TERM, BASED ON THE NOTIONAL AMOUNTS, AS AT 31 DECEMBER

2001	UP TO 1 YEAR	1 TO 2 YEARS	2 TO 3 YEARS	3 TO 4 YEARS	4 TO 5 YEARS	OVER 5 YEARS	TOTAL
INTEREST-RATE CONTRACTS							
Over-the-counter:							
– swaps	312,148	113,428	75,784	51,242	49,827	138,290	740,719
– forwards	45,617	4,462			276	1,249	51,604
– options purchased	13,132	8,860	7,953	4,876	2,380	6,987	44,188
– options written	11,660	7,071	5,428	4,302	2,503	5,312	36,276
Listed:							
– options purchased	2,955		5			60	3,020
– options written	1,708					48	1,756
– futures	23,166	9,652	675		498	1,060	35,051
CURRENCY CONTRACTS							
– swaps	7,319	5,318	4,733	3,164	3,438	7,214	31,186
– forwards	304,981	5,733	973	1,859	4,020	366	317,932
– options purchased	18,904	810	79	30	23		19,846
– options written	20,905	572	22	20	23		21,542
Listed:							
– futures	3,185	38	5	31	15		3,274
EQUITY CONTRACTS							
Over-the-counter:							
– swaps	4,478	2	100			108	4,688
– forwards	67						67
– options purchased	5,653	1,925	560	534	7	107	8,786
– options written	5,785	1,457	562	573	99	144	8,620
Listed:							
– options purchased	4,135	697	280	110	8		5,230
– options written	4,286	770	338	116	9		5,519
– futures	107						107
	790,191	160,795	97,497	66,857	63,126	160,945	1,339,411

OPEN CONTRACTS BY COUNTERPARTY

	NOTIONAL VALUE	UNWEIGHTED CREDIT EQUIVALENT	WEIGHTED CREDIT EQUIVALENT	NOTIONAL VALUE	UNWEIGHTED CREDIT EQUIVALENT	WEIGHTED CREDIT EQUIVALENT
			2002			2001
Public sector	**119,106**	**305**		61,000	172	
Banks	**1,215,687**	**30,467**	**6,092**	1,073,091	23,977	4,796
Other	**211,223**	**7,159**	**3,579**	205,320	6,211	3,105
	1,546,016	**37,931**	**9,671**	1,339,411	30,360	7,901

Fair value of financial assets and liabilities

The following table presents the estimated fair values of ING Bank's financial assets and liabilities. Certain balance sheet items are not included in the table as they do not comply with the definition of a financial asset or liability. The aggregation of the fair values presented hereunder do not represent, and should not be construed as representing, the underlying value of ING Bank.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

	ESTIMATED FAIR VALUE	BALANCE SHEET VALUE	ESTIMATED FAIR VALUE	BALANCE SHEET VALUE
		2002		2001
FINANCIAL ASSETS				
Cash	**8,782**	**8,782**	8,050	8,050
Short-dated government paper	**8,398**	**8,398**	4,653	4,653
Banks (1)	**46,472**	**45,522**	54,082	53,933
Loans and advances (2)	**277,593**	**273,526**	249,524	247,137
Interest-bearing securities				
– investment portfolio	**80,428**	**77,200**	61,937	60,725
– trading portfolio	**22,794**	**22,794**	25,026	25,026
Shares				
– investment portfolio	**1,244**	**1,244**	2,877	2,877
– trading portfolio	**3,979**	**3,979**	5,339	5,339
– equity participations	**1,239**	**1,239**	920	920
– other	**1,558**	**1,558**	1,583	1,583
Other participating interests	**1,845**	**1,845**	1,113	1,113
Other assets	**5,919**	**5,919**	5,716	5,873
Accrued assets	**7,634**	**7,634**	11,204	11,205
Derivatives held for non-trading purposes	**5,162**	**1,851**	3,760	2,082
	473,047	**461,491**	435,784	430,516
FINANCIAL LIABILITIES				
Banks	**96,346**	**96,267**	108,901	107,810
Funds entrusted (3)	**249,849**	**247,115**	203,725	203,869
Debt securities	**76,146**	**75,493**	74,703	74,408
Other liabilities	**17,636**	**17,636**	16,378	16,337
Accrued liabilities	**8,759**	**8,759**	10,189	10,189
Subordinated liabilities	**13,703**	**13,175**	11,322	11,127
Derivatives held for non-trading purposes	**5,554**	**1,836**	4,042	1,750
	467,993	**460,281**	429,260	425,490

(1) Banks does not include receivables from leases.

(2) Loans and advances does not include receivables from leases. As at 31 December 2002, the estimated fair value and balance sheet value of receivables included in Loans and advances that are part of the trading portfolio amounted to EUR 2,097 million.

(3) As at 31 December 2002, the estimated fair value and balance sheet value of the liabilities included under Funds entrusted that are part of the trading portfolio amounted to EUR 277 million.

The estimated fair values correspond with the amounts at which the financial instruments could have been traded on a fair basis at the balance sheet date between knowledgeable, willing parties in arm's length transactions. The fair value of financial assets and liabilities is based on quoted market prices, where available. Because substantial trading markets do not exist for most of these financial instruments various techniques have been developed to estimate their approximate fair values. These techniques are subjective in nature and involve various assumptions about the discount rate and the estimates of the amount and timing of the anticipated future cash flows. Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values.

The following methods and assumptions were used by ING Bank to estimate the fair value of the financial instruments.

Financial assets

CASH The carrying amount of cash approximates its fair value.

SHORT-DATED GOVERNMENT PAPER The fair values of short-dated government paper are based on quoted market prices, where available.

BANKS The fair values of receivables from banks are estimated based on discounting future cash flows using available market interest rates offered for receivables with similar characteristics.

LOANS AND ADVANCES For loans that are repriced frequently and have had no significant changes in credit risk, carrying amounts represent a reasonable estimate of fair values. The fair values of other loans are estimated by discounting expected future cash flows using interest rates offered for similar loans to borrowers with similar credit ratings. The fair values of non performing loans are estimated by discounting the expected cash flows of recoveries. The fair values of mortgage loans are estimated by discounting future cash flows using interest rates currently being offered for similar loans to borrowers with similar credit ratings.

INTEREST-BEARING SECURITIES Fair values for interest-bearing securities are based on quoted market prices, where available. For those securities not actively traded, fair values are estimated using values obtained from private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment.

SHARES The fair values of shares are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. The fair values of equity participations are based on quoted market prices, where available.

OTHER PARTICIPATING INTERESTS The fair values of the shares of other participating interests are based on quoted market prices or, if unquoted, on estimated market values based on quoted prices for similar securities. Fair values of the receivables from other participating interests are determined using the same methods as described for interest-bearing securities.

OTHER ASSETS The carrying amount of other assets approximates its fair value.

ACCRUED ASSETS The carrying amount of accrued assets approximates its fair value.

Financial liabilities

BANKS The fair values of payables to banks are estimated based on discounting future cash flows using available market interest rates for payables to banks with similar characteristics.

FUNDS ENTRUSTED AND DEBT SECURITIES The carrying values of demand deposits and other deposits with no stated maturity approximate their fair values. The fair values of other deposits with stated maturities have been estimated based on discounting future cash flows using the interest rates currently applicable to deposits of similar maturities.

OTHER LIABILITIES For publicly traded debt, the fair values are based on quoted market prices. For non-traded, variable-rate debt, the carrying amounts approximate their fair values. For non-traded, fixed-rate debt, the fair values have been estimated using discounted cash flow calculations based on interest rates charged on similar instruments currently being issued.

ACCRUED LIABILITIES The carrying amount of accrued liabilities approximates its fair value.

SUBORDINATED LIABILITIES The fair value of subordinated liabilities are estimated using discounted cash flows based on interest rates that apply to similar instruments.

DERIVATIVES The fair values of derivatives held for non-trading purposes are based on broker/dealer valuations or on internal discounted cash flow pricing models taking into account current cash flow assumptions and the counterparties' credit standings. The fair values of derivatives held for non-trading purposes generally reflect the estimated amounts that ING Bank would receive or pay to terminate the contracts at the balance sheet date.

SUMMARY OF THE RISK-WEIGHTED VALUE AND CONTRACT AMOUNT OF OTHER OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

	RISK WEIGHTED VALUE	CONTRACT AMOUNT	RISK WEIGHTED VALUE	CONTRACT AMOUNT
		2002		2001
Guarantees	**8,220**	**16,783**	9,938	20,013
Irrevocable letters of credit	**1,483**	**6,030**	1,327	5,776
Other	**395**	**470**	146	195
Irrevocable facilities	**11,103**	**63,866**	9,723	63,269

Risk-weighted amounts have been calculated in accordance with the Dutch Central Bank guidelines which are based on the regulatory requirements of the European Commission. In view of the lack of an established market and difficulties involved in segregating the value of these instruments from their underlying degree of uncertainty, it is not considered to be meaningful to provide an estimate of the fair value for these instruments.

Regulatory requirements

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
amounts 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%

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK

INCOME

23 INTEREST

Interest income includes an amount of EUR 5,222 million (2001: EUR 4,116 million; 2000: EUR 3,742 million) in respect of interest-bearing securities. Interest expense includes an amount of EUR 3,964 million (2001: EUR 3,458 million; 2000: EUR 3,410 million) in respect of interest-bearing securities.

Despite the existence of a legal claim, interest income of EUR 105 million (2001: EUR 122 million; 2000: EUR 95 million) is not recognised in the profit and loss account because the realisation of the interest income is almost certainly not to be expected.

INTEREST INCOME AND EXPENSES

	2002	2001	2000
Interest income on loans	**16,097**	18,273	18,783
Interest income suspended	**-105**	-122	-95
Net interest income on loans	**15,992**	18,151	18,688
Origination fees and loan-servicing fees	**102**	167	222
Interest income on investment securities	**4,141**	3,478	3,328
Interest income on trading portfolio	**1,081**	638	414
Other interest income	**2,567**	2,366	2,084
Total interest income	**23,883**	24,800	24,736
Interest on deposits by banks	**2,071**	3,372	3,967
Interest on funds entrusted	**6,273**	6,230	5,429
Interest on debt securities	**4,073**	4,152	4,247
Interest on subordinated loans	**779**	699	565
Other interest expense	**3,209**	4,411	4,685
Total interest expense	**16,405**	18,864	18,893
Net interest result	**7,478**	5,936	5,843

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

	2002	2001	2000
Netherlands	**1.80%**	1.62%	1.89%
International	**1.01%**	0.77%	0.81%
Overall	**1.59%**	1.36%	1.46%

The change in the interest result compared with 2001 is for EUR 1,012 million due to an improvement of the interest margin by 23 basis points (2001 compared with 2000: EUR 401 million decrease) and for 530 million due to a growth in the average total assets (2001 compared with 2000: EUR 494 million).

24 INCOME FROM SECURITIES AND PARTICIPATING INTERESTS

BREAKDOWN OF INCOME FROM SECURITIES AND PARTICIPATING INTERESTS

	2002	2001	2000
Shares	**29**	324	144
Investments in associates	**67**	78	70
Other participating interests	**101**	155	338
	197	557	552

In 2000, Other participating interests includes the result of the sale of Crédit Commercial de France, domiciled in Paris, France, amounting to EUR 293 million being a gross result of EUR 430 million of which EUR 137 million has been allocated to an other ING Group company.

Other participating interests includes the valuation differences on equity participations.

25 COMMISSION

BREAKDOWN OF COMMISSION

	2002	2001	2000
Funds transfer	**592**	526	503
Securities business	**731**	884	1,572
Insurance broking	**117**	89	94
Management fees	**688**	751	853
Brokerage and advisory fees	**197**	203	266
Other	**290**	312	340
	2,615	2,765	3,628

In 2002, EUR 3,231 million (2001: EUR 3,248 million; 2000: EUR 4,169 million) was received and EUR 616 million (2001: EUR 483 million; 2000: EUR 541 million) was paid in respect of commission.

26 RESULTS FROM FINANCIAL TRANSACTIONS

Results from financial transactions includes results from securities valuation fluctuations in the securities trading portfolio as well as valuation differences on equity participations. Also included in this item are exchange differences in connection with holding assets and liabilities in foreign currencies, the results of the associated forward contracts and the results from financial instruments other than those serving to limit interest-rate risks. Asset trading results are also included in this item.

BREAKDOWN OF RESULTS FROM FINANCIAL TRANSACTIONS

	2002	2001	2000
Results from securities trading portfolio	**201**	617	674
Results from currency trading portfolio	**242**	464	379
Other	**11**	-1	478
	454	1,080	1,531

27 OTHER REVENUE

Other revenue includes income which cannot be classified with any of the above items, including rental income, results on the sale of property (EUR 153 million; 2001: EUR 204 million; 2000: EUR 137 million) and leasing income which is not classified as interest (EUR 52 million; 2001: EUR 128 million; 2000: EUR 87 million).

28 STAFF COSTS

BREAKDOWN OF STAFF COSTS

	2002	2001	2000
Salaries	**3,228**	3,349	3,405
Pension and early retirement costs	**298**	323	210
Social security costs	**453**	438	509
Other staff costs	**808**	958	803
	4,787	5,068	4,927

PENSION AND EARLY-RETIREMENT COSTS

	PENSION			HEALTHCARE			OTHER			TOTAL		
	2002	2001	2000	2002	2001	2000	2002	2001	2000	2002	2001	2000
Current service cost	**334**	210	196	**13**	10	12	**9**	33	31	**356**	253	239
Past service cost	**15**	10	-54			34				**15**	10	-20
Interest expenses	**363**	292	257	**14**	14	10	**31**	65	52	**408**	371	319
Expected return on assets	**-361**	-376	-345				**-14**	-15	-11	**-375**	-391	-356
Amortisation of unrecognised net (gains)/losses	**7**				-1	-1		2		**7**	1	-1
Effect of curtailment or settlement	**15**	-3	-6	**-2**	-8		**-128**			**-115**	-11	-6
Defined benefit post-employment plans	**373**	133	48	**25**	15	55	**-102**	85	72	**296**	233	175
Defined contribution plans										**2**	90	35
										298	323	210

Contributions to defined contribution plans are generally determined as a percentage of pay.

The actual return on the plan assets amounted to EUR -402 million (2001: EUR – 161 million; 2000: EUR 182 million).

Remuneration of the members and former members of the Executive Board and of the Supervisory Board

The remuneration of the members and former members of the Executive Board and Supervisory Board, who are also members of the Executive Board and Supervisory Board of ING Group, including pension contributions, is paid by ING Group. These and other expenses of ING Group, are charged in full by ING Group to its subsidiaries, on the basis of a general allocation formula.

Stock option plan

ING Group (the parent company of ING Bank) has granted option rights on depository receipts of 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 Bank 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 ING Group shares, causing a dilution of the net profit per share. As at 31 December 2002, own shares were held in connection to the option plan. 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 costs in connection with the stock option plan primarily consist of costs of funding resulting from the purchase of own shares by ING Group. The costs are proportionally charged to ING Bank by ING Group.

The option rights are valid for a period of five or ten years. Option rights which 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.

29 OTHER ADMINISTRATIVE EXPENSES

BREAKDOWN OF OTHER ADMINISTRATIVE EXPENSES

	2002	2001	2000
Computer costs	**584**	538	443
Office equipment	**105**	104	104
Travel and accommodation expenses	**130**	165	183
Advertising and public relations	**324**	299	273
External advisory fees	**289**	342	306
Restructuring costs	**128**		486
Other	**1,618**	1,317	1,571
	3,178	2,765	3,366

In 2002, the restructuring costs relate to the wholesale banking operations. These included EUR 61 million for employee related costs. The remaining part related to the write down of operating assets, termination of lease contracts and other exit costs.

In 2000, the restructuring costs related to the investment bank activities and included EUR 281 million for employee related costs.

30 DEPRECIATION

DEPRECIATION BY CATEGORY

	2002	2001	2000
Property	**76**	71	79
Equipment and other operating assets	**335**	378	488
	411	449	567

31 TAXATION

TAXATION BY TYPE

	NETHERLANDS	INTERNATIONAL	TOTAL	NETHERLANDS	INTERNATIONAL	TOTAL	NETHERLANDS	INTERNATIONAL	TOTAL
			2002			2001			2000
Current taxation	**135**	**104**	**239**	434	303	737	185	700	885
Deferred taxation	**1**	**32**	**33**	-170	-141	-311		-153	-153
	136	**136**	**272**	264	162	426	185	547	732

RECONCILIATION OF THE STATUTORY INCOME TAX RATE TO ING BANK'S EFFECTIVE INCOME TAX RATE

	2002	2001	2000
Result before taxation	**949**	1,817	2,558
Statutory tax rate	**34.5%**	35.0%	35.0%
Statutory tax amount	**327**	636	895
Participating interests exemption	**–47**	–82	–443
Other tax exempt income	**–168**	–332	–176
Differences caused by different foreign tax rates	**–126**	–69	40
Non-recognised taxes on losses incurred	**154**	559	103
Other	**132**	–286	313
Effective tax amount	**272**	426	732
Effective tax rate	**28.7%**	23.4%	28.6%

ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK

amounts in millions of euros, unless stated otherwise

SEGMENT REPORTING

STAFF BY GEOGRAPHICAL AREA (1)

	2002	2001	2000
Netherlands	**22,639**	23,474	23,311
Belgium	**12,072**	12,457	12,175
Rest of Europe	**20,155**	19,330	18,332
North America	**2,096**	2,082	2,828
South America	**438**	610	658
Asia	**3,287**	2,376	2,211
Australia	**427**	363	256
Other	**75**	79	89
	61,189	60,771	59,860

(1) Average number of staff employed on the basis of full-time equivalents.

INCOME BY GEOGRAPHICAL AREA

	2002	2001	2000
Netherlands	**4,832**	4,661	4,851
Belgium	**2,044**	1,993	2,414
Rest of Europe	**2,772**	3,018	2,835
North America	**602**	541	997
South America	**251**	237	271
Asia	**421**	476	537
Australia	**107**	55	37
Other	**7**	8	16
	11,036	10,989	11,958

RESULT BEFORE TAXATION BY GEOGRAPHICAL AREA

	2002	2001	2000
Netherlands	**1,317**	1,323	1,705
Belgium	**593**	524	832
Rest of Europe	**-328**	351	343
North America	**-475**	-446	-416
South America	**41**	23	159
Asia	**24**	191	85
Australia	**55**	-7	-9
Other	**-2**	-2	-1
	1,225	1,957	2,698
Additions to the Fund for general banking risks	**140**	140	140
Value adjustments to financial fixed assets	**136**		
	949	1,817	2,558

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS OF ING BANK

32 NET CASH FLOW FROM OPERATING ACTIVITIES

The net cash flow shown in respect of *Loans and advances* only relates to transactions involving actual payments or receipts. The *Value adjustments to receivables* which is deducted from the item *Loans and advances* in the balance sheet has been adjusted for the result before taxation and is shown separately in the cash flow statement.

The *Value adjustments to financial fixed assets* which is deducted from the items *Shares* and *Other participating interests* is also shown separately in the net cash flow statement.

OTHER INFORMATION

AUDITOR'S REPORT

Introduction

We have audited the annual accounts 2002 of ING Bank N.V. registered in Amsterdam, the Netherlands. These annual accounts are the responsibility of the company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the company as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2, of the Dutch Civil Code.

Amsterdam, 10 March 2003

KPMG ACCOUNTANTS N.V.

PROFIT APPROPRIATION

The profit is appropriated pursuant to Article 36 of the Articles of Association of ING Bank N.V., the relevant stipulations of which state that the part of the profit remaining after the dividend to the preference shareholders is made payable, shall be at the disposal of the General Meeting of Shareholders.

PROPOSED PROFIT APPROPRIATION

amounts in millions of euros

Net profit	638
Due to holders of preference shares pursuant to Article 36 (3) of the Articles of Association	136
Non-distributable profit of Stichting Regio Bank, added to the reserves	43
At the disposal of the General Meeting of Shareholders	459
Add to Other reserves	455
Add to Reserve for participating interests	4
Dividend	0

PRINCIPAL OFFICE OF
ING BANK N.V.

Amstelveenseweg 500
1081 KL Amsterdam
The Netherlands

LEGAL ADVISORS TO THE COMPANY

as to U.S. law

Allen & Overy
One New Change
London EC4M 9QQ
United Kingdom

as to Dutch law

Allen & Overy
Apollolaan 15
1077 AB Amsterdam
The Netherlands

LEGAL ADVISORS TO INITIAL PURCHASERS

Davis Polk & Wardwell
99 Gresham Street
London EC2V 7NG
United Kingdom

AUDITORS OF THE COMPANY

KPMG Accountants N.V.
Burgemeester Rijnderslaan 10-20
1185 MC Amsterdam
The Netherlands

FISCAL AGENT, PAYING AGENT, REGISTRAR AND TRANSFER AGENT

JPMorgan Chase Bank
4 New York Plaza — 15th Floor
New York, New York 10004
United States

$1,000,000,000

ING BANK N.V.

5.125% Subordinated Notes Due 2015

OFFERING MEMORANDUM

ING Financial Markets

JPMorgan

Merrill Lynch & Co.

April 11, 2003