SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2001

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 1-14642

ING GROEP N.V.

(Exact name of registrant as specified in its charter)

The Netherlands

(Jurisdiction of incorporation or organization)

ING Groep N.V.
Strawinskylaan 2631
1077 ZZ Amsterdam
P.O. Box 810, 1000 AV Amsterdam
The Netherlands
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing one ordinary share	New York Stock Exchange
Ordinary shares, nominal value EUR 0.24 per Ordinary share and Bearer Depositary receipts in respect of Ordinary shares*	New York Stock Exchange
7.70% Noncumulative Guaranteed Trust Preferred Securities	New York Stock Exchange
9.20% Noncumulative Guaranteed Trust Preferred Securities	New York Stock Exchange
8.439% Noncumulative Guaranteed Trust Preferred Securities	New York Stock Exchange

* Listed, not for trading or quotation purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares, nominal value EUR 0.24 per Ordinary share	1,992,671,945
Bearer Depositary receipts in respect of Ordinary shares	1,991,713,046

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ✓ No

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18 ✓

TABLE OF CONTENTS TO AND NAVIGATION

PRESENTATION OF INFORMATION

In this Annual Report, references to “ING Groep N.V.”, “we” and “us” refer to the ING holding company incorporated under the laws of the Netherlands, and references to “ING”, “ING Group”, the “Company” and the “Group”, refer to ING Groep N.V. and its consolidated subsidiaries. ING Groep N.V.’s primary insurance and banking subholdings are ING Verzekeringen N.V. (together with its consolidated subsidiaries, “ING Insurance”) and ING Bank N.V. (together with its consolidated subsidiaries, “ING Bank”).

ING presents its consolidated financial statements in euros, the currency of the European Economic and Monetary Union, which was introduced on January 4, 1999. Unless otherwise specified or the context otherwise requires, references to “$”, “US$”, “Dollars” and “U.S. Dollars” are to United States dollars and references to “EUR” and “€” are to euros.

Prior to January 1, 1999, ING prepared its financial statements in Dutch guilders. Subsequent to that date, ING’s Financial Statements have been prepared in euros. All Dutch guilder amounts appearing in or derived from ING’s Consolidated Financial Statements have been translated into euros at the official fixed conversion rate of EUR 1.00 = NLG 2.20371.

Solely for the convenience of the reader, this Annual Report contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the translated amounts actually represent such dollar or euro amounts, as the case may be, or could be converted into U.S. dollars or euros, as the case may be, at the rates indicated or at any other rate. Therefore, unless otherwise stated, the translations of euros into U.S. dollars have been made at the rate of euro 1.00 = $ 0.8792 the noon buying rate in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York (the “Noon Buying Rate”) on April 12, 2002. Except as otherwise noted, financial statement amounts set forth in this Annual Report are presented in accordance with generally accepted accounting principles in the Netherlands (“Dutch GAAP”), which differ in certain significant respects from U.S. GAAP. Reference is made to Note 6 of Notes to the Consolidated Financial Statements for a description of the significant differences between Dutch GAAP and U.S. GAAP and a reconciliation of certain income statement and balance sheet items to U.S. GAAP. Certain amounts set forth herein may not sum due to rounding. Certain information concerning the U.S. GAAP treatment of unrealized losses on equity securities presented in Note 6.2 differs from that presented in the supplemental U.S. GAAP information we previously provided in connection with our Dutch GAAP annual report for the year 2001, and is noted on pages F-90 and F-95 hereof.

Unless otherwise indicated, gross premiums, gross premiums written and gross written premiums as referred to in this Annual Report include premiums (whether or not earned) for insurance policies written during a specified period, without deduction for premiums ceded, and net premiums, net premiums written and net written premiums include premiums (whether or not earned) for insurance policies written during a specified period, after deduction for premiums ceded.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Certain of the statements contained in this Annual Report that are not historical facts, including, without limitation, certain statements made in the sections hereof entitled "Information on the Company," "Dividends," "Operating and Financial Review and Prospects," "Selected Statistical Information on Banking Operations" and "Quantitative and Qualitative Disclosure of Market Risk" are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation,

- Changes in general economic conditions, including in particular economic conditions in ING's core markets,
- Changes in performance of financial markets, including emerging markets,
- The frequency and severity of insured loss events,
- Changes affecting mortality and morbidity levels and trends,
- Changes affecting persistency levels,
- Changes affecting interest rate levels,
- Changes affecting currency exchange rates, including the euro-U.S. dollar exchange rate,
- Increasing levels of competition in the Netherlands and emerging markets,
- Changes in laws and regulations, including monetary convergence and the European Economic and Monetary Union,
- Regulatory changes relating to the banking or insurance industries,
- Changes in the policies of central banks and/or foreign governments,
- General competitive factors, in each case on a global, regional and/or national basis.

ING is under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. See "Item 5 – Operating and Financial Review and Prospects – Factors affecting results of operations."

PART I

Item 1. Identity Of Directors, Senior Management And Advisors

Not Applicable.

Item 2. Offer Statistics And Expected Timetable

Not Applicable.

Item 3. Key Information

In the table below, we provide you with summary historical data of ING Group. We have prepared this information using the consolidated financial statements of ING Group for the five years ended December 31, 2001. The financial statements for the five fiscal years ended December 31, 2001 have been audited by Ernst & Young, independent auditors, except for the financial statements of ING Bank N.V., a direct wholly-owned subsidiary, which were audited by KPMG Accountants N.V. and whose report, only insofar as it relates to the 2001, 2000 and 1999 Consolidated Financial Statements, is based in part upon the reports of other auditors.

The consolidated financial statements are prepared in accordance with Dutch GAAP, which differ in certain significant respects from U.S. GAAP. You can find a description of the significant differences between Dutch GAAP and U.S. GAAP and a reconciliation of certain income statement and balance sheet items to U.S. GAAP in Note 6 of notes to the Consolidated Financial Statements.

When you read this summary historical financial data, it is important that you read along with it the historical financial statements and related notes in our annual reports filed with the SEC, as well as the section titled “Operating and Financial Review and Prospects” in our annual and semi-annual reports furnished to the SEC on Form 6-K.

To provide more insight into the results of ING Group, a distinction is made between operational results and non-operational results. The non-operational results are disclosed separately.

The following information should be read in conjunction with, and is qualified by reference to the Group’s Consolidated Financial Statements, related Notes, and other financial information included elsewhere herein.

	Year ended December 31,					
	2001	2001[12]	2000[12][9]	1999	1998[9]	1997
	USD[1]	EUR	EUR	EUR	EUR	EUR[7]
	(in millions, except amounts per share and ratios)					
Dutch GAAP Consolidated Income Statement Data						
Operational income from insurance operations:						
Gross premiums written:						
Life	39,175	44,557	25,019	18,902	16,863	10,810
Non-life	5,190	5,903	4,095	3,510	3,585	3,535
Total	44,365	50,460	29,114	22,412	20,448	14,345
Investment income[3] [8]	9,087	10,336	8,067	6,760	6,003	4,916
Commission and other income	2,005	2,281	1,126	548	457	274
Total income from insurance operations	55,457	63,077	38,307	29,720	26,908	19,535
Operational income from banking operations:						
Interest income	21,380	24,318	24,285	18,558	18,649	10,641
Interest expense	16,041	18,246	18,499	12,906	13,448	7,125
Net interest result	5,339	6,072	5,786	5,652	5,201	3,516
Commission	2,431	2,765	3,630	2,856	2,323	1,645
Other income	1,999	2,274	1,886	1,368	891	1,145
Total income from banking operations	9,769	11,111	11,302	9.876	8,415	6,306
Total operational income[2]	**65,204**	**74,163**	**49,568**	**39,584**	**35,307**	**25,823**
Non-operational items	286	325	8,597	1,693	937	80
Total income	**65,490**	**74,488**	**58,165**	**41,277**	**36,244**	**25,903**
Operational expenses from insurance operations:						
Life	46,947	53,397	30,882	23,584	21,030	14,230
Non-life	5,371	6,109	4,263	3,736	3,813	3,617
Total operational expenses from insurance operations	52,318	59,506	35,145	27,320	24,843	17,847
Total operational expenses from banking operations[4]	7,861	8,941	8,697	7,895	7,610	5,030
Total operational expenses[2]	**60,157**	**68,422**	**43,801**	**35,203**	**32,438**	**22,859**
Non-operational items	–	–	395	–	302	45
Total expenses	**60,157**	**68,422**	**44,196**	**35,203**	**32,740**	**22,904**

	Year ended December 31,					
	2001	2001[12]	2000[12] [9]	1999	1998[9]	1997
	USD[1]	EUR	EUR	EUR	EUR	EUR[7]
	(in millions, except amounts per share and ratios)					
Operational result before taxation from insurance operations:						
Life	2,632	2,993	2,723	2,062	1,725	1,237
Non-life	508	578	439	338	340	451
Total	3,140	3,571	3,162	2,400	2,065	1,688
Operational result before taxation from banking operations	1,908	2,170	2,605	1,981	804	1,276
Operational result before taxation and dividend on own shares	5,048	5,741	5,767	4,381	2,869	2,964
Dividend on own shares						(44)
Operational result before taxation	5,048	5,741	5,767	4,381	2,869	2,920
Taxation	1,024	1,165	1,612	1,059	719	705
Third-party interests	285	324	147	93	47	35
Operational net profit	3,739	4,252	4,008	3,229	2,103	2,180
Non-operational items after taxation	286	325	7,976	1,693	566	26
Net profit	4,025	4,577	11,984	4,922	2,669	2,206
Dividend on Preference shares of ING Groep N.V.	19	21	21	21	21	21
Net profit after deducting dividend on Preference shares of ING Groep N.V.	4,006	4,556	11,963	4,901	2,648	2,185
Dividend on Ordinary shares	1,683	1,914	2,173	1,573	1,178	867
Addition to shareholders' equity	2,323	2,642	9,790	3,328	1,470	1,318
Operational net profit per Ordinary share[5]	1.93	2.20	2.09	1.68	1.12	1.40
Net profit per Ordinary share[5]	2.08	2.37	6.27	2.56	1.42	1.42
Net profit per Ordinary share and Ordinary share equivalent (fully diluted)[5]	2.07	2.35	6.18	2.52	1.40	1.38
Dividend per Ordinary share[5]	0.85	0.97	1.13	0.82	0.63	0.52
Interim Dividend	0.41	0.47	0.41	0.32	0.30	0.22
Final Dividend	0.44	0.50	0.72	0.50	0.33	0.30
Number of shares outstanding (in millions)[5]	1,992.7	1,992.7	1,970.6	1,934.0	1,892.4	1,673.2
Dividend pay-out ratio[11]	44.1%	44.1%	43.9%	44.4%	43.9%	36.9%
U.S. GAAP Consolidated Income Statement Data						
Total income (operational)	43,070	48,988	42,039	34,022	27,852	23,680
Net profit	1,556	1,770	10,925	3,790	2,347	2,447
Net profit per Ordinary share and Ordinary share equivalent[5]	0.79	0.90	5.64	1.94	1.23	1.52

	Year ended December 31,					
	2001	2001(12)	2000(12) (9)	1999	1998(9)	1997
	USD(1)	EUR	EUR	EUR	EUR	EUR(7)
	(in billions, except amounts per share and ratios)					
Dutch GAAP Consolidated Balance Sheet Data						
Total assets	619.9	705.1	650.2	492.8	394.9	281.5
Investments:						
Insurance	211.9	241.0	219.2	137.5	109.7	94.8
Banking	61.7	70.2	59.1	59.5	41.2	17.8
Eliminations(6)	(3.3)	(3.8)	(1.1)	(1.2)	(1.1)	(1.7)
Total investments	270.3	307.4	277.2	195.8	149.8	110.9
Lending	223.5	254.2	246.8	201.8	153.7	113.8
Insurance provisions:						
Life	179.9	204.6	193.3	101.0	79.4	70.2
Non-life	8.2	9.4	6.9	6.5	5.2	5.3
Total	188.1	214.0	200.2	107.5	84.6	75.5
Funds entrusted to and debt securities of the banking operations:						
Savings accounts of the banking operations	61.2	69.6	52.4	47.0	42.5	30.1
Other deposits and bank funds	116.4	132.4	134.1	111.9	86.6	57.0
Debt securities of the banking operations	65.4	74.4	66.3	65.9	35.7	22.7
Total	243.0	276.4	252.8	224.8	164.8	109.8
Due to banks	94.8	107.8	94.7	75.3	76.0	43.0
Capital Stock (in millions)(10)	2,079.8	2,079.8	2,057.7	2,021.1	1,979.5	1,760.3
Shareholders' equity	18.9	21.5	25.3	34.6	29.1	21.9
Shareholders' equity per Ordinary share(5)	9.70	11.03	13.04	17.90	15.21	13.30
Shareholders' equity per Ordinary share and Ordinary share equivalent(5)	9.60	10.92	12.86	17.65	14.93	12.94
U.S. GAAP Consolidated Balance Sheet Data						
Total assets	661.4	752.3	693.4	509.7	417.4	295.3
Shareholders' equity	34.1	38.8	41.6	40.4	37.2	26.5
Shareholders' equity per Ordinary share and Ordinary share equivalent(5)	17.43	19.83	21.27	20.64	19.15	15.65

(1) Euro amounts have been translated into U.S. dollars at the exchange rate of $ 0.8792 to EUR 1.00, the noon buying rate in New York City on April 12, 2002 for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York.

(2) After elimination of certain intercompany transactions between the insurance operations and the banking operations. See Note 1.1. of Notes to the Consolidated Financial Statements.

(3) As of 2001 "Insurance operations-General" is no longer reported separately . The item previously accounted for under this heading are now included in either the life result or the non-life result. The years prior to 2001 are restated accordingly. See Note 1.2. of Notes to the Consolidated Financial Statements.

(4) Includes all non-interest expenses, including additions to the provision for loan losses. See "Item 5, Operating and Financial Review and prospects — Liquidity and capital resources".

(5) Net profit per share amounts have been calculated based on the weighted average number of Ordinary shares outstanding and shareholders' equity per share amounts have been calculated based on the number of Ordinary shares outstanding at the end of the respective periods. For purposes of this calculation, for the years 2001, 2000, 1999 and 1997, ING Groep N.V. shares held by Group companies were deducted from the applicable number of outstanding Ordinary shares. All amounts and numbers are presented after giving effect to all stock dividends and retroactive application of the Company's 2 for 1 stock split, which was effective July 2, 2001. See Note 5.2.3 of Notes to the Consolidated Financial Statements.

(6) Consisting of investments in banking operations held by Group insurance companies, investments in insurance operations held by Group banking companies, and ING Groep N.V. shares held by Group insurance companies.

(7) With effect from the 1998 financial year, various changes have been made to the principles of valuation and determination of results. From an international perspective, these changes have resulted in a more appropriate presentation of the financial position and performance of ING Group. The financial statements, including the comparative information for 1997, are presented as if the new accounting principles had always been in use. The cumulative effect of the changes to the principles is recognized in Shareholders' equity.

(8) As from 2001, investment income for risk of policyholders has been netted with the related underwriting expenditure. This results in a

presentation of investment income of the insurance operations for own risk, which is in line with international practice. The comparative figures have been adjusted accordingly.

(9) Discontinued business: in 1998 The Netherlands Insurance Companies in the US (net profit EUR 19 million), in 2000 Tiel Utrecht Group in the Netherlands (net profit EUR 63 million).

(10) Reflects 2:1 stock split effected July 2, 2001.

(11) The dividend pay-out ratio is based on operational net profit.

(12) In 2001 acquisitions influenced the figures compared to earlier years. See Note 1.3 of Notes to the Consolidated Financial Statements.

EXCHANGE RATES

Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of shares or ADSs on conversion of dividends, if any, paid in euros on the shares and will affect the U.S. dollar price of the ADSs on the New York Stock Exchange.

The following table sets forth, for the periods and dates indicated, certain information concerning the exchange rate for U.S. dollars into euros based on the Noon Buying Rate. Effective January 1, 1999, the Dutch guilder became a component of the euro. As such, the Noon Buying Rate for the years prior to 1999 are the Noon Buying Rates for the Dutch guilder, converted into euros at a rate of NLG 2.20371 to EUR 1.00.

	U.S. dollars per euro			
Calendar Period	**Period End**(1)	**Average Rate**(2)	**High**	**Low**
1997	1.0867	1.1252	1.2738	1.0406
1998	1.1741	1.1113	1.2147	1.0549
1999	1.0070	1.0666	1.1812	1.0016
2000	0.9388	0.9207	1.0335	0.8270
2001	0.8901	0.8909	0.9535	0.8370
2002 (through April 12, 2002)(2)	0.8792	0.8690	0.9031	0.8594

(1) The Noon Buying Rate at such dates differed from the rates used in the preparation of ING's Consolidated Financial Statements as of such date See Note 1.4.1.4 of Notes to the Consolidated Financial Statements.

(2) The average of the Noon Buying Rates on the last business day of each full calendar month during the period.

RECENT EXCHANGE RATES OF US DOLLARS PER EURO

The table below shows the high and low exchange rate of U.S. dollars per euro for the last six months through December 2001:

	High	**Low**
July 2001	0.8797	0.8370
August 2001	0.9194	0.8775
September 2001	0.9310	0.8868
October 2001	0.9181	0.8893
November 2001	0.9044	0.8770
December 2001	0.9044	0.8773

The Noon Buying Rate for euro on December 31, 2001 was EUR 1.00 = $ 0.8901 and the Noon Buying Rate for euro on April 12, 2002 was EUR 1.00 = $ 0.8792.

RISK FACTORS

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 for the types of insurance, commercial banking, investment banking and other products and services we provide. Such competition is most pronounced in our more mature markets of the Netherlands, Belgium, the Rest of Europe, the United States, Canada and Australia. In recent years, however, competition in emerging markets has also increased as large insurance and banking industry participants from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships with our competitors.

In the Netherlands, which is the largest market for our banking operations and the second largest for our insurance operations, a national policy historically favoring open markets and the presence of large domestic competitors in both the insurance and 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, which could adversely impact our ability to further increase our market share.

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 N.V., with a 34% market share based upon total assets and a 38% market share based on total deposits, and Rabo Group B.A., with a 20% market share based upon total deposits and a 21% market share based on total assets. In The Netherlands, we are also currently the largest insurance company, with a market share of 22% in the life insurance market and 11% in the non-life insurance market, each based on premium income. Our main competitors are Fortis Utrecht N.V., with a 12% and 11.7% market share in the life and non-life markets respectively, and Aegon N.V., with a 14.1% and 3.5% market share, respectively.

In the United States, which is the largest market for our insurance operations, we work in several areas of the insurance market, including life insurance and pensions (with a 6% market share) fixed and variable annuities (with a 5% market share), as well as the broker-dealer network market. Our main competitors in The United States are large financial institutions, such as Citigroup, AIG, The Hartford and Aegon N.V.

In Belgium, our market share in the insurance market is 6% and our main competitors are AXA and Fortis Utrecht N.V. We have a market share of 15% in the banking market 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 offered by our competitors.

Changes in interest rates and other market factors may adversely affect our insurance, 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.

The results of our banking operations are affected by our management of interest rate sensitivity. 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 the banking operations' 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 the financial condition or result from operations of our banking businesses.

In addition to interest rates, activity in the securities markets generally also significantly affects our banking, securities trading and brokerage activities, which tends to make those activities more volatile than other parts of our businesses. We also offer a number of insurance and financial products that expose us to risks associated with fluctuations in interest rates, securities prices or the value of real estate assets. For a more detailed discussion of these products and the risks associated therewith, see Item 11- "Quantitative and qualitative disclosures about market risk".

COMPANY RISKS

Our results may be affected by regional and emerging market exposures.

In 2001, we derived approximately 23% of our operational 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 52% of our operational income from the North American market in 2001 due to the acquisition of Aetna and ReliaStar, and as a result, changes in the economy or financial markets of the United States and Canada may also have a material adverse effect on our results.

We derive approximately 10% of our operational income from commercial banking, investment banking and insurance 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.

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

We publish our Consolidated Financial Statements in euros. In 2001, we derived approximately 65% of our operational income from operations outside the European Union. 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. Our obligations are primarily denominated in euros and we pay dividends on our Ordinary Shares in euros. The euro value of those dividends in other currencies is also subject to exchange rate fluctuations.

The contribution of North American operations to our results has grown substantially as a consequence of the acquisitions of ReliaStar and Aetna in 2000. As a result, our sensitivity to changes in the U.S. dollar has increased. Based on our expectation that the euro will strengthen with regard to the U.S. dollar in the future, we have decided to hedge (at a spot rate of 0.868) the expected contribution of our North American operations to profit before taxation 2002. This means in practice that the impact of a change of the euro by one cent against the US dollar in the 2002 would have a very limited effect on the net profit of ING Group.

Our insurance business is subject to losses from catastrophic events

In our life and non-life insurance and reinsurance businesses, we are subject to losses from natural and man-made catastrophic events. Such events include weather and other natural catastrophes such as hurricanes, floods and earthquakes, as well as events such as the September 11, 2001 terrorist attacks in the US. The effect of the September 11, 2001 terrorist attacks on our net profit is EUR 100 million under Dutch GAAP and EUR 321 million under U.S. GAAP. The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and may materially impact our results of operations.

Restrictions on shareholder rights could reduce the accountability of the directors and management to shareholders.

While holders of bearer receipts are entitled to attend and speak at general meetings of shareholders, they have no voting rights, and the Stichting Administratiekantoor ING Groep, the trust which holds our Ordinary shares, will exercise the voting rights attached to the ordinary shares for which bearer receipts have been issued. In certain limited circumstances, an individual holder of bearer receipts who is a person may obtain voting rights by proxy from the trust. See Item 7- “Major shareholders and Related Party Transactions – Voting of the Ordinary Shares by holders of Bearer receipts as proxy for the Trust”. The Trust is required to make use of the voting rights attached to the ordinary shares in such a manner that (i) our interests and the interests of our affiliates are served; (ii) our interests and the interests of our affiliates and all parties concerned are safeguarded as well as possible; and (iii) influences which could violate our independence, continuity or identity or which are contrary to our interests or those of our affiliates are barred to the greatest extent possible. The Trust may, but has no obligation to, consult with the holders of bearer receipts or ADSs in exercising its voting rights in respect of ordinary shares.

Under our Articles of Association, approval of our annual accounts by the General Meeting of Shareholders acting as a corporate body discharges the members of the Executive Board and the Supervisory Board from liability in respect of the exercise of their duties during the financial year concerned, unless an explicit reservation is made by the General Meeting, subject to certain provisions of Netherlands law (including provisions relating to liability of members of Supervisory Boards and Executive Boards upon bankruptcy of a company).

These arrangements differ substantially from U.S. practice and significantly reduce the power of shareholders to affect the company’s business and operations and the accountability of the company’s directors and management.

Judgments Against Us May Be Difficult To Enforce

Most of the members of ING Groep's Supervisory Board, its Executive Board and some of the experts named in this prospectus are persons who are not residents of the United States. Most of the assets of the Group and those non-resident persons are located outside the United States. As a result, you may not be able to serve process on those persons within the United States or to enforce judgments against them in United States courts.

You also may not be able to enforce judgments of United States courts under the U.S. federal securities laws in courts outside the United States , including The Netherlands. 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 a competent court in The Netherlands gives binding effect to the judgment.

Item 4. Information on the Company

GENERAL

ING was established on March 4, 1991 through the merger of Nationale-Nederlanden, the largest insurer in the Netherlands and NMB Postbank Group, one of the largest banks. ING Groep N.V. is incorporated under the laws of the Netherlands.

The official address of ING Group is:

ING Groep N.V.
Strawinskylaan 2631
1077 ZZ Amsterdam
P.O. Box 810, 1000 AV Amsterdam
The Netherlands
Telephone +31 20 541 541

Profile

ING Group is a global financial institution of Dutch origin offering banking, insurance and asset management to over 50 million private, corporate and institutional clients in 65 countries. More than 70% of our shares are held by investors outside the Netherlands. With a combined workforce of over 110,000 people, ING comprises a broad spectrum of prominent companies that increasingly serve their clients under the "ING" brand.

Key to ING is its distribution philosophy: "click-call-face". This is a flexible mix of internet, call centres, intermediaries and branches through 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.

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

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

In 2001, ING had gross written premiums of EUR 50,460 million, making it the largest insurer in the Netherlands. For the year ended December 31, 2001, ING Group's total operational income was EUR 74,163 million and its net operational profit was EUR 4,252 million.

The following table sets forth ING Group's operational income by geographical area for the years indicated:

	Year ended December 31,		
	2001	**2000**	**1999**
		(EUR millions)	
The Netherlands	16,971	16,599	14,891
Belgium	4,136	3,568	3,203
Rest of Europe	5,129	4,571	3,646
North America	38,475	19,435	12,700
South America	1,734	599	561
Asia	5,840	2,603	1,747
Australia	2,234	2,450	2,869
Other	294	171	153
	74,813	49,996	39,770
Revenue between geographic areas	(650)	(428)	(186)
Total income	**74,163**	**49,568**	**39,584**

CHANGES IN PRESENTATION

As from January 1, 2001, “Insurance operations-General” is no longer reported separately in our financial statements. The items previously accounted for under this heading are now included in either the life result or the non-life result. The amounts from prior years have been reclassified accordingly. Also from 2001, investment income for risk of policyholders has been netted with the related underwriting expenditure. Amounts from prior years have been adjusted accordingly.

Stock split

With effect from July 2, 2001 the stock of ING Group was split in a 2:1 ratio. After the split, the nominal value of the ordinary shares is EUR 0.24. See Note 5.2.3. of Notes to the Consolidated Financial Statements.

CHANGES IN THE COMPOSITION OF THE GROUP

In June, 2001 ING Group announced that it had signed an agreement with Savia S.A. to acquire majority ownership in Seguros Comercial América (SCA), the largest insurance company in Mexico ING acquired an additional stake of 45% in SCA from Savia, increasing its stake to a total of 87%, for approximately USD 791 million. The acquisition was partly financed by the sale of shares .In September 2001 ING made a tender offer for the remaining 13% of SCA. In November, 2001 ING announced that it had successfully closed the tender offer to purchase the remaining outstanding shares of SCA. The total acquisition price was approximately USD 180 million, and ING now owns 99.91% of the shares of SCA.

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

ING Group is integrating its corporate and investment banking activities into the Executive Centre ING Europe. The business units of the former Executive Centre Corporate & Investment Banking (CIB) have been fully integrated and the wholesale activities of former CIB, ING Bank, Bank Brussels Lambert (BBL) and BHF-Bank AG (BHF) have been aligned along three business lines, Investment Banking, Corporate Financial Services and Financial Markets. The US domestic investment banking business of ING Barings was sold to ABN Amro for EUR 296 million in January , 2001.

In 2000, ING Group reached agreement on the sale of it’s 100% interest in each of Tiel Utrecht Schadeverzekering N.V., Tiel Utrecht Levensverzekering N.V. and Tiel Utrecht Verzekerd Sparen N.V., insurance companies based in Utrecht, The Netherlands to De Goudse, a Dutch based insurance company. The proceeds comprised a cash consideration and a 20% interest in De Goudse. The result on disposal was recognised in the profit and loss account in the financial year 2000, as part of Income from investments of the insurance operations. The results of Tiel Utrecht have been included in the consolidated financial statements of ING Group up to and including December 31, 2000. As of December 31, 2000 Tiel Utrecht has been excluded from in the consolidated balance sheet of ING Group.

In December 2000, ING Group acquired the Financial Services and International businesses of the U.S. insurance company Aetna Inc. The total purchase price of the acquisition was EUR 8.3 billion, including EUR 3.0 billion of assumed debt, and was paid in cash (except for the assumed debt). The goodwill amounted to EUR 6.1 billion and has been charged to Shareholders’ equity. As of January 1, 2001, the results of Aetna Financial Services and Aetna International have been included in the consolidated financial statements of ING Group

In September 2000, ING Group acquired a 100% interest in ReliaStar Financial Corp., a U.S. life insurance company. The total purchase price of the acquisition was EUR 6.7 billion, including EUR 1.1 billion of assumed debt, and was paid primarily in cash (except for the assumed debt). As of September 30, 2000, the results of ReliaStar have been included in the consolidated financial statements of ING Group.

RECENT AND OTHER DEVELOPMENTS

On February 26, 2002 ING announced that it had acquired a further 21% share participation in DiBa (Allgemeine Deutsche Direktbank) .Through this acquisition, ING expanded its 49% interest in DiBa to a majority interest of 70%. BGAG, the investment company of a number of German trade unions, owns 30% of the shares in DiBa.

On February 20, 2002 ING subsidiary Life of Georgia (USA) reached a settlement valued at approximately US$ 45-55 million with plaintiffs in a class action lawsuit related to historical underwriting practices that took into account difference in life expectancy of different races. ING had taken provisions in 1999 and 2000 to cover the financial consequences of this settlement.

ING Group announced on January 29, 2002 that it intends to appoint Mr. Karel Vuursteen as member of the Supervisory Board as of April 17, 2002. Since April 1993, Karel Vuursteen has been chairman of the Executive Board of Heineken N.V. As of April 25, 2002, he will step down from this position. Mr.Vuursteen is currently a Supervisory Board member of several international companies including Gucci Group, Randstad Holding and AB Electrolux. Mr. Vuursteen is also vice-chairman of the Supervisory Board of Universiteit Nijenrode. Mr. Jan Berghuis and Mr. Jan Kamminga will step down as members of the Supervisory Board of ING Group as of April 17, 2002. They are not eligible for reappointment because they have reached the maximum term as members of the Supervisory Board.

ING announced on December 21, 2001 that it signed an agreement with Piraeus Bank in Greece, which sets out the final terms of a strategic alliance between the two financial groups, including:

- The creation of joint ventures in the fields of bancassurance, employee benefits and asset management, owned 50.1% by ING and 49.9% by Piraeus Bank.
- Cross shareholdings, whereby Piraeus Bank will take a 20% stake in ING's insurance operations in Greece, while ING will take a 5% stake in Piraeus Bank.
- Piraeus Bank absorbing the activities of ING Bank Greece.

The strategic alliance combines the distribution power of the retail banking network of Piraeus Bank and the agency network of ING's insurance subsidiary Nationale-Nederlanden Greece (which comprises 300 branches and 2,500 agents in total).

On January 17, 2002 ING announced that it signed an agreement with ANZ, one of Australia's major banks, to establish a joint venture in funds management and life insurance in Australia and New Zealand. The proposed joint venture, ING Australia Ltd., will be owned 51% by ING and 49% by ANZ.

On September 11, 2001 the US was attacked by terrorists. The effect on ING's profit and loss account in 2001 was EUR 100 million after tax (and after catastrophe coverage). See Note 7.17 of Notes to the Consolidated Financial Statements.
ING also announced on October 15, 2001 that the further deterioration of economic conditions and financial markets worldwide and the impact of the September 11 events prompted it to change its profit forecast for 2001, lowering the expected increase of operational profit per share from 17% to approximately 5% .

GROUP STRATEGY

In the past, the management and strategic development of ING Group were mainly governed by the insurance and banking structures of the original merger partners. As the international operations increased in size and scope and as the integration of insurance, banking and asset management progressed, the Group's managerial and strategic focus has shifted to the four Executive Centres. ING has defined strategic objectives for each Executive Centre (EC). These objectives as well as the plans that have been developed to achieve them, are addressed in the EC discussions which follow. In addition to the specific EC objectives, ING has a number of Group objectives that relate to all its activities as well as financial targets for profit growth, profitability and efficiency. The Group's objectives and financial targets are discussed in this item.

Group objectives

1. Deliver added value to clients through a multi-product/distribution approach and a customer-centric organization

This is a key objective as ING's existence depends first and foremost on its ability to serve its 50 million clients around the world to their full satisfaction. Today's clients are wealthier, better educated and more critical and want to be in control of their own financial destiny. At the same time, they still look for advice, especially as legislation and tax regulations become more complex. They appreciate a full range of financial solutions and they expect convenience, instant delivery and a personal approach from their financial services provider. ING aims to offer them the products and services they need to meet their goals for each phase of their life. Similarly, the Group strives for total fulfillment of the financial needs of its corporate clients. ING believes that its wide international network is a competitive edge in serving corporations in all countries where they operate.

2. Build on ING's special skills – life insurance greenfields, employee benefits and ING Direct.

One of ING's special talents is to build life insurance operations from scratch in developing countries. Including the newly started joint venture in India, ING currently has 16 life insurance "greenfields". Their continued growth – premium growth 11% in 2001 – is a promising sign for ING's long-term development.

ING also has special expertise in offering employers a wide range of employee benefits products and solutions in combination with sophisticated administrative support. The combination of our European and US expertise in this area makes ING particularly well-positioned to play a leading role in providing solutions to the universal dilemma of offering adequate retirement provisions for an ageing population.

The ING Direct concept, which starts with a high-interest retail savings account and is gradually broadened with other products, has turned out to be highly successful in six countries. Both the number of clients and the funds entrusted more than doubled again last year. ING intends to launch ING Direct in one or two additional countries in the next few years and broaden its presence in the US.

3. Emphasize cost control

Another key priority for 2002 is to adjust to the new economic reality by adapting our cost base to reduced revenue prospects. Though there is some optimism about the start of a gradual recovery of the economy in the course of this year, we believe that the financial sector will face lower revenue and profit growth than in the second half of the 1990s.

We believe that financial services providers that succeed in outperforming their peers in cost control, will be the winners in the financial sector in the years ahead. In this regard, we plan to intensify our current cost reduction measures, without sacrificing investments in projects that will generate future cost savings, such as our shared service centers.

4. Achieve synergies by maximising co-operation

In the early years of ING's existence most synergy projects were based on largely voluntary co-operation between business units. In 2001, ING moved from voluntary to committed synergies and made the variable component of the remuneration of senior managers partly dependent on the synergy contribution of their business unit to the Group.

In addition to numerous smaller commercial initiatives, five main synergy projects have been defined: the integration of the European wholesale banking operations, the creation of shared services centres in Europe, the global co-ordination of corporate IT and procurement, the integration of the US retail business and the integration of the Aetna and ING operations in Asia and Latin America.

5. Ensure operational excellence (IT and e-Business)

Focusing on “Operational Excellence” has been an ongoing part of ING’s strategic approach to improve both efficiency and effectiveness. In Operations/IT we continue to rationalize our infrastructure by consolidating data centres, outsourcing global networks and reducing redundant IT assets.

ING’s application strategy is to seek more common solutions that are maintained centrally but deployed locally. Leveraging the internet technology and applying a consistent e-Business approach will enable ING to deliver more web-based solutions for customers, employees, suppliers and strategic partners.

6. Build one ING culture and one global brand

In 2001, we made substantial progress in transforming our multitude of different labels into one powerful ING brand and positioning ING as a company with a variety of approaches and solutions to financial services. As economic insecurity increases, people are looking for trust. In these times it is therefore essential to invest in a strong corporate brand and to make it a trustworthy brand. The implementation of the branding and repositioning plans is closely connected with ING’s efforts to foster ING-culture. Branding is all about culture and change management. The branding/repositioning project will have been a success if our customers throughout the world meet a company with a similar face, attitude and look and feel. With its special design, the new ING headquarters will be an attractive carrier of the new brand.

Financial targets

1. Profit growth: an average annual growth of operational net profit per share of at least 12%

Due to the economic downturn and the exceptional claims from the World Trade Center losses, ING recorded an increase of 5.3% in operational net profit per share, which is considerably below our target. However, on a longer-term basis, ING has continued to meet this target: Since its creation in 1991, the compound annual growth rate in profit per share has been 13%.

2. Profitability: an average annual operational net return on shareholders’ equity (ROE) of at least 18%

With an ROE of 18.4%, ING met this target in 2001. An important factor was that the Group’s equity, which had already been considerably reduced in recent years due to the write-offs related to acquisitions, further declined in 2001 as a result of downward revaluations in the investment portfolio due to the decline in worldwide stock markets.

3. Efficiency: a banking efficiency ratio less than 70% and declining by at least 1% point each year; in the insurance operations, premium growth exceeding expense growth by at least 2% as well as declining insurance expenses/assets-under-management ratio;

The bank efficiency ratio improved from 72.1% in 2000 to 71.7% in 2001, almost meeting the target. Further rationalisation of the wholesale banking operations, including further downscaling of our equities activities, is expected to have a positive impact on the cost control programmes that are underway throughout the banking operations.

In the insurance operations the efficiency target is measured as a positive difference between premium growth and expenditure growth. In 2001, there was a positive difference of 2.8%, exceeding the target of 2%. Rigorous cost controls will be undertaken to further improve this measure in 2002.

Corporate Governance

Corporate governance has become a major topic of discussion in many countries. Though there are still distinct differences between the Anglo-Saxon model, which emphasizes the interests of shareholders, and the Continental European model, which favors equitable treatment of multiple stakeholders, there is a definite trend in The Netherlands and elsewhere in Europe, toward increased shareholder influence and transparency. ING has adopted the vast majority of the recommendations made in 1999 by the Dutch corporate governance committee and has increased possibilities for holders of non-voting depository receipts to exercise voting rights and for shareholders to propose items for the shareholders' meeting agenda.

Mission

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

Satisfying the needs of our clients and delivering on the financial promises we make to our shareholders are our primary goals. In view of the increased stakeholder attention, the further internationalisation of ING and the rapid developments in the field of sustainability and corporate social responsibility, we continue to aim for a good balance between the interests of all stakeholders: clients, shareholders, employees and society as a whole.

After several years of rapid expansion through acquisition, the emphasis in the next few years is expected to be on consolidating ING's strengths and achieving synergies, operational excellence and cost control.

CORPORATE ORGANIZATION

ING Groep N.V. has a Supervisory Board and an Executive Board. The Executive Board is responsible for the day-to-day management of the Group and its four major divisions, which are called Executive Centers. 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.

The Executive Board (supported by corporate staff departments responsible for strategy, communications, finance, risk control, controlling, actuarial, accounting, tax, legal affairs and compliance) determines the Group's corporate strategy, prescribes solvency ratios and reserving levels, allocates resources, sets financial performance targets and risk profiles for the Executive Centers, appoints senior management, manages the Group's corporate image, establishes information technology strategy, and monitors the realization of the objectives established for the Group. Certain actions of the Executive Board are subject to the approval of the Supervisory Board, including the issuance or cancellation of shares, significant acquisitions, the declaration of interim dividends, material capital expenditures and matters concerning substantial changes in employee relations. The Executive Committees formulate the strategic, commercial and financial policy for the Executive Centers in conformity with the strategy and performance targets set by the Executive Board. Each Executive Committee is responsible for the preparation of the annual budget of its Executive Center. This budget is approved and monitored by the Executive Board. Each Executive Committee also approves the strategy, commercial policy and the annual budgets of the business units in its Executive Center and monitors the realization of the policies and budgets of that Executive Center and its business units.

The following sets forth the Group's four Executive Centers and the principal organizational structure of each as of January 2002:

ING EUROPE	ING AMERICAS	ING ASIA/PACIFIC	ING ASSET MANAGEMENT
(Integrated Financial Services)	*(Integrated Financial Services, mainly insurance)*	*(Integrated Financial Services, mainly insurance)*	*(Own and third-party funds management worldwide)*
Five functional areas:	USA	Australia	ING Investment
Three functional areas:	USA	Australia	ING Investment
	Canada	Japan	Management
Retail	Mexico	Taiwan	Baring Asset Management
	Argentina	Korea	ING Baring Private Bank
Wholesale	Chile	Philippines	ING Real Estate
(including	Brazil	Indonesia	ING Trust
Financial	Neth. Antilles	Hong Kong	Parcom Ventures
Markets)	Aruba	Singapore	Baring Private Equity
	Peru	China	Partners
Ops/IT		India	ING Furman Selz Asset Management

Seven geographical regions:
Netherlands
South West Europe
(Belgium, France, Spain, Switzerland, Portugal, Luxembourg)
Central Europe
(Central, Eastern and Northern Europe, Italy and Greece)
Germany
UK
Americas (Wholesale Banking)
Asia (Wholesale Banking)
ING Direct (global unit)

ING EUROPE

2001 HIGHLIGHTS

In 2001 ING further reinforced its position as a financial services provider in the Benelux and Central Europe. A major accomplishment 2001 was the transition toward the integrated matrix organisation. The matrix consists of the functional areas Retail (Retail Financial Services, ING Direct and Private Banking), Wholesale (Corporate Financial Services, Investment Banking and Financial Markets), as well as Operations & IT. The seven regional areas within the matrix are respresented by the Management Committees of the Netherlands, South West Europe, Central Europe, Germany and United Kingdom and the wholesale banking regions of the Americas and Asia. ING Europe is now led by a single management team working toward a common strategy and common commercial targets. This marks a major departure from the way ING's European operations were organised in the past, around stand-alone business units. The creation of the new related integrated structure therefore marks an important step in bringing more focus into ING's European and global business.

FUNCTIONAL AREAS

Retail

On the retail side, the strategy focuses on retail wealth accumulation and financial protection (i.e. retail banking, asset management, asset gathering, life insurance and pensions) and private banking, supported by the "click-call-face" (multi-product, multi-channel) distribution approach.
ING distinguishes between three types of retail markets in Europe, each reflecting ING's different market positions and thus requiring a slightly different approach as to the roll-out of the retail strategy. In the home markets of the Netherlands, Belgium and Poland, the strategy 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 ING is developing its retail position around ING Direct, selectively and carefully adding new activities and face channels as appropriate. In the developing markets, particularly Central Europe, ING seeks to become a market leader in pensions, life and wholesale banking by leveraging its market value, including via distribution alliances, to grow our position over the long-term.

With the new European organisation in place, the management of Retail Europe works together with the regions to set the priorities for future growth. 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.

In January 2002, private banking was established as a separate business line within ING Europe, bringing functionally together the private banking businesses of BBL, ING Bank Nederland, CenE Bankiers and BHF-Bank, and the transfer of ING Barings Private Bank from ING Asset Management.

ING Direct

ING Direct is a crucial part of ING's retail strategy. ING Direct's strategy is to be a low-cost provider of financial services in large mature markets by offering its clients best value for money and excellent service via call centres and the Internet. ING Direct uses a high-rate, no-fees, no-minimum savings account as an entry product, and with this product alone ING Direct is expected to exceed the ING Group profit hurdle rate. After reaching a minimum customer base, ING Direct business units complement the savings account by cross-selling a focused range of other financial products concerned with wealth accumulation: mortgages, mutual funds, e-brokerage, pension and life insurance. In 2001 ING Direct grew faster than expected. Including our participation in DiBa in Germany for the first time, the number of customers increased to 2.6 million and retail funds entrusted grew to EUR 24.0 billion. Measured by retail funds entrusted, ING Direct is now a top-10 bank in Australia, Canada, France and Spain. Two of the six ING Direct operations (Australia and Canada) are now profitable.

ING Direct Canada, our first direct operation - launched in May 1997 - has now developed into the largest direct bank in Canada and the 8th largest Canadian bank measured by retail balances. It attracted 138,000 additional clients in 2001, reaching a total of 475,000 clients.

ING Direct Australia became the second ING Direct start-up to become profitable in 2001. ING Direct is the leading direct bank in Australia as well as the 8th largest Australian bank measured by retail balances. The number of clients in Australia grew by 155,000 to 278,000 in 2001. ING Direct Australia is also successfully selling mortgages.

ING Direct Spain has become not only the largest direct bank in Spain but also the largest foreign retail bank. In 2001 it introduced new products like mutual funds, pension plans and saving accounts for small companies. By the end of 2001 the company had expanded its client base to 397,000.

ING Direct USA, which opened in September 2000, exceeded expectations, with a total of 338,000 clients by year-end 2001 (growth new clients in 2001: 278,000).

ING Direct Italy, which opened in April 2001, attracted 75,000 clients by year-end.

ING Direct France grew according to plan to 181,000 clients by the end of 2001 and has reached a top-10 bank position. During the year, ING Direct France has also added mutual funds, life insurance and e-brokerage and , only 18 months after launch, now offers a full range of savings and investment products (growth new clients in 2001: 124,000).

DiBa (Allgemeine Deutsche Direktbank); in 2001 agreement was reached on expanding our 49% interest in DiBa to a majority interest of 70%. DiBa had 827,000 clients and EUR 6.2 billion in retail balances at the end of 2001.

ING Direct will strive for further growth by expanding ING Direct's geographic coverage in North America (including Quebec and the west coast of the US) and by opening new operations

ING Wholesale

ING Wholesale was established in 2001 by integrating the wholesale banking activities of ING Barings, ING Bank, BBL, BHF-Bank, the wholesale insurance activities of Nationale-Nederlanden and the specialised subsidiaries of Charterhouse, Ferri and Vermeulen-Raemdonck. ING Wholesale now includes three functional areas (Corporate Financial Services, Investment Banking and Financial Markets), five European regions (the Netherlands, Southwest Europe, Germany, Central Europe and the UK) as well as the regions of Americas and Asia.

The strategy of ING Wholesale is to operate as one functionally integrated wholesale organisation, offering – selectively - wholesale banking products and services as well as employee benefits to ING's European and international corporate and institutional clients and governments. It focuses on delivering wholesale financial services to those clients that are profitable on a sustainable basis. With this focused and integrated business model, we plan to improve our market position and reduce costs.

ING Wholesale's goal is to increase cross-selling in the Netherlands, Belgium and Poland, to strengthen its market position in the major European countries of the UK, Germany, France, Spain and Italy and to enlarge European client business. In line with the global rebranding program, ING Wholesale will migrate to a unified global ING brand in 2002, to reflect and reinforce ING's integrated wholesale approach.

The ING Europe strategy is also built around synergy, which means working together, sharing know-how to increase commercial effectiveness, cutting IT, operational and development costs and increasing cross-selling. A broad program is underway affecting all business units, regions and functions at all levels.

ING Financial Markets

Within *Corporate Financial Services,* fully integrated departments were formed during the year for Global Clients, Corporate Clients, European Business Desks, Financial Institutions, Employee Benefits, Structured Finance and the Debt Products Group (a joint venture with Financial Markets). Employee Benefits in Europe generates a substantial part of the profits of Corporate Financial Services and is one of the strategic spearheads of ING Group, anticipating pension reform trends and international mobilisation of work forces. Seven Employee Benefits units already exist and at least two new units will be opened in 2002.

Investment Banking is the Group's provider of high-value-added Mergers & Acquisitions, Advisory and Equity Capital Markets services. The market environment was generally very difficult in 2001, with significantly reduced activity throughout the industry. Anticipating the current modest market conditions, the business was restructured during 2001 resulting in significant cost reductions.

Financial Markets falls into three major segments: Treasury, Strategic Trading and Sales, Trading and Research (Foreign Exchange, Money Markets & Derivatives, Debt Markets, Equity Markets). The sales, trading and research segment provides integrated financial markets products and solutions to both corporate and institutional clients, with a core emphasis on servicing the ING Group.

Operations and IT

During 2001, EC Europe furthered its plan to upgrade Operations and IT as the foundation for greater operational efficiency through a major program comprised of four initiatives:
– the development of a common IT application architecture,
– the centralization of IT infrastructure to drive standardization of our IT platforms and solutions,
– a strict application development program to streamline our IT application portfolio,and
– the creation of a number of Shared Service Centres to regroup business processes in order to better export our scale.

Shared Service Centers

In 2001, progress was made with the creation of shared service centers. As such Shared Service Centres (SSC) were established in the area of Banking (mortgages, securities services, international payments and financial markets) as well as in Insurance (claims handling, Life Insurance). A number of generic services (e.g. Print & Mail, electronic archiving) were also combined in a Shared Service Centre.

The mortgage SSC targets the integration of mortgage loan systems of the main business units in The Netherlands (including Postbank, ING Bank, RVS and NN) as well as BBL. Also, OBV (Funds Transfer Operations) is transforming into a low cost shared service business partner for ING units within Europe. These examples reflect an essential part of the EC Europe strategy to improve operational efficiency by combining business units' operations. Another initiative is the integration of claims handling operations and the consolidation of the Dutch IT Data Centers.

In addition to achieving synergy in terms of reduced operating costs and improving service quality, another essential part of the strategy is to achieve synergy in terms of revenue generation. Examples are the co-operation between NN, IBN, Postbank, RVS and the other business units to enhance the sale of integrated financial services and joint product development.

In the Operations & IT area all our initiatives, based on the strategy of the Group to exploit synergies to the fullest, and the IT platforms, will lead to reduced cost, but also to improved quality of service and reduced operational risk. Our vision is to develop a cost efficient, modern operations and IT environment that will support business growth.

GEOGRAPHIC REGIONS

In addition to its functional lines, EC Europe is also organised along seven geographic regions.

THE NETHERLANDS

In 2001 a significant restructuring effort was started, aimed at optimising the existing franchise by stimulating cross-selling activities and transforming the existing product- and channel-oriented business units into dedicated retail, intermediary and wholesale functions. As all these functional lines cross the individual Dutch business unit boundaries, co-operation should be made easier. In addition, because the independent intermediaries play an important role in distribution in the Netherlands ,ING also intends to strengthen its position by improving our support.

Products

The Group's insurance, banking products and asset management services are provided to the Dutch market through each of ING Nederland's four distribution channels described below. The following is a summary of the primary insurance and banking products offered.

Insurance products

Through the Group's Dutch insurance subsidiaries, ING Nederland markets a broad line of life and non-life products and was the largest group of insurance companies in the Netherlands based on 2001 gross premiums written. ING Nederland had total life gross premiums written of EUR 5,353 million in

2001, EUR 5,551 million in 2000 and EUR 4,886 million in 1999, representing 12%, 22% and 26% respectively, of all gross life premiums written by ING Group in such years. The acquisition of ReliaStar and Aetna was the reason for the declining contribution of the Netherlands to total premium income. In the non-life sector, ING Nederland had gross written premiums of EUR 1,811 million in 2001, EUR 1,817 million in 2000 and EUR 1,603 million in 1999 representing 31%, 44% and 46% respectively, of all non-life gross premiums written by ING Group in such years. ING is the largest provider of life insurance and the second largest provider of non-life insurance in The Netherlands.

The following table sets forth ING Nederland's gross premium income by line of business for the periods indicated:

	Year ended December 31,		
	2001	2000	1999
		(EUR millions)	
Life			
Individual	3,276	3,448	2,860
Group	2,046	2,064	1,977
Indirect	31	39	49
Total life	5,353	5,551	4,886
Non-life			
Fire	342	364	355
Automobile	327	353	341
Accident and Health	929	885	699
Other	213	215	208
Total non-life	1,811	1,817	1,603
	7,164	**7,368**	**6,489**

Life products

ING Nederland's life insurance products consist of a broad range of participating (profit sharing) and non-participating (non-profit sharing) policies written for both individual and group customers. Participating policies share either in the results of the issuing company or investment returns on specified assets. In recent years, an increasing number of ING Nederland's business consist of policies that participate in the investment return of specified investment funds (unit-linked), consistent with the trend in the Dutch market.

The following table sets forth ING Nederland's individual life insurance premiums by type of policy for the periods indicated:

	Year ended December 31,					
	2001		2000		1999	
			(EUR in millions)			
	EUR	%	EUR	%	EUR	%
Company bears investment risk:						
Periodic premiums						
Participating	931	28	1,006	29	1,038	36
Non-participating	124	4	162	4	160	6
Single premiums						
Participating	1,433	44	1,334	39	951	33
Non-participating	42	1	36	1	18	1
Policyholder bears investment risk:						
Periodic premiums	543	17	541	16	442	15
Single premiums	203	6	369	11	251	9
	3,276	**100%**	**3,448**	**100%**	**2,860**	**100%**

The following table sets forth ING Nederland's group life insurance premiums by type of policy for the periods indicated:

	Year ended December 31,					
	2001		2000		1999	
	(EUR in millions)					
	EUR	%	EUR	%	EUR	%
Company bears investment risk:						
Periodic premiums participating	474	23	500	24	467	24
Single premiums participating	261	13	331	16	464	23
Policyholder bears investment risk:						
Periodic premiums	583	28	586	29	533	27
Single premiums	728	36	647	31	513	26
	2,046	**100%**	**2,064**	**100%**	**1,977**	**100%**

Non-life products

The following describes the primary non-life insurance products offered by ING Nederland Non-life insurance products issued by Group companies in other countries are substantially similar to the products described below.

Fire. ING Nederland's fire insurance policies provide coverage to both individual and commercial insureds. Fire policies generally provide coverage for a variety of losses, including fires, storms, burglary and other perils. Individual coverage is provided on both a single-risk and multi-risk basis, with multi-risk policies providing coverage for loss or damage to dwellings, damage to personal goods and liability to third parties.

Automobile. The automobile policies provided by ING Nederland in the Dutch market provide coverage to individual and commercial (fleet) insureds for third party liability (including property damage and bodily injury), as well as coverage for theft, fire and collision damage. Coverage for third party liability is required by Dutch law to be maintained with respect to each licensed motor vehicle. Other coverage, including collision and first party medical, is optional.

Accident and Health. Accident and health insurance is provided by ING Nederland on both an individual and group basis and represents ING Nederland's largest line of non-life business. The types of risks covered by ING Nederland's accident and health policies include death by accident and temporary and permanent disability. In the Netherlands, the government's role is decreasing in the field of disability insurance and sick pay, creating opportunities for insurance companies to provide private-sector coverage for benefits previously provided by the Dutch government.

Other Non-life. Other non-life insurance consists of transport and aviation insurance, travel and third party liability insurance and reinsurance assumed.

Banking products

ING Nederland provides a wide array of banking products and services to individual and corporate customers in the Netherlands. Individual products include consumer loans, mortgage loans, funds transfer, electronic banking, personal financial services, credit and debit cards, and savings and other deposit accounts. Products and services provided to corporate customers include corporate loans, cash management, funds transfer and payment systems, foreign exchange and leasing.

ING is the largest provider of payment transfer services in the Dutch market through Postbank and ING Bank Netherlands.

Distribution channels

ING Nederland provides insurance or banking services to approximately 75% of Dutch households. This extensive market reach is achieved through the use of a variety of distribution channels, each of which provides particular products to specific market segments. The four primary distribution channels are Direct, Independent Intermediaries, Branches and Tied Agents.

Direct

Postbank. ING Nederland's Postbank business unit principally utilizes the direct marketing distribution channel to access its clients, without having to resort to offices or intermediaries. Postbank reaches its 7 million private customers via home banking, telephone, mailings and electronic banking and through post offices.

Using direct marketing methods, Postbank has utilized its position as a leading provider of current account services and payments systems as the basis for supplying other financial services, such as savings accounts, mortgage loans, consumer loans, credit card services, insurance products and security orders. As approximately 60% of Dutch households have a financial relationship with Postbank and Postbank has a market share of approximately 43% in Dutch payments transfer, based on transaction volume, the Company believes that Postbank's large client database and market presence provide it with significant opportunities for marketing such additional financial products and services.

Postbank's activities include Postbank payments systems, Postbank Retail Banking and PTT-post offices, a joint venture with PTT Post and Postbank Insurance. PTT Post is a subsidiary of TPG (TNT PTT-Post Group).

Independent intermediaries

The EC Europe matrix structure introduced in the Netherlands in 2001 differs from the one in other countries. The difference is that the functional line "Intermediaries" was added alongside Retail, Wholesale, and Ops/IT, recognising the vital importance, strong position in the market and unique dynamics of this distribution channel in the Netherlands. ING in the Netherlands provides financial services to Dutch customers through several thousand independent intermediaries. These independent intermediaries are individuals or companies that represent various insurance companies in a sales and service capacity as third–party contractors. In this respect, ING Group competes with other companies providing financial products and services through independent intermediaries. Independent intermediaries are paid on a commission basis and are not employees of the companies they represent. The independent intermediaries mainly sell life and non-life insurance products, but also offer mortgages, personal loans and savings products. The independent intermediary channel is used by a number of ING Nederland's business units, including Nationale-Nederlanden, InterAdvies and Nationale Borg-Maatschappij ("Nationale Borg").

Branches

ING Nederland's branch distribution channel utilizes the branch networks of ING Bank Nederland, ("IBN"), Westland/Utrecht , CenE Bankiers and ING Lease Holding, each of which targets a separate client and product base.

IBN primarily targets customers who require personal advice and service, and provides a full range of commercial banking activities and life and non-life insurance products. The IBN bancassurance formula allows IBN's branches to render integrated financial services by delivering both bank and insurance products to large, and medium sized companies, small sized companies and individuals.
IBN's multi-channel policy optimizes the service to its customers by enabling them to buy products and services through various channels (branches, telephone, internet and agents).

The other banking units in the ING Nederland branch distribution channel are Westland/Utrecht and CenE Bankiers N.V. Westland/Utrecht is engaged in medium and long term lending, while CenE is focused on complete financial planning for wealthy individuals as well as financing the medical sector.

ING Lease Holding ("ING Lease") is the holding company of both general and asset specialized (mainly automobile) leasing companies in the Netherlands and Europe.

Tied Agents

In the Netherlands, RVS Insurance ("RVS") is the largest insurance company with a direct sales organization. RVS services over 1.4 million private customers with a nationwide network of about 1,100 tied agents. RVS is a typical personal lines composite insurer, which offers a unique combination of personal advice, competitive products and practical services, tailored to specific market segments, through its tied sales organization in combination with modern direct marketing techniques.

SOUTH WEST EUROPE

ING's activities in Southwest Europe comprise business units in Belgium (domestic market), France (corporate; retail wealth accumulation), Luxembourg (domestic market and asset management centre), Portugal (corporate), Spain (corporate; retail wealth accumulation) and Switzerland (private banking and trade and commodity finance). In Belgium, ING is a core player, particularly in private banking wealth accumulation and for mid-sized corporate clients. A key objective in the region of Southwest Europe is to move to a single ING organisation. Several synergy projects are of note in this regard: the integration of four Belgian insurance companies, the merger of Caisse Privée Banque activities with BBL and the merger of BBL and ING Baring Private Bank in Switzerland.

In South West Europe, we foresee a further improvement in the cost structure as a result of the implementation of cost containment measures and the positive effect of Shared Service Centers. In France, we will maximise the synergies between ING Direct and ING Ferri in the back offices. Luxembourg and Switzerland will expand their respective niche activities in private banking, trade and commodity finance and asset management.

CENTRAL EUROPE

The region Central Europe covers a number of ING Group activities in a wide range of countries, including the home market of Poland. Throughout Central Europe, the ING re-branding programme was completed in 2001, and initiatives were started to share back-offices activities between insurance and bank units, as well as between countries in the region. ING will continue to develop its positions in Central Europe, predominantly through leveraging market value, however without losing sight of the opportunities to improve our relative position.

The strategic objective for the region Central Europe is to become a top-3 player in the smaller European countries and to be a top-5 player in Poland. ING will also actively look for strategic alliances to realise further growth along the lines of the operating agreements of the alliance with Pireaus in Greece. We seek to play a role in the pension reforms in this region as they provide opportunuties in the areas of advisory services, accelerated development of the capital markets, asset management and infrastructure (pensions, life distribution and manufacturing).

Poland. In 2001, all banking activities were integrated into ING Bank Slaski (no. 5 market position), in which ING has an 88% stake All life insurance (no. 3 market position), employee benefits and pension activities (no. 2 market position) have been integrated in Poland. The Polish Pension Fund showed a strong increase in profit as well as in assets under management. NN Poland provides individual and group life, as well as investment-linked insurance products. These products are mainly sold through tied agents and partly through the branch offices of Bank Slaski, in which ING has a majority interest. Gross premiums written in 2001 were EUR 260 million.

Czech Republic. In the Czech Republic the first 'Orange House' opened, which is the physical location in which the retail and small & medium enterprise clients are serviced according to the click-call-face concept. Gross premiums written in 2001 were EUR 170 million. In cooperation with the largest Czech employers' association (the Association of Industry and Trade) and an Austrian Investment Company, a private pension fund was established, which began operations in March 1995 and in which ING has held a 100% interest since 1997.

Greece. In Greece a strategic alliance between Piraeus Bank and ING was established in the field of bancassurance, employee benefits and asset management. NN Greece mainly sells individual life insurance and hospitalization riders, group life insurance and non-life insurance. Total premium income life and non-life in 2001 was EUR 191 million. The non-life operation writes a modest book of fire and automobile insurance.

Hungary. Employee Benefits was introduced in Hungary and in 2001, NN Hungary had gross premiums of EUR 205 million. NN Hungary provides individual life insurance, including whole life and term products, as well as pension fund products.

Italy. ING Sviluppo, a Milan based financial services group, provides a wide range of financial products and services for private customers and institutional investors, including capital market products, security transactions, asset management, mutual funds and insurance. ING Sviluppo currently has a network of more than 700 promotori (investment products sales persons) and 225 life consultants (traditional life insurance products sales persons) who work on a commission basis and sell banking and investment products, as well as NN Italy's life insurance and pension products, to private customers. NN Italy's gross premium income was EUR 129 million in 2001.

Slovak Republic. NN Slovakia focuses on individual life and saving policies, which are sold through a network of tied agents. NN Slovakia generated EUR 43 million in premiums in 2001.

Our Central Europe operations include Romania and Bulgaria

GERMANY

BHF-BANK is a leading specialist for German medium-sized companies, institutional investors and wealthy private clients. The bank has substantial expertise in the core business activities of corporate banking , financial markets, private banking and asset management. It holds a profitable position in mortgage banking via its subsidiary Deutsche Hypotheken Bank (DHB).

For ING in Germany, the year 2001 saw a number of restructuring measures being taken at BHF-Bank. The risk profile was improved, new lines of business were developed and the new platform approach for corporate banking and financial markets was put into place. BHF-Bank, BHW and BGAG established a joint venture to gain better access to the new German pension market. The bank has intensified its co-operation with ING labels, combining its local strengths with ING's international resources in joint platforms, e.g. in trade & commodity finance, and in international cash management via the product Euronavigator. BHF-BANK is ING's center of competence for trade in German equities and for Germany-related structured financings. The bank also coordinates ING Group's entire money, foreign exchange and derivatives business with G-10 countries.

UNITED KINGDOM

In the UK, the integration of ING Barings, Charterhouse Securities, BBL and BHF-Bank in London and BBL in Dublin into the new ING Wholesale integration was completed. In the UK, the integration of the various labels and rightsizing will strengthen the efficiency, market position and profitability.

AMERICAS – Wholesale Banking only

In the Americas region (wholesale banking, linked to EC Europe) the US domestic investment banking business previously belonging to ING Barings as well as the US domestic business of BHF-Bank (USA) Capital Corporation. were sold,and costs and headcount were reduced. In Latin America three branches were transformed into representative offices. We expect that the integration of the various labels created more commercial possibilities in the Americas and in other European regions. We expect that the downsized and restructured region Americas will show a major improvement in result, and that further leveraging of ING's relationships will increase our European client business in the Americas time-zone.

ASIA – Wholesale Banking only

In the Asia region (wholesale banking, linked to EC Europe), significant progress was realised in treasury and fixed income activities with the completion of a build up of resources in these businesses. As the market volumes softened in Asia during the year, especially lower equity and capital market activities, steps were taken to reduce costs and headcount in line with business opportunities. Also, with the integration of BBL, BHF-Bank and ING Bank in Asia, the number of locations was reduced from 36 to 18 as offices were consolidated and co-located. The Asia region will be anchored closer to ING's European footprint in order to enhance the overall business flow with European clients. The emphasis in the region will be on the main markets in North Asia.

ING AMERICAS

The Executive Centre ING Americas is comprised of business units operating in four broad geographic-based units in the United States, Mexico, Canada and South America. The primary products and services provided in ING Americas' business units are various types of insurance, mutual funds, brokerage services and institutional products including reinsurance and guaranteed investment contracts ("GICs"). In addition, we offer corporate and investment banking products and services as well as retail and institutional asset management in these geographic areas through business units located in other globally focused executive centers.

ING Americas has leading market positions in all of its geographic regions. ING America's combined insurance operations now place it among the top five life insurers in the U.S. in terms of life and annuity premiums, variable annuity sales and retirement plan sales. The combined U.S. operations also boast a growing mutual fund business including the retail-oriented ING Pilgrim Funds and the institution-oriented Aeltus Funds, with annual sales of over EUR 12.7 billion.

During 2001, ING Americas successfully completed its acquisition of the remaining ownership of Seguros Comercial América ("SCA") in which ING Americas had acquired a minority interest in 2000. SCA has been rebranded to ING Comercial América ("ING CA") and is the market leader in the rapidly growing Mexican insurance market.

ING Canada announced a strategic alliance with Zurich Canada aimed at integrating their products, services and distribution networks. Under the terms of the alliance, ING Canada acquired Zurich's Canadian personal and group non-life operations and both have agreed to leverage their expertise in the commercial and corporate lines.

ING Americas ranks as the number one international insurer in Latin America and is a leader in terms of life insurance premium income in Argentina (second place), Chile (second place), Mexico (second place) and Brazil (fourth place).

The integration in 2001 of the financial services businesses of Aetna, Inc. and ReliaStar Financial Corp. and its subsidiaries provided an opportunity to push forward a realignment in the U.S. around manufacturing and distribution capabilities. The acquisitions of Aetna International businesses throughout South America and of SCA in Mexico also provided the scale and critical mass to make these distinct management areas.

The following sets forth premium income for the operations in the U.S., Mexico, Canada and South America by product for the years indicated:

	Year ended December 31,		
	2001	2000	1999
	(EUR millions)		
USA (1)			
Life premiums:			
Individual	12,343	9,850	5,814
Group	14,984	2,948	1,712
Indirect	1,391	550	467
Non-life premiums	407	93	122
Total	**29,125**	**13,441**	**8,115**
MEXICO			
Life premiums			
Individual	135		
Group	111		
Non-life premiums	944		
Total	**1,190**		
CANADA			
Life premiums:			
Individual	–	–	475
Non-life premiums	1,583	1,502	1,192
Total	**1,583**	**1,502**	**1,667**
SOUTH AMERICA			
Life premiums:			
Individual	376	169	116
Group	117	25	19
Non-Life premiums	618	46	43
Total	**1,111**	**240**	**178**

(1) Premium income of EUR 1,526 million for ReliaStar Financial Corp. and its subsidiaries is included from September 1, 2000, the date of acquisition.

UNITED STATES

It offers a wide range of products which include traditional life, variable universal life, interest sensitive life, universal life, group life, stop loss, guaranteed investment products, variable annuities, mutual funds and fixed annuities. ING AIH's distribution channels include independent producers, career agents, broker dealers and financial institutions.

ING AIH's primary wholly owned subsidiaries include Security Life of Denver Insurance Company, Life Insurance Company of Georgia, Southland Life Insurance Company, First Columbine Life Insurance Company, ING Investment Management LLC, Investors Financial Group LLC, Equitable of Iowa Companies, Equitable Life Insurance Company, USG Annuity and Life Company, Golden American Life Insurance Company, ReliaStar Life Insurance Company, Lion Connecticut Holdings, Aetna Life Insurance and Annuity Company, Aetna International, Inc., Multi-Financial Securities Corporation, United Life & Annuity Insurance Company and Ameribest Life Insurance Company. The ING U.S. organization currently has 17 life insurance entities. Management is rationalizing this structure and plans to reduce the numbers of legal entities to better reflect core operations are being implemented. These efforts are not expected to culminate until the end of 2004.

ING has a long history in the United States, and is committed to further strengthening its existing U.S. operations and optimizing their performance. The U.S. life and non-life markets, though consolidating, remain highly fragmented and subject to intense competition as clients move towards investment, savings, and pure risk products. Increasing bank participation in the insurance market also threatens to intensify competition. Retail business units in the U.S. are organized to support integrated financial services where the entire breadth of ING products can be offered to ING's target markets, through the distribution channel of their choice.

ING Americas operates in the United States in two business segments: U.S. Financial Services, which focuses on retail sales and Institutional Markets. Each unit is described more fully below.

United States Financial Services

ING U.S. Financial Services ("USFS") comprises seven primary businesses units (Defined Contribution Pensions, Group Insurance, Rollover/Payout, Life Insurance, Annuities, the ING Advisors Network and Mutual Funds), which provide a wide variety of financial services to individuals both on a retail basis and through their employers. An extensive distribution network as well as the Internet, Voice Response Unit (VRU), and customer service representatives support products and services.

USFS markets a complete range of life insurance and annuity products including variable universal life, universal life, indexed life, and term insurance for consumers as well as products focused on the corporate-owned life insurance market, and fixed, indexed and variable annuities. In addition, a broad range of employee benefit related products and services including retirement plans, group life and disability insurance and tax-sheltered annuities are offered. Financial services offered also include investment advisory services, financial planning, pension plan administrative services and trust services.

USFS's strategy is to offer retirement savings products appealing to many consumers while utilizing broad-based distribution channels of independent and career insurance agents, banks and broker/dealers. Products are marketed through more than 68,000 independent and 450 career agents, 80 banks, 700 independent broker/dealers operating throughout the United States and the ING Advisors Network, a network of wholly owned broker/dealers. In addition, marketing efforts are also directed to third party distributors such as independent broker/dealers and financial institutions through the coordinated efforts of a 115 person wholesaling force.

Employee benefits products are marketed through major brokerage operations and through direct sales to employers by marketing professionals employed full-time and located in regional offices throughout the United States.

ING Institutional Markets

ING Institutional Markets focuses on providing products to institutional customers in two areas, reinsurance, through ING Reinsurance, and guaranteed investment contracts ("GICs").

ING Reinsurance is the professional life reinsurance arm of ING Americas and, based on sales, is one of the top six life reinsurers in the United States. Its primary focus is assisting its clients in total life insurance risk management; its primary activities are individual life reinsurance, offered to insurance companies throughout the United States, and special risk reinsurance. ING Reinsurance's focus has been to strengthen its domestic reinsurance position and broaden its product line to new risk transfer products, risk management services and structured finance. Business lines in worker's compensation catastrophic coverage were dropped during 2001.

ING Institutional Markets offers GICs and GIC alternatives to defined contribution programs and other institutional buyers through insurance companies Life of Georgia, Security Life of Denver and Southland Life. GICs offered by ING Institutional Markets consist primarily of traditional products, which guarantee a fixed rate of interest and a return of principal to the contract holder. ING Institutional Markets also provides alternative GIC products consisting of synthetic and separate account GICs, on a small but growing scale.

CANADA

ING Americas' Canadian business strategy is centered around the development of a core integrated financial services platform characterized by strong manufacturing and distribution capabilities.

The strategic alliance with Zurich Canada will consolidate ING Canada's position as a leading insurer in the Canadian non-life risk market. Canadian non-life operations are conducted through ING Commerce Group, ING Company of Canada (formerly ING Halifax Insurance), ING Western Union, ING Wellington and ING Novex, which distribute their products through approximately 2,800 independent brokers across Canada. ING Commerce Group offers all lines of non-life insurance in Quebec. ING Insurance Company of Canada operates in Ontario, Manitoba and the Maritimes, while ING Western Union operates in Alberta and British Columbia. These companies focus on the personal and small to medium sized commercial markets. ING Novex offers personal lines insurance to groups throughout Canada. ING Wellington offers commercial specialty lines products including marine, surety, and niche products through out Canada.

In addition to its independent broker channel, ING Canada provides non-life insurance on a direct response basis through Belair Insurance. Belair manages more than 315,000 home and automobile insurance policies to customers recruited generally through radio and direct mail campaigns, billboard advertisements, and other media sources. Products are marketed and sold mainly through the internet, and by phone through four call-centers and 16 branches in Quebec, Ontario. During the year, Belair Insurance continued investing in state-of-the-art call center technologies.

2001 was the first full year of commercial activity for ING Funds. ING Funds offers its mutual funds through stockbrokers, independent advisors, ING Wealth Management, ING Direct, and discount brokerages. During the year, ING Funds continued building its operational and sales infrastructure and increased its product offering. Initially, ING Funds managed and distributed 18 core funds. During the year, ING Funds launched the Ensemble family in cooperation with two other funds companies. Furthermore, ING Direct Funds combined its funds within ING Funds' family.

In 2001, ING Canada launched ING Wealth Management, a registered mutual fund dealer dedicated to supporting ING Canada's retail partners in building wealth management capabilities within their brokerages. This new venture provides a large array of financial products and services (mutual funds, insurance products and banking services). The creation of ING Wealth Management, along with ING's ownership of Equisure, its equity position in IPC Financial Networks, and the distribution of proprietary ING funds reinforce ING's presence in the various distribution channels. These initiatives also contribute to ING Canada's progress towards becoming a premier supplier of integrated financial services in Canada.

In 2001, the combined gross premiums of the Canadian non-life insurance companies was EUR 1.6 billion. Before the strategic alliance with Zurich Canada, ING Canada ranked second in the Canadian non-life sector, based on market share.

ING Direct is also active in Canada, where it first began operating in April 1997 with the Investment Savings Account. Today, ING Direct Canada serves over 475,000 clients and has EUR 3.4 billion in deposits, offering business investment savings accounts, mortgages, consumer loans and mutual funds.

Mexico

ING Americas' current presence in Mexico consists of the largest insurance company, one of the largest Afores (# 5 in Assets under Management (AUM), where the top 5 represents 72.8% of the total AUM), and a 49% participation in a bancassurance joint venture.

In 2000, ING acquired, through a joint-venture agreement with Savia, a 42% stake in Seguros Comercial America ("SCA"). During 2001 ING further strengthened its position in Mexico by acquiring, also from Savia, an additional stake of 45% in SCA, increasing its interest to a total of 87% for approximately USD 791 million. The remainder of the shares were obtained towards the end of 2001, elevating ING to the top tier of financial services organizations in Mexico. SCA was successfully rebranded to ING Comercial America ("ING CA") and is the market leader in the Mexican insurance industry with premium income of approximately EUR 2.7 billion on an annual basis. ING CA has its strongest market positions in autos (#1), commercial property & casualty business (#1) and health insurance (#1). The growth focus will be on personal lines with the emphasis on life products (currently #2).

Afore Bital, the privatized pension saving fund business started in 1997, is substantially profitable with more than 2.7 million clients and assets under management exceeding EUR 2.5 billion. Combining rebranding efforts to introduce the ING brand as a strong and credible supplier of financial services in Mexico, Afore Bital was also rebranded to ING Comercial America Afore.

SOUTH AMERICA

ING Americas seeks to be a leading player in emerging and other selected markets outside North America that have the potential for attractive long-term returns. Therefore, ING Americas, through subsidiaries and joint venture affiliates, sells life insurance, health insurance, pensions, and financial services products in selected markets in strategic South American countries. South American activities are focused on the core countries of Argentina, Brazil and Chile. ING also has a presence in Peru. The acquisition of Aetna International resulted in enhanced positions in Chile, Brazil and Peru. Non-strategic activities acquired with Aetna International in Argentina and Colombia were divested.

ING Americas operations are conducted through wholly owned and majority-owned subsidiaries in Argentina, Chile and Peru and an equity affiliate in Brazil. The products and services sold by these businesses include individual and group life and health insurance, annuities, personal and commercial property-casualty insurance, and pension fund administration services.

Argentina

In 1995, ING bought a license to establish a life insurance operation in Argentina, and began operations in November 1996. The company is poised to enter the mature business phase and sells primarily unit-linked individual life insurance products to middle and upper income earners. Products are sold through a sales force of tied agents (1000+ at the end of 2001). In 2001, ING Insurance captured 50% of new business in Argentina and recorded EUR 69 million in life premiums. The Aetna International operations Aetna Vida (a life company) and AMSA (health business) were divested in 2001, due to the lack of a strategic fit with our existing operations. The 2001 focus was also on minimizing country risk due to deteriorating economic circumstances.

Chile

In December 1997, ING acquired ING Seguros de Vida, one of the largest life insurance companies in Chile. With the acquisition of Aetna International in 2000, ING Americas has gained scale to become a leading financial services group in Chile. In 2001, the Aetna International and ING Americas life companies were completely integrated and in July of 2001, all previous Aetna International companies were rebranded into ING and ING achieved a leading brand recognition in Chile. In 2001 total revenues (premium income and asset management fees) in Chile were EUR 827 million and EUR 6.9 billion assets under management.

Brazil

The partnership with Sul America offers ING a market position in the largest South American insurance market. ING obtained, through the Aetna acquisition, a 49% share in SulAet, which is a subsidiary of Sul America and the largest health insurer in Brazil, with a 35% market share. Sul America is Brazil's number one insurer, providing a strong platform in Brazil's high-growth asset accumulation market.

Peru

ING owned a 20% stake in Integra, a pension fund manager. Through the acquisition of Aetna International, an additional 40% was acquired. As a result, Integra has become a majority-owned subsidiary of ING Americas. Integra is the leading pension fund manager in Peru with a 32% market share and EUR 1.3 billion assets under management. ING also has a minority position in Wiese-Aetna, an insurance company that offers both life and non-life products.

Netherlands Antilles and Aruba

ING Fatum is headquartered in Curacao, with sales offices in Aruba, St-Maarten and Bonaire and offers a complete range of individual and group life and non-life products modeled after Dutch products.

ING ASIA/PACIFIC

The Executive Center ING Asia/Pacific is responsible for the retail strategies in delivering integrated financial services in the key markets in the Asia/Pacific region.

A functional regional office in Hong Kong supports all business units in the region, ensures implementation of strategy and policy , encourages synergy both regionally and globally and reports on a consolidated basis to headquarters in Amsterdam.

The region focuses on the individual and Small and Medium Enterprises (SME) markets, providing a full range of products distributed via the channel of choice of the customer. Within the region markets develop and mature based upon regulatory reform and the expectations of the community, and as a result ING's strategies in the region vary by country and market.

Distribution in Asia has traditionally seen tied or career agents dominate, but this is changing in certain markets with the evolution of independent agents, financial planners and the inroad of E-business access both direct to the customer and supporting traditional intermediary channels.

A growing market in Asia/Pacific is the defined contribution pension market, historically significant in Australia, but now developing in Japan and Hong Kong and clearly a developing opportunity and need in the other key markets in the region.

A major strategic focus for Asia/Pacific was to develop scale and effective presence in its key markets. In 2000 this strategy was strongly augmented by the ING Group acquisition of Aetna's financial services businesses in Asia/Pacific. Our mission in 2002 is to continue as a top player in key strategic markets. The focus will be on markets where scale, distribution, management and technology are the drivers of sustainable profit growth.

Products

In Asia/Pacific the focus continues to be on wealth creation via life and funds management products with non-life products only being offered in certain markets. Commercial banking products are provided in Australia at this time.

One of the strategies in Asia/Pacific is to develop strong strategic relationships with banks, security houses, and retail organizations to deepen our customer and product penetration. Initiatives have been undertaken in Korea, Taiwan, Japan, Australia and Hong Kong to build alliances and such relationships.

The Australian operations were rebranded from Mercantile Mutual to ING on March 1, 2001.

Australia

Our business in Australia has seen strong growth in assets under management but a slowdown in life premium growth as the market skews toward fund management products. Our pensions business continued to grow strongly. New E-Business initiatives were launched to provide on-line access for intermediaries and customers for enhanced customer services. Distributing ING Direct's products via the existing multi channels produced strong growth in number of customers, deposits, and mortgage business.

Taiwan

The ING Taiwanese operations include life, mutual funds and credit card businesses. The main distribution channel is the tied agency channel, which is leveraged to distribute credit card, mutual funds and private banking products.In 2001 the merger of ING Life of Georgia Taiwan branch into Aetna Life Insurance Company was completed successfully. The merged operation was rebranded to ING Antai in June 2001.

Hong Kong

The integration of Aetna's life and pension businesses with ING's non-life operation in 2001 has successfully established an Integrated Financial Services (IFS) platform in Hong Kong. All business units are now branded ING to facilitate this platform.

China

With the acquisition of Aetna International in 2000, ING now has equity in a life joint venture operation with China Pacific Insurance Company in Shanghai. With 5,000 agents and over 100,000 customers, the joint venture now ranked No. 5 in new premium in 2001 with 4% market share in Shanghai. In addition, ING was granted permission to establish a second JV by the Chinese government in 2000. With this license, a separate life joint venture company is expected to be established in 2002.

Korea

Premiums grew rapidly through traditional tied agency distribution channel during 2001. A strategic investment in Housing and Commercial Bank (H&CB), now merging with Kookmin Bank, with new regulation sought in 2002/3 will facilitate bancassurance and fund management opportunities in this strong savings market.

Japan

Life premium production grew well in 2001 and is mainly contributed by Corporate Owned Life Insurance products. ING Funds markets a full range of mutual funds but growth in 2001 was lacklustre as a result of a difficult market environment where economic activity was slow and equity markets depressed. The ING Principal Pensions joint venture launched a comprehensive range of products related to defined contribution pensions in the fourth quarter of 2001. Leveraging the global expertise and know-how of both ING and Principal Financial Group, the joint venture will focus on small and medium-sized companies.

Malaysia

With the Aetna acquisition, ING now owns the third largest life insurance company in Malaysia. In 2001, the company strengthened its position in individual life and maintained its leadership in employee benefits areas. Investment returns have been bolstered through local synergies with ING Barings. The company will continue to captialize on its E-business leadership with new initiatives, customers and agents.

India

ING Vysya Life Insurance, a joint venture between ING Insurance, Vysya Bank and GMR Technologies & Industries, was granted an operational licence by the Insurance Regulation and Development Authority in 2001. The joint venture, which started operations in Bangalore, Delhi and Mumbai in September 2001, is penetrating this large market and works closely with Vysya Bank.

ING ASSET MANAGEMENT

Through its many activities, ING Group, with over EUR 513 billion in assets under management at December 31, 2001, generates sizeable assets that need to be managed carefully to accommodate the associated liabilities. As important, the Group's clients – corporate, institutional and retail – face similar challenges for which they seek professional support. Thus, the responsibilities of ING Asset Management comprise asset management for ING Insurance companies, management of ING's mutual funds, asset and relationship management for institutional investors, international private banking, real estate, hedge funds, private equity and venture capital activities.

Prior to January, 2002, ING Asset Management was comprised of the following eight business units:

- ING Investment Management
- Baring Asset Management
- ING Baring Private Bank
- ING Real Estate
- ING Trust
- Parcom Ventures
- Baring Private Equity Partners
- ING Furman Selz Asset Management

In 2001, ING Asset Management had an average of 5,052 employees, based on full-time equivalents.

Organizational change

As of January, 2002, ING Asset Management's private banking activities were transferred to ING Europe, and Aeltus, the asset management unit of Aetna, was merged with ING Furman Selz Asset Management to form ING Aeltus. Finally, the wholesale real estate business of Westland/Utrecht Hypotheekbank and ING Bank Nederland was transferred to ING Real Estate.

The following sets forth information with respect to the assets under management of ING Group for the periods indicated.

	Year ended December 31,		
	2001	2000	1999
	(EUR billions)		
Own funds	166	145	108
Third party funds	347	358	237
Total	**513**	**503**	**345**
Of which:			
ING Asset Management	380	331	325
Other ING subsidiaries*	133	172	20
Total	**513**	**503**	**345**

* During the year 2001, the management of ING US Insurance general account assets (EUR 76 billion) was transferred to ING Asset Management

ING Investment Management

ING Investment Management ("IIM") is responsible for managing the investments of the insurance companies of ING, as well as managing equity and fixed income investments for institutional investors and the private label investment funds sold by various ING companies, including ING Bank, Postbank and Nationale-Nederlanden. IIM is also responsible for managing the treasury activities of ING Insurance. The Executive Committee of ING Asset Management defines and supervises ING Insurance's global investment policy. Coordination of the policy is entrusted to IIM, and the relevant business units of ING Asset Management implement the policy.

The investment portfolios of ING Group companies managed by IIM increased by 17% to EUR 133.0 billion at December 31, 2001. This growth was mainly realised by an increase of assets managed on behalf of the US Insurance operations (25%). The integration of the general account investment platforms of Aetna, ReliaStar and ING has been completed, resulting in an expansion of investment capabilities and cost savings. The fixed income portfolios are designed to match the currency and maturity structure of the corresponding insurance liabilities. The equity portfolio consists, to a large extent, of holdings of 5% or more of the outstanding stock of Dutch companies. Under Dutch tax law, dividends and capital gains of such holdings are tax exempt.

Assets under management of IIM on behalf of institutional clients increased by 12% to EUR 56.1 billion in 2001. The portfolio managed on behalf of institutional clients consisted of fixed income securities (approximately 67%) and equities (approximately 33%).

Innovation remains the key success factor for the introduction of new mutual funds. Successful new additions made in 2001 by IIM to ING's portfolio of about 500 mutual funds were principal protected products and theme funds. Assets in investment funds managed by IIM were at EUR 70.6 billion at the end of 2001, compared to EUR 81.4 billion as of December 31, 2000; the net inflow did not compensate for the drop in asset prices.

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 Managements' business is structured into two business lines: Investment Management Group and Financial Services Group, which accounted for 58% and 42%, respectively, of Baring Asset Managements' revenues in 2001. The main client regions are the United Kingdom, North America, Japan and Continental Europe. It has offices in Boston, Dublin, Frankfurt, Guernsey, Hong Kong, Isle of Man, London, Paris, Vienna, San Francisco, Sydney, Taipei, Tokyo and Toronto.

As a result of market declines and a net outflow of funds, funds assets under management decreased by EUR 10 billion to EUR 39.6 billion at December 31, 2001.

ING Baring Private Bank

ING Baring Private Bank ("IBPB") focuses primarily on high net-worth individuals outside the Netherlands and Belgium and entrepreneurs in emerging markets. The objective is the application of the "wealth management" concept to its client target groups, whereby IBPB seeks to contribute to the accumulation, maintenance and transfer of all types of assets on behalf of its clients.

IBPB is a client driven business and intends to maintain its focus on those segments where ING's identity provides it with a sustainable competitive advantage. ING believes that there are opportunities for synergy between IBPB and other ING Asset Management business units involved in individual funds management.

Despite the highly volatile market and lower stock prices, IBPB continued its strong performance in 2001. Assets under management increased by 17% to EUR 10.8 billion.

ING Real Estate

ING Real Estate's mission is to play a prominent role in providing real estate services in the fields of asset management, development and finance. The total portfolio under management amounted to EUR 30.5 billion at the end of 2001, an increase of EUR 4.5 billion from December 31, 2000.

Several new funds were created to take advantage of this strong position (notably in the Netherlands and Australia). New separate account mandates were won in the USA, the UK and Spain. Both the existing and the newly introduced funds performed well and showed considerable growth; third party assets under management increased by EUR 2.6 billion. The ING Retail Property Fund in Australia will be launched in 2002.

ING Real Estate is a property developer in the Dutch and European markets. In 2001, it acquired Filo, a Spanish real estate and shopping centre developer and management company that ranked among the top 5 listed Spanish real estate companies. Several prestigious projects have been added this year, such as the Zlota project in Warsaw, the New York Times Tower project and the Gershwin project in Amsterdam.

ING Real Estate also operates in the field of commercial property financing in the Netherlands and increasingly abroad, especially in Europe and the US.

ING Trust

ING Trust specialises in trustee services and the formation and management of offshore companies used for, amongst other things, tax planning, estate planning and asset protection. By acquiring Intra Beheer in April 2001, it has become a leading player in the Dutch market for offshore trust services.

Parcom Ventures and Baring Private Equity Partners

UK-based Baring Private Equity Partners both specialize in private equity investments, with Parcom Ventures investing on behalf of ING Insurance, while Baring Private Equity Partners manages primarily third party funds.

At December 31, 2001, assets under management of Parcom Ventures were EUR 400 million. Parcom Ventures will consider acquisitions and alliances to further strengthen its position in Western Europe (Benelux, Germany, and France) and in the Life Science and Biotechnology sector. Midsize and large buy-outs and build-up companies are expected to continue to dominate the Parcom Ventures private equity portfolio.

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 2001 with three new fund closings for Central Europe, Asia and the former Soviet Union, bringing total funds under management to EUR 2.3 billion. These closings enabled Baring Private Equity Partners to complete its international footprint and provide institutional investors with access to private equity opportunities in all major markets outside the USA.

ING Furman Selz Asset Management

ING Furman Selz Asset Management (IFSAM) is ING's platform for alternative asset management services. IFSAM's vision is to create an efficient, profitable and differentiated portfolio of asset management activities around specialized expertise. It has built a platform of hedge funds in equity, real estate and high yield fixed income, with assets under management standing at EUR 22 billion, and intends to further grow this business. A new European CDO (collateralised debt obligations) product was launched, which marked the first step of this product outside the US market. Two new funds of private equity fund products were launched. The 'secondaries' fund, which buys private equity partnership interests from investors who wish to reduce their exposure to this asset class, met with particularly strong demand from institutional investors in the US and Europe.

THE FOLLOWING TABLE SETS FORTH OUR PRINCIPAL GROUP COMPANIES:

Unless otherwise stated our participating interest is 100%, or almost 100%

COMPANIES TREATED AS PART OF THE INSURANCE OPERATIONS

The Netherlands	
ING Verzekeringen N.V.	The Hague
AO Artsen-Verzekeringen N.V.	The Hague
Apollonia Levensverzekering N.V.	Rotterdam

ING Vastgoed Belegging B.V.	The Hague
N.V. Nationale Borg-Maatschappij	Amsterdam
Nationale-Nederlanden Levensverzekering Maatschappij N.V.	Rotterdam
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.	The Hague
Nationale-Nederlanden Zorgverzekering N.V.	The Hague
Parcom Ventures B.V.	Utrecht
Postbank Levensverzekering N.V.	The Hague
Postbank Schadeverzekering N.V.	The Hague
RVS Levensverzekering N.V.	Rotterdam
RVS Schadeverzekering N.V.	Ede
Movir N.V.	Nieuwegein

Belgium

RVS Verzekeringen N.V.	Brussels
ING Insurance Belgium N.V.	Antwerp

Rest of Europe

ING Sviluppo Finanziaria S.P.A.	Milan, Italy
Nationale-Nederlanden Poist'ovna A.S.	Bratislava, Slovakia
Nationale-Nederlanden Life Insurance Company Poland	Warsaw, Poland
NN Pension Fund Poland	Warsaw, Poland
ING Nederlanden Asigurari de Viata S.A.	Bucharest, Romania
NN Life Insurance Company S.A.	Athens, Greece
NN Greek General Insurance Company S.A.	Athens, Greece
ING Magyarországi Biztosító Rt.	Budapest, Hungary
NN Vida, Compañia de Seguros y Reasuguros S.A.	Madrid, Spain
NN Generales Compañia de Seguros y Reasuguros S.A.	Madrid, Spain

North America

ING La Compagnie d'Assurances Belair	Montreal, Quebec, Canada
ING Le Groupe Commerce Compagnie d'Assurances	Saint-Hyacinthe, Quebec, Canada
ING The Halifax Insurance Company	Toronto, Ontario, Canada
ING Aetna Financial Services, Inc.	Hartford, Connecticut,U.S.A.
ING Aetna International, Inc.	Hartford, Connecticut,U.S.A.
ING Equitable of Iowa Companies, Inc	Des Moines, Iowa,U.S.A.
ING America Insurance Holdings, Inc.	Wilmington, Delaware, U.S.A.
ING North America Insurance Corporation	Atlanta, Georgia,U.S.A.
ING Life Insurance Company of Georgia	Atlanta, Georgia,U.S.A.
ING ReliaStar Financial Corp	Minneapolis, Minnesota,U.S.A.
ING Security Life of Denver Insurance Company	Denver, Colorado,U.S.A.
ING Southland Life Insurance Company	Atlanta, Georgia,U.S.A.
ING United Life & Annuity Insurance Company	Dallas, Texas,U.S.A.
ING Afore S.A. de C.V. (98%)	Mexico City, Mexico
ING Comercial America	Mexico City, Mexico

South America

FATUM/De Nederlanden van 1845 Schadeverzekering N.V.	Curaçao, Netherlands Antilles
ING Seguros de Vida S.A.	Santiago, Chile

Asia

ING Indonesia Insurance P.T.	Jakarta, Indonesia
ING Life Insurance Company Ltd.	Tokyo, Japan
ING Life Insurance Co. (Philippines) Inc.	Manila, Philippines
ING Life Insurance Company, Korea, Ltd. (80%)	Seoul, South Korea

Australia

ING Australia Limited	Sydney, Australia

Reinsurance companies

ING Reinsurance Company International Ltd.	Dublin, Ireland
ING Re (Netherlands) N.V.	The Hague, the Netherlands

Branches

In addition, ING Insurance and its subsidiaries have offices in Argentina, Aruba, Brazil, China, Czech Republic, India, Luxembourg

COMPANIES TREATED AS PART OF THE BANKING OPERATIONS

Netherlands

ING Bank N.V.	Amsterdam
Assurantiebedrijf ING Bank N.V.	Amsterdam
Bank Mendes Gans N.V. (97.79%)	Amsterdam
B.V. Kredietmaatschappij Vola	Amsterdam
CenE Bankiers N.V.	Utrecht
CW Lease Nederland B.V.	’s-Hertogenbosch
Extra Clearing B.V.	Amsterdam
ING Bank Corporate Investments B.V.	Amsterdam
ING Lease (Nederland) B.V.	Amsterdam
ING Trust (Nederland) B.V.	Amsterdam
ING Vastgoed B B.V.	The Hague
ING Vastgoed Ontwikkeling B.V.	The Hague
INIB N.V.	Amsterdam
InterAdvies N.V.	Amsterdam
MKB Investments B.V.	Amsterdam
Nationale-Nederlanden Financiële Diensten B.V.	Amsterdam
N.V. Nationale Volksbank (NVB)	Amsterdam
NMB-Heller Holding N.V. (50%)*	Amsterdam
Postbank N.V.	Amsterdam
Postbank Groen N.V.	Amsterdam
Postkantoren B.V. (50%)	Groningen
Stichting Regio Bank	Amsterdam
Runoto Leasing B.V.	Oldenzaal
Tunnel onder de Noord B.V.	Amsterdam
Westland/Utrecht Hypotheekbank N.V.	Amsterdam
Wijkertunnel Beheer II B.V.	Amsterdam

Belgium

Bank Brussel Lambert N.V. (99.37%)	Brussels
CW Lease Belgium N.V.	Antwerpen

Rest of Europe

Bank Slaski S.A. (82.81%)	Katowice, Poland
Banque Baring Brothers (Suisse) S.A. (70%)	Geneva, Switzerland
Baring Asset Management Holdings Ltd.	London, United Kingdom
Baring Brothers Ltd.	London, United Kingdom
Barings (Guernsey) Ltd.	Guernsey, Channel Islands
BHF-BANK A.G. (97.90%)	Frankfurt, Germany
BPEP Holdings Ltd.	London, United Kingdom
ING Bank (Hungary) Rt.	Budapest, Hungary
ING Bank (Luxembourg) S.A.	Luxembourg, Luxembourg
ING Bank (Schweiz) A.G.	Zürich, Switzerland
ING Baring Ltd.	London, United Kingdom
ING Finance (Ireland) Ltd.	Dublin, Ireland

North America

Furman Selz Holding LLC	New York, NY,U.S.A.
ING Baring (U.S.) Financial Holdings Corporation	New York, NY,U.S.A.

ING Baring (U.S.) Securities Inc.	New York, N.Y., U.S.A.
ING Bank of Canada	Toronto, Ontario, Canada

South America

ING Empreendimentos e Participações Ltda.	São Paulo, Brazil
ING Inversiones Ltda.	Bogota, Colombia
ING Servicios C.A.	Caracas, Venezuela
ING Sociedad De Bolsa (Argentina) S.A.	Buenos Aires, Argentina
ING Trust (Antilles) N.V.	Curaçao, Netherlands Antilles
Middenbank Curaçao N.V.	Curaçao, Netherlands Antilles

Australia

ING Bank (Australia) Ltd.	Sydney, Australia

Asia

ING Baring Securities (Japan) Ltd.	Tokyo, Japan
ING Capital Markets (Hong Kong) Ltd.	Hong Kong, China
ING Futures & Options (Hong Kong) Ltd.	Hong Kong, China
ING Merchant Bank (Singapore) Ltd.	Singapore, Singapore
P.T. ING Indonesia Bank (85%)	Jakarta, Indonesia

Branches

ING Bank N.V. has offices in all the major financial centres, including London, Frankfurt, Hong Kong and Tokyo. In addition, ING Bank, ING Barings and/or BBL have offices in Asunción, Athens, Bangkok, Bratislava, Bucharest, Buenos Aires, Cairo, Curaçao, Dubai, Dublin, Havana, Istanbul, Johannesburg, Kigali, Kinshasa, Lima, Madrid, Manila, Mexico, New Delhi, Paris, Prague, São Paulo, Seoul, Shanghai, Singapore, Sofia, Taipei, Vienna and Warsaw among others.

* Proportionally consolidated.

REGULATION AND SUPERVISION

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

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 presently effective Protocol was adopted by the Dutch Central Bank and the Insurance Supervisory Board 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 Groep N.V., 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 solvency margins of the insurance companies;
- capital, reserves, and subordinated loans of the other subsidiary companies;
- information as to the solvency of the 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 the Group, in respect of other companies in the Group. See " – Insurance – The Netherlands" and " – Banking – Netherlands Regulation". 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 the year 2001 a study was conducted on behalf of the Dutch supervisory authorities and representatives of industry associations regarding the risk profile and capital adequacy of financial conglomerates. The study concluded, among others things, that supervision should take place along the four pillars: Rules Based Capital Requirements, Supervisory Review, Market Disclosure and Legal Firewalls. The Dutch supervisory authorities shall use these conclusions to further develop their strategies on regulating financial conglomorates.

ING Groep N.V. and its subsidiaries are in compliance in all material respects with the applicable banking and insurance regulations and capitalization and solvency requirements of each applicable jurisdiction.

INSURANCE

The Netherlands

Insurance companies in the Netherlands are supervised by the Pension and Insurance Supervisory Authority of the Netherlands ("Insurance Supervisory Board") under the mandate of the Insurance Companies Supervision Act of 1993 (the "Act") (Wet toezicht verzekeringsbedrijf 1993). Under this Act, ING Insurance's life and non-life subsidiaries in the Netherlands are required to file detailed annual reports. These reports are audited by ING Insurance's independent auditors and include balance sheets, profit and loss statements, actuarial statements and other financial information. Dutch insurance companies are initially licensed by the Insurance Supervisory Board and then monitored closely through annual filings. The authorization granted by the Insurance Supervisory Board stipulates the class or classes of business that an insurer may write, and is required for every proposed new class of business. In addition, the Insurance Supervisory Board may require an insurer to submit any other information the Insurance Supervisory Board requests and may conduct an audit at any time. Generally, the Insurance Supervisory Board performs an audit every five years. The Insurance Supervisory Board is not empowered to intervene in the running of an insurance company, but can make recommendations with regard to its management. If these recommendations are not followed, the Insurance Supervisory Board can publish them and, under certain circumstances, thereafter withdraw the license of the insurer.

By law, Dutch life insurance companies are required to maintain a shareholders' equity level of generally 4% of insurance reserves (1% of separate account reserves) plus 0.3% of the amount at risk under insurance policies. The required shareholders' equity level for Dutch non-life insurers is the greater of two calculations, one based on premiums and one on claims. The former is based on 16% of gross premiums written for the year the latter is based on 23% of a three-year average of gross claims. As of December 31, 2001, the capital base, being EUR 8.0 billion of ING Group's Dutch insurance subsidiaries substantially exceeded these minimum standards amounting to EUR 2.3 billion, resulting in a surplus of EUR 5.7 billion.

The 1992 EU Insurance Directives were incorporated into Dutch legislation in July 1994. These Directives are founded on the "home country control" principle, according to which the ongoing regulation of insurance companies, including their foreign insurance operations, is the responsibility of the home country insurance regulatory authority. The home country insurance regulatory authority monitors compliance with applicable regulations, the solvency of the insurer and its actuarial reserves, as well as the assets of the insurer which support such reserves. As a result of the implementation of these directives, an insurance company that has been licensed to conduct insurance business in one jurisdiction of the EU may do business directly or through foreign branches in all other jurisdictions of the EU without being subject to licensing requirements under the laws of the other EU member-states.

In 1994 the Insurance Supervisory Board also issued revised actuarial principles relating to the overall adequacy of technical reserves and the profitability of new products.

In 1998, the directive of the European Parliament and Council on the supplementary supervision of the insurance undertakings in an insurance group was adopted. The directive enables the supervisors involved to form a more sound judgement on the financial situation of insurance undertakings that are part of a group, thus providing additional safety to policyholders. Furthermore, the directive aims to prevent distortion of competition and contribute to the safety of the financial market.

United States

ING Group's United States insurance subsidiaries are subject to regulation and supervision in the individual states in which they transact business. Supervisory agencies in various states have broad powers to grant or revoke licenses to transact business, regulate trade practices, license agents, approve policy forms and certain premium rates, set standards of solvency and reserve requirements, determine the form and content of required financial reports, examine insurance companies and prescribe the type and amount of investments permitted. Insurance companies are subject to a mandatory audit.

On November 12, 1999, the President signed into law the Gramm-Leach-Bliley Financial Modernization Act of 1999, which authorizes financial services companies to affiliate and substantially eliminates barriers separating the banking, insurance and securities industries. The Modernization Act:

- allows insurers and other financial service companies to acquire banks;
- establishes the overall regulatory structure applicable to financial services companies that engage in banking, insurance and securities operations;
- allows bank holding companies meeting the Community Reinvestment Act standards to engage in a substantially broader range of non-banking activities than previously was permissible, including insurance underwriting and making merchant banking investments in commercial and financial companies; and
- removes various restrictions that applied to bank holding company ownership of securities firms and mutual fund advisory companies

Insurers, including the companies comprising ING Insurance's U.S. operations are subject to Risk Based Capital ("RBC") guidelines. These guidelines provide a method to measure the adjusted capital (statutory capital and surplus plus other adjustments) that insurance companies should have for regulatory purposes, taking into account the risk characteristics of the company's investments and products. An insurance company's RBC ratio will vary over time depending upon many factors, including its earnings, the mix of assets in its investment portfolio, the nature of the products it sells and its rate of sales growth, as well as changes in the RBC formulas required by regulators. The RBC guidelines are intended to be a regulatory tool only, and are not intended as a means to rank insurers generally. Each of the companies comprising ING Insurance's U.S. operations was above its target and statutory minimum RBC ratios at year-end 2001.

The National Association of Insurance Commissioners ("NAIC") has revised the Accounting Practices and Procedures Manual in a process referred to as Codification. The revised manual has changed, prescribed accounting practices and, beginning in 2002, will result in changes to accounting practices that ING's U.S. insurance companies use to prepare their statutory-basis financial statements. Management believes the impact of these changes will not result in a significant reduction in ING's U.S. insurance companies statutory-basis capital and surplus.

Insurance holding company statutes and regulations of each insurer's state of domicile require periodic disclosure concerning the ultimate controlling person (i.e., the corporation or individual that controls the domiciled insurer in each state). Such statutes also impose various limitations on investments in affiliates and may require prior approval of the payment of certain dividends by the registered insurer to ING or several of its affiliates. ING is subject, by virtue of its ownership of insurance companies, to certain of these statutes and regulations.

Belgium

Insurance supervision in Belgium is conducted by the Insurance Control Office (Controledienst Der Verzekeringen) under the supervision of the Minister of Economic Affairs.

The control of insurance companies is regulated by the Royal Decree of February 22, 1991, that was changed by the Royal Decree of November 26, 1999. This decree mainly focuses on the following topics: granted authorizations, solvency, reserve levels and assets to cover the technical and actuarial provisions.

Belgium insurance companies are required to file detailed annual reports, including balance sheets, profit and loss statements, actuarial statements and other financial information with the Insurance Control Office. This information is required to be certified by the external auditors.

A new Royal Decree regulates the solvency supervision on a consolidated basis for insurance groups. This new regulation was effective for the first time for the accounting year ending December 31, 2001.

Furthermore, the Office has issued a new communication on assets covering technical provisions which will strengthen its financial supervision by demanding quarterly reports detailing of the assets covering technical provisions and the level of the technical provisions. This communication is only applicable from January 1, 2002 onwards.

Canada

ING Canada Holdings Inc. and ING Canada Inc. are federal companies incorporated pursuant to the Canada Business Corporations Act.

The various provincial statutes are almost identical. The law of Quebec, which is based on a Civil Code (modeled on the Napoleonic Code of France), varies in form from that of the other provinces. There are few significant differences between provinces in the administration of the insurance statutes, other than in the area of agent regulation. Ontario has case law which makes insurers absolutely liable for the actions of their agents, even if that agent is acting outside the scope of his or her appointment. The only defense available to the insurer is one of fraud. Due diligence may be pleaded; however, unless the insurer can prove that its standards of education, monitoring and auditing of agents are of the highest level, the insurer will be held responsible for the agents' action. Quebec also has a statute that similarly makes the insurer responsible for the acts of its agents. As for mutual funds and other investment products, the various provincial statutes are almost identical and the rules are almost identical to the U.S. rules in this regard.

Japan

Significant changes have taken place in the Japanese financial sector prompted by deregulation and the turmoil caused by the prolonged economic recession. The Financial Services Agency (FSA) was established on July 1, 2000, by the integration of the Financial Supervisory Agency and the Financial System Planning Bureau of the Ministry of Finance.

The Financial Products Sales Law (FPSL) was passed on May 23, 2000 and came into force on April 1, 2001. The FPSL stipulates protection of consumers of financial services and calls for:

– Substantial explanation on principal loss, market risk and credit risk,
– Provision of documented explanation for customer,
– Drawing up/Publishing the Soliciting Policy. This must demonstrate that the insurer conducts its canvassing activities so as to comply with a customer's needs and situation.

New products, revision of existing products and changes in policy provisions require approval by the FSA. Premiums are, in most cases, not very different, and vary between participating, semi-participating, and non-participating products. Cabinet Office and FSA ordinances stipulate the types of assets in which an insurance company can invest. In addition, ordinances limit the proportion of assets that an insurance company may invest in certain categories of investments. The Insurance Business Law further requires that an insurance company set aside a liability reserve for each policyholder every business period to provide for the fulfillment of the level of expected mortality and other assumptions that are applied in calculating liability reserves for long-term contracts. An insurance company shall appoint a corporate actuary at a meeting of the board of directors and have such a corporate actuary be involved in the method of calculating premiums and other actuarial matters. An external audit is required for all insurers. The auditors must report on whether the balance sheet and income statements show fairly the status of the insurer's assets and liabilities in conformity with relevant laws, Cabinet Office or FSA ordinances and the insurer's articles of incorporation. In addition to the external audit, the statutory corporate auditors must be elected to examine whether there have been any serious violations of the law, relevant FSA ordinances or the insurer's articles of incorporation by the insurer's directors. The statutory corporate auditors are also responsible for accounting matters, depending on the results produced from the external audit and are required to draw up a report covering financial and non-financial issues, which is included in the annual report to shareholders.

Australia

The financial services activities of life insurance, investments, superannuation, general insurance and banking are currently governed by separate legislation under Australian law. The two main financial services regulators are the Australian Securities and Investment Commission ("ASIC") and the Australian Prudential Regulation Authority ("APRA"). APRA is responsible for the prudential regulation of banks and other deposit taking institutions, life and general insurance companies, superannuation funds and Retirement Savings Account Providers (RSA) providers. APRA's responsibilities include regulating capital and liquidity requirements and monitoring the management functions of product providers. ASIC is responsible for consumer protection and market integrity across the financial systems, including the areas of insurance banking and superannuation.

BANKING

Basel Standards

The bank regulatory authorities of the group of ten countries (the "Group of Ten"), which includes the United States, the Netherlands and eight other major industrialized countries, have cooperated in an effort to develop 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 on Banking Regulations and Supervisory Practices adopted risk-based capital guidelines (the "Basel guidelines"), which have been implemented by banking regulators in the countries that have endorsed them. The Basle 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 solvency 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 have been adopted by the European Community and have been made part of Netherlands law. In June 1999, the Basel Committee proposed a review of the Basel guidelines of 1988.

Since then the proposals of the consultative paper of the Basel Committee on Banking Supervision were further discussed by several international working parties.Once finalized, the implementation of "The New Basel Capital Accord" is expected in 2005.

European Community Standards

The European Community, of which the Netherlands is a member, has adopted a capital adequacy regulation for credit institutions in all its 15 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 solvency ratio for credit institutions (the "Solvency 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, including the Netherlands, to transform the provisions of the Solvency Ratio Directive and the provisions of the Own Funds Directive into national law directly binding on banks doing business 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 ("CAD") was implemented in the Netherlands with effect from January 1, 1996. In particular, the CAD introduces a new requirement for banks to provide capital for market risk. The implementation of CAD has had no material impact on the Group's total capital position.

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 until, following this confirmation, a period of two months has elapsed or until, before the expiry of this period, 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 solvency ratio of own funds to risk-adjusted assets and certain off-balance sheet items of 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 solvency 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, letters of credit and foreign currency and interest rate contracts, first, their face value is adjusted according to their risk classification depending on the type of instrument (0%, 10%, 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.

The Dutch Central Bank implemented the Basel guidelines on January 1, 1991 and the EU Directives in 1992.

Netherlands regulation

The Group's banking activities in the Netherlands are supervised and extensively regulated by the Dutch Central Bank on behalf of the Netherlands Minister of Finance under the mandate of the Act on the Supervision of Credit Institutions (the "Credit Institutions Supervision Act") (Wet Toezicht Kredietwezen 1992).

The Credit Institutions Supervision Act was amended in 1992 to implement the Second Banking Coordination EC Directive and to introduce a number of other changes, including implementing an EC Directive on the supervision of credit institutions on a consolidated basis and permitting the Dutch Central Bank to issue recommendations and general directives for the management of credit institutions.

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, 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 solvency, liquidity or administrative organization.

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

Solvency directives. Solvency 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.

Credit institutions such as ING Bank must submit monthly returns to the Dutch Central Bank. These returns, which must be based on the reporting institutions' own accounting systems, must provide a true and fair view of the financial position and results.

ING Bank also files monthly and annual reports with the Dutch Central Bank. These reports are consolidated as far as they concern ING Bank's subsidiaries in the Netherlands, unless the subsidiaries file their own reports with the Dutch Central Bank. The annual reports are audited by ING Bank's independent auditors.

Belgium

Belgian banks are supervised by the Belgian Banking and Finance Commission (the "Commission") in accordance with the law of March 22, 1993 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 put an end to the authorization or to take exceptional measures if the institution violates the law or fails to perform based on the norms laid down by the Commission relating to solvency, liquidity or profitability. Regular reporting to the Commission by accredited statutory auditors is required. The Commission also has the right to request any document from a credit institution and to initiate inquiries inside the banks.

Germany

The legal basis for the supervision of banking business and financial services (banking supervision) is the Banking Act. Banking supervision is carried out by the Federal Banking Supervisory Office, working in cooperation with the Deutsche Bundesbank (Bundesbank). The Act assigns the central role in banking supervision to the Federal Banking Supervisory Office. The Federal Banking Supervisory Office 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 latter 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

The framework for supervision and regulation of banking and financial services in the United Kingdom has been reorganized. This reorganisation resulted in all supervisory authorities merging into one authority (The Financial Services Authority ("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 maintaining and improving the UK financial system as a whole, in setting standards and ratios for the banks under its supervision. Each bank has to report on a regular basis to the FSA and/or the Bank of England. Solvency requirements are in line with those prevailing in the Netherlands.

United States

ING Bank does 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.

Other countries

Elsewhere, the Group’s banking operations are subject to regulation and control by local central banks and monetary authorities.

BROKER-DEALER AND INVESTMENT MANAGEMENT ACTIVITIES

ING's broker/dealer entities in the United States are regulated by the Securities and Exchange Commission and the self-regulatory organizations (e.g., the NASD, the NYSE) of which they individually are members. The primary governing statutes for such entities are the Securities Act of 1933 and the Securities Exchange Act of 1934. Those laws, and the regulations promulgated thereunder, impose requirements (among others) regarding minimum capital, safeguarding of customer assets, protection and use of material, non-public (inside) information, record-keeping, 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 ING entities in the United States (including certain of its broker/dealers) also act in the capacity of an investment advisor (i.e. providing transactional advice to customers for a fee), and are governed in such activities by the Investment Advisors Act of 1940. Moreover, ING manages investment funds (such as mutual funds); the governance and activities of those funds are regulated by the Investment Company Act of 1940. These laws impose record-keeping and disclosure requirements on ING in the context of such activities. Moreover, the laws restrict activities between such entities and ING broker/dealer affiliates to assist in ensuring that conflicts of interest are avoided.

The failure of ING to comply with these various requirements could result in civil and criminal sanction of, and administrative penalties imposed by 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 administrative agencies.

SELECTED STATISTICAL INFORMATION ON BANKING OPERATIONS

The tables below set forth selected statistical information regarding the 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, the Company 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.

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;
- 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								
	2001			2000			1999		
	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	5,522	364	6.6	3,019	209	6.9	7,457	412	5.5
foreign	24,488	1,261	5.2	24,364	1,406	5.8	19,690	1,248	6.3
Loans and advances									
domestic	132,714	7,805	5.9	117,112	7,606	6.5	102,943	6,306	6.1
foreign	137,098	8,843	6.5	137,878	9,561	6.9	93,531	6,370	6.8
Interest-earning securities(1)									
domestic	21,165	589	2.8	17,014	460	2.7	15,767	453	2.9
foreign	78,615	3,375	4.3	66,752	3,109	4.7	46,097	2,708	5.9
Other interest-earning assets									
domestic	4,313	293	6.8	4,141	196	4.7	4,495	116	2.6
foreign	12,110	759	6.3	13,400	765	5.7	11,111	536	4.8
Total	416,025	23,289	5.6	383,680	23,312	6.1	301,091	18,149	6.0
Non-interest earning assets	30,134			24,476			20,280		
Total assets[1]	**446,159**			**408,156**			**321,371**		
Percentage of assets applicable to foreign operations			61.6%			64.1%			57.8%
Other interest income (reconciliation to Consolidated Financial Statements):									
– amortized results investments[2]		152			173			325	
– lending commission		167			222			160	
– adjustment for interest on non-performing loans[3]		(122)			(95)			(84)	
– interest on off-balance instruments[4]		1,325			1,230			700	
– other		(493)			(557)			(692)	
Total interest income		**24,318**			**24,285**			**18,558**	

LIABILITIES

	Interest-earning liabilities								
	2001			2000			1999		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
	(EUR millions)		%	(EUR millions)		%	(EUR millions)		%
Time deposits from banks									
domestic	25,986	1,117	4.3	21,384	1,395	6.5	19,250	1,021	5.3
foreign	45,995	2,255	4.9	45,132	2,572	5.7	35,802	2,138	6.0
Demand deposits(5)									
domestic	28,195	384	1.4	27,216	386	1.4	23,625	233	1.0
foreign	17,760	589	3.3	18,038	605	3.4	12,811	359	2.8
Time deposits(5)									
domestic	19,923	1,165	5.9	18,769	920	4.9	16,087	682	4.2
foreign	37,631	1,715	4.6	35,660	1,692	4.8	26,766	1,154	4.3
Savings deposits(5)									
domestic	38,194	1,329	3.5	36,783	1,199	3.3	36,821	1,175	3.2
foreign	25,361	1,048	4.1	16,659	627	3.8	13,370	397	3.0
Short term debt									
domestic	5,090	253	5.0	5,889	250	4.3	5,633	163	2.9
foreign	46,961	1,958	4.2	41,332	2,118	5.1	28,524	886	3.1
Long term debt									
domestic	19,029	1,008	5.3	18,028	1,014	5.6	15,529	897	5.8
foreign	26,135	1,965	7.5	24,118	1,740	7.2	10,677	902	8.5
Subordinated liabilities									
domestic	7,266	467	6.4	5,355	307	5.7	4,753	252	5.3
foreign	3,215	232	7.2	3,094	213	6.9	2,520	169	6.7
Other interest-bearing liabilities									
domestic	14,088	590	4.2	8,193	837	10.2	9,603	553	5.8
foreign	35,598	1,435	4.0	32,160	1,818	5.7	23,660	1,597	6.8
Total	396,427	17,510	4.4	357,810	17,693	5.0	285,431	12,578	4.4
Non-interest bearing liabilities	33,490			35,337			24,153		
Total Liabilities	429,917			393,147			309,584		
Group Capital	16,242			15,009			11,787		
Total liabilities and capital	**446,159**			**408,156**			**321,371**		
Percentage of liabilities applicable to foreign operations			60.9%			61.9%			55.2%
Other interest expense (reconciliation to Consolidated Financial Statements):									
– interest on off-balance instruments(6)		1,364			1,305			923	
– other		(628)			(499)			(595)	
Total interest expense		**18,248**			**18,499**			**12,906**	
Total net interest result		**6,072**			**5,786**			**5,652**	

(1) Substantially all interest-earning securities held by the banking operations of the Company 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 the Group's interest income and expense and net interest result between changes in average balances and rates for the periods indicated. 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.

	2001 over 2000 Increase (decrease) due to changes in			2000 over 1999 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	165	(10)	155	(307)	104	(203)
foreign	6	(151)	(145)	270	(112)	158
Loans and advances						
domestic	918	(719)	199	920	380	1,300
foreign	(50)	(668)	(718)	3,074	117	3,191
Interest-earning securities						
domestic	115	14	129	34	(27)	7
foreign	509	(243)	266	962	(561)	401
Other interest-earning assets						
domestic	12	85	97	(15)	95	80
foreign	(81)	75	(6)	131	98	229
Interest income						
domestic	1,210	(630)	580	632	552	1,184
foreign	384	(987)	(603)	4,437	(458)	3,979
Total	**1,594**	**(1,617)**	**(23)**	**5,069**	**94**	**5,163**
Other interest income (reconciliation to Consolidated Financial Statements)			56			564
Total interest income			**33**			**5,727**

	2001 over 2000 Increase (decrease) due to changes in			2000 over 1999 Increase (decrease) due to changes in		
	average volume	average rate	net change	average volume	average rate	net change
	(EUR millions)			(EUR millions)		
Interest-bearing liabilities						
Time deposits from banks						
domestic	198	(476)	(278)	140	234	374
foreign	42	(359)	(317)	532	(98)	434
Demand deposits						
domestic	13	(15)	(2)	51	102	153
foreign	(9)	(8)	(17)	174	72	246
Time deposits						
domestic	67	178	245	132	106	238
foreign	90	(67)	23	421	117	538
Savings deposits						
domestic	49	81	130	(1)	25	24
foreign	360	62	422	124	106	230
Short term debt						
domestic	(40)	42	2	11	76	87
foreign	235	(393)	(158)	385	(28)	357
Long term debt						
domestic	53	(59)	(6)	140	(23)	117
foreign	152	73	225	970	(132)	838
Subordinated liabilities						
domestic	123	37	160	35	20	55
foreign	9	10	19	39	5	44
Other interest-bearing liabilities						
domestic	247	(494)	(247)	(144)	428	284
foreign	139	(521)	(382)	712	384	1,096
Interest expense						
domestic	710	(708)	2	364	968	1,332
foreign	1,017	(1,203)	(186)	3,357	426	3,783
Total	1,727	(1,911)	(184)	3,721	1,394	5,115
Other interest expense (reconciliation to Consolidated Financial Statements)			(69)			478
Total interest expense			**(253)**			**5,593**
Net interest						
domestic	499	77	577	268	(416)	(148)
foreign	(632)	216	(416)	1,079	(884)	195
Net interest	**(133)**	**294**	**161**	**1,347**	**(1,300)**	**47**
Other net interest result (reconciliation to Consolidated Financial Statements)			125			87
Net interest result			**286**			**134**

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 loans, overdrafts, finance lease receivables, and so on.

The following table sets forth the gross loans and advances to banks and customers at December 31.

	Year ended December 31,				
	2001	2000	1999	1998	1997
	(EUR millions)				
By domestic offices:					
Loans guaranteed by public authorities	8,949	8,306	9,357	9,189	11,351
Loans secured by mortgages	78,789	65,585	58,196	52,237	45,052
Loans to or guaranteed by credit institutions	8,356	3,643	3,076	3,498	3,244
Other personal lending	3,775	3,532	3,281	2,991	2,697
Other corporate lending	35,060	33,715	30,755	22,738	22,013
Total domestic offices	134,929	114,781	104,665	90,653	84,357
By foreign offices:					
Loans guaranteed by public authorities	13,398	13,019	12,880	2,846	1,021
Loans secured by mortgages	19,502	14,048	14,794	6,815	1,319
Loans to or guaranteed by credit institutions	21,861	19,635	13,353	10,272	4,982
Other personal lending	3,259	2,790	2,086	1,821	215
Other corporate lending	88,687	102,484	70,806	54,150	31,123
Total foreign offices	146,707	151,976	113,919	75,904	38,660
Total gross loans and advances to banks and customers	**281,636**	**266,757**	**218,584**	**166,557**	**123,017**

The total net loans and advances to banks and customers amounted to EUR 277,162 million at December 31, 2001 and to EUR 262,485 million at December 31, 2000. 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 4,474 million, EUR 4,272 million and EUR 4,522 million at December 31, 2001, 2000 and 1999, 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, 2001.

	1 year or less	1 year to 5 years	After 5 years	Total
	(EUR millions)			
By domestic offices:				
Loans guaranteed by public authorities	945	1,254	6,750	8,949
Loans secured by mortgages	8,309	9,290	61,190	78,789
Loans guaranteed by credit institutions	7,020	677	660	8,357
Other personal lending	3,350	364	61	3,775
Other corporate lending	24,402	2,728	7,930	35,060
Total domestic offices	44,026	14,313	76,591	134,930
By foreign offices:				
Loans guaranteed by public authorities	3,205	5,449	4,744	13,398
Loans secured by mortgages	907	2,693	15,902	19,502
Loans guaranteed by credit institutions	15,073	3,316	3,472	21,861
Other personal lending	1,160	1,650	448	3,258
Other corporate lending	68,246	17,039	3,402	88,687
Total foreign offices	88,591	30,147	27,968	146,706
Total gross loans and advances to banks and customers	**132,617**	**44,460**	**104,559**	**281,636**

The following table analyzes loans and advances to banks and customers by interest rate sensitivity by maturity as at December 31, 2001.

	1 year or less	Over 1 year	Total
		(EUR millions)	
Non-interest earning	3,423	370	3,793
Fixed interest rate	66,579	42,044	108,623
Semi-fixed interest rate(1)	4,318	75,703	80,021
Variable interest rate	58,316	30,883	89,199
Total	**132,636**	**149,000**	**281,636**

(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 2001, 2000 and 1999 table below if the overdraft facility exceeded a specified limit for 90 days or more at December 31, 2001, 2000 and 1999, 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,				
	2001	2000	1999	1998	1997
			(EUR millions)		
Non-accrual					
Domestic	1,425	711	1,072	912	1,064
Foreign	2,613	2,745	2,313	1,863	565
Sub-total	4,038	3,456	3,385	2,775	1,629
Accruing but past due 90 days					
Domestic	1,083	1,112	573	575	461
Foreign	957	756	952	555	319
Sub-total	2,040	1,868	1,525	1,130	780
Total	**6,078**	**5,324**	**4,910**	**3,905**	**2,409**

The increase in domestic non-accrual loans in 2001 has resulted from certain corporate loans for which provision has been made based on ING credit risk policy. 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,				
	2001	**2000**	**1999**	**1998**	**1997**
			(EUR millions)		
Troubled debt restructuring					
domestic	57	154	202	98	147
foreign	1,054	569	583	342	117
Total troubled debt restructuring	**1,111**	**723**	**785**	**440**	**264**

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 2001 under the original terms of the non-accrual and restructured loans amounted to an estimated EUR 34 million from loans granted by domestic offices and an estimated EUR 283 million from loans granted by foreign offices. Interest income of approximately EUR 19 million from such domestic loans and approximately EUR 124 million from such foreign loans was recognized in the profit and loss account for 2001.

At December 31, 2001, ING Group had loans amounting to EUR 3,302 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 1,154 million relates to domestic loans and EUR 2,149 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, 2001, 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.

Cross – border outstandings

	Year ended December 31, 2001				
	Government & official institutions	Banks & other financial institutions	Commercial & industrial (EUR millions)	Other	Total
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 (EUR millions)	Other	Total
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

	Year ended December 31, 1999				
	Government & official institutions	Banks & other financial institutions	Commercial & industrial (EUR millions)	Other	Total
United States	355	6,802	13,556	4,177	24,890
Germany	3,885	4,729	1,405	10,098	20,117
United Kingdom	8	8,241	7,881	1,539	17,669
Belgium	267	2,010	2,092	6,186	10,555
France	320	5,281	1,690	1,936	9,227
Italy	1,747	2,144	158	532	4,581
Switzerland	5	883	1,581	432	2,901

At December 31, 2001, 2000 and 1999, the following countries had cross-border outstandings between 0.75% and 1% of total assets:

	Cross-border outstandings Year ended December 31
2001	
Japan	5,571
2000	
Italy	6,284
1999	
Japan	3,498
Luxembourg	2,865

Loan concentration

The following industry concentrations were in excess of 10% of total loans as at December 31, 2001:

	Total outstandings (EUR millions)
Financial institutions[1]	55,298
Service industry	54,768
Manufacturing	25,975

[1] Excluding bankdeposits given of approximately EUR 54 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 the 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 which detailed instructions are given by the Dutch Central Bank. This provision is meant to reduce the risk of a foreign public authority failing to fulfil its obligations or impeding the transfer of funds from debtors in the country concerned to creditors in other countries, for reasons of a financial (transfer risk) or other (political risk) nature.

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				
	2001	2000	1999	1998	1997
			(EUR millions)		
Balance at January 1	4,272	4,522	3,417	1,928	1,762
Change in the composition of the Group	(171)		834	874	
Charge-offs:					
Domestic:					
Loans secured by mortgages	(4)	(3)	(4)	(12)	(13)
Loans to or guaranteed by credit institutions			(10)		
Other personal lending	(31)	(77)	(26)	(24)	(25)
Other corporate lending	(166)	(198)	(170)	(163)	(55)
Foreign:					
Loans guaranteed by public authorities					
Loans secured by mortgages	(1)	(1)	(1)	(6)	(1)
Loans to or guaranteed by credit institutions	(9)	(91)	(138)	(4)	
Other personal lending	(1)	(1)	(1)		
Other corporate lending	(391)	(458)	(224)	(119)	(231)
Total charge-offs	(603)	(829)	(574)	(328)	(325)
Recoveries:					
Domestic:					
Loans secured by mortgages	3	5			
Other personal lending	4	5	5	4	4
Other corporate lending	8	4	8	6	7
Foreign:					
Loans secured by mortgages		2			2
Loans to or guaranteed by credit institutions		1	5	7	
Other corporate lending	23	34	1	1	16
Total recoveries	38	51	19	18	29
Net charge-offs	(565)	(778)	(555)	(310)	(296)
Additions (included in value Adjustments to receivables of the Banking operations), exchange and other adjustments	938	528	826	925	462
Balance at December 31	**4,474**	**4,272**	**4,522**	**3,417**	**1,928**
Ratio of net charge-offs to average loans and advances to banks and customers	0.22%	0.31%	0.32%	0.18%	0.28%

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 on page 57 and in Note 1.4.2.4. to the Financial Statements.

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 the paragraph “Addition to the provision for loan losses” on page 112.

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,									
	2001		2000		1999		1998		1997	
	EUR	%(1)	EUR	%(1)	EUR	%(1)	EUR	%(1)	EUR	%(1)
	(EUR millions)									
Domestic:										
Loans guaranteed by public authorities		3.18		3.11		4.28		5.52		9.21
Loans secured by mortgages	112	29.01	105	18.21	104	26.62	94	31.36	89	36.56
Loans to or guaranteed by credit institutions		2.97		1.37		1.41		2.10		2.63
Other personal lending	107	1.34	88	1.31	76	1.50	70	1.80	64	2.19
Other corporate lending	742	11.42	766	19.03	828	14.07	794	13.64	838	17.86
Total domestic	961	47.91	959	43.03	1,008	47.88	958	54.42	991	68.45
Foreign:										
Loans guaranteed by public authorities	68	4.76	7	4.88	46	5.89	18	1.71	43	0.83
Loans secured by mortgages	41	6.92	103	5.27	27	6.78	91	4.09	69	1.09
Loans to or guaranteed by credit institutions	43	7.76	70	7.36	322	6.11	362	6.18	65	4.04
Other personal lending	181	1.16	82	1.05	72	0.95	66	1.09	24	0.33
Other corporate lending	3,180	31.49	3,051	38.41	3,047	32.39	1,922	32.51	736	25.26
Total foreign	3,513	52.09	3,313	56.97	3,514	52.12	2,459	45.58	937	31.55
Total	**4,474**	**100.00**	**4,272**	**100.00**	**4,522**	**100.00**	**3,417**	**100.00**	**1,928**	**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,				
	2001	2000	1999	1998	1997
	(%)				
Domestic:					
Loans secured by mortgages	0.14	0.16	0.18	0.18	0.20
Loans to or guaranteed by credit institutions					
Other personal lending	2.83	2.53	2.32	2.35	2.37
Other corporate lending	2.31	2.27	2.69	3.49	3.80
Total domestic	0.71	0.84	0.96	1.06	1.17
Foreign:					
Loans guaranteed by public authorities	0.51	0.06	0.36	0.63	4.24
Loans secured by mortgages	0.21	0.73	0.18	1.33	5.10
Loans to or guaranteed by credit institutions	0.20	0.35	2.41	3.52	1.31
Other personal lending	5.55	2.94	3.47	3.62	5.86
Other corporate lending	3.59	2.98	4.30	3.55	2.37
Total foreign	2.39	2.18	3.08	3.24	2.41
Total	**1.59**	**1.60**	**2.07**	**2.05**	**1.56**

Deposits

The aggregate average balance of all the Group's interest-bearing deposits (from banks and customer accounts) increased by 11.84% to EUR 297,071 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 the Group's Amsterdam based money market operations in the world's major financial markets.

Certificates of deposit represent 52% of the category 'Debt securities' (45% at the end of 2000). These instruments are issued as part of liquidity management with maturities generally of less than three months.

	2001		**2000**		**1999**	
	Average deposit (EUR millions)	**Average rate %**	**Average deposit (EUR millions)**	**Average rate %**	**Average deposit (EUR millions)**	**Average rate %**
Deposits by banks						
In domestic offices:						
Demand – non-interest bearing	1,452		9		185	
– interest bearing	1,422	3.4	1,783	3.8	2,065	3.9
Time	36,707	3.9	24,764	6.0	23,371	4.2
Total domestic offices	39,581		26,556		25,621	
In foreign offices:						
Demand – non-interest bearing	1,551		1,570		210	
– interest bearing	12,936	3.1	12,330	4.8	13,951	3.4
Time	64,082	4.7	59,102	5.6	49,474	6.6
Total foreign offices	78,569		73,002		63,635	
Total deposits by banks	**118,150**		**99,558**		**89,256**	
Customer accounts						
In domestic offices:						
Demand – non-interest bearing	10,071		10,501		7,994	
– interest bearing	36,550	2.5	35,243	2.4	34,281	2.4
Savings	18,866	3.8	18,207	3.6	18,817	3.5
Time	23,759	4.9	22,950	5.2	17,848	5.1
Total domestic offices	89,246		86,901		78,940	
In foreign offices:						
Demand – non-interest bearing	4,282		9,242		2,426	0.0
– interest bearing	27,717	2.4	25,382	2.8	22,230	2.4
Savings	26,018	3.9	17,431	3.6	14,045	2.9
Time	49,014	4.1	48,430	4.2	44,240	4.5
Total foreign offices	107,031		100,485		82,941	
Total customers accounts	**196,277**		**187,386**		**161,881**	
Debt securities						
In domestic offices:						
Debentures	8,269	5.1	8,860	5.9	14,947	5.2
Certificates of deposit	10,532	4.3	9,397	5.0	4,074	2.3
Other	1,614	4.6	1,687	5.8	3	2.0
Total domestic offices	20,415		19,944		19,024	
In foreign offices:						
Debentures	14,414	6.5	16,855	7.1	21,923	4.9
Certificates of deposit	26,663	4.8	20,066	6.4	10,758	5.9
Other	10,410	5.5	8,023	5.2	5,950	4.2
Total foreign offices	51,487		44,944		38,631	
Total debt securities	**71,902**		**64,888**		**57,655**	

For the years ended December 31, 2001, 2000 and 1999, the aggregate amount of deposits by foreign depositors in domestic offices was EUR 34,848 million, EUR 27,538 million and EUR 46,979 million, respectively.

At December 31, 2001, 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	3,592	30.8	39,204	77.5
6 months or less but over 3 months	916	7.9	2,185	4.3
12 months or less but over 6 months	2,383	20.5	2,034	4.0
Over 12 months	4,753	40.8	7,203	14.2
Total	**11,644**	**100.0**	**50,626**	**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, 2001.

	Year ended December 31, 2000 (EUR millions)
Time certificates of deposit	71,620
Other time deposits	24,060
Total	**95,680**

Investments of the Group's banking operations

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

	Year ended December 31,		
	2001	2000	1999
		(EUR millions)	
Dutch government	2,913	2,919	6,150
German government	2,892	4,460	4,160
Central banks	894	794	665
Belgian government	12,266	13,870	16,137
Other governments	10,517	7,356	9,680
Corporate debt securities			
Banks and financial institutions	14,819	12,507	9,767
Other corporate debt securities	9,354	6,424	4,277
U.S. Treasury and other			
U.S government agencies	3,818	1,675	1,774
Other debt securities	5,796	2,509	2,340
Total debt securities	63,269	52,514	54,950
Shares and convertible debentures	2,877	3,495	2,687
Land and buildings[(1)]	2,302	3,124	1,900
Total	**68,448**	**59,133**	**59,537**

(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 Item 11, “Risk Management”.

The investment portfolio related to the banking activities primarily consists of fixed-interest securities. More than 99% of the land and buildings owned by ING Bank are wholly owned or partially occupied by Group companies.

Portfolio maturity description

	1 year or less		Between 1 year and 5 years		Between 5 and 10 years	
	Book value (EUR millions)	Yield(1) %	Book value (EUR millions)	Yield(1) %	Book value (EUR millions)	Yield(1) %
Dutch government	225	5.5	182	5.7	2,538	4.7
German government			250	5.1	2,471	4.8
Belgian government	476	7.6	4,846	6.3	6,028	5.8
Central banks	295	8.2	408	4.9	182	5.2
Other governments	2,232	4.1	2,869	6.1	4,296	5.2
Banks and financial institutions	2,667	3.9	9,248	3.8	2,476	5.1
Corporate debt securities	1,286	4.0	5,269	4.9	1,803	4.1
U.S. Treasury and other U.S. government agencies	1,929	5.3	418	5.7	1,488	4.8
Other debt securities	355	6.3	2,527	5.0	787	4.7
Total	**9,465**		**26,017**		**22,069**	

	Over 10 years		Without maturity			Total	
	Book value (EUR millions)	Yield(1) %	Book value (EUR millions)	Yield(1) %	Book value (EUR millions)	premium/ (discount) (EUR millions)	Balance sheet value (EUR millions)
Dutch government	23	4.1			2,968	55	2,913
German government	178	5.1			2,899	6	2,893
Belgian government	911	5.2			12,261	(5)	12,266
Central banks	6	4.3			891	(2)	893
Other governments	1,230	5.3			10,627	110	10,517
Banks and financial institutions	467	4.5	18	6.4	14,876	57	14,819
Corporate debt securities	989	4.7			9,347	(7)	9,354
U.S. Treasury and other U.S. government agencies	1	9.7			3,836	18	3,818
Other debt securities	1,947	4.3	179	3.4	5,795	(1)	5,796
Total	**5,752**		**197**		**63,500**	**231**	**63,269**

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

At December 31, 2001, ING Group also held the following securities for the banking operations that exceeded 10% of shareholders' equity:

	2001		2000	
	Book value	Market value	Book value	Market value
	(EUR millions)		(EUR millions)	
Dutch government	2,968	2,935	2,974	2,935
Belgian government	12,261	12,828	14,298	14,518
German government	2,898	2,906	4,447	4,477

COMPETITION

There is substantial competition in the Netherlands and the other countries in which the Group does business for the types of insurance, commercial and investment banking and other products and services provided by the Group. Such competition is more pronounced in the Group's more mature markets of the Netherlands, the Rest of Europe, the United States, Canada and Australia than in the 'emerging markets.' In recent years, however, competition in emerging markets has increased as insurance and banking industry participants from more developed countries have sought to establish themselves in markets that are perceived to offer higher growth potential and, as local institutions have become more sophisticated and competitive, they have sought alliances, mergers or strategic relationships with certain of the Group's competitors.

In the Netherlands, which is the largest national market for our banking operations and the second largest for our insurance operations, a national policy historically favoring open markets and the presence of large domestic competitors in both the insurance and banking sectors has resulted in intense competition for virtually all of the Group's products and services. In addition, the Dutch market is a mature market and one in which the Group already maintains significant market shares in most lines of business. Although certain parts of the Dutch financial services sector are growing, in recent years ING Bank has been facing increasing competition from other principal Dutch banks for its traditional client base of small and medium-size enterprises, as well as in other parts of ING's Dutch business. Management believes, however, that notwithstanding these factors, there is the potential in the future for increased growth in the Dutch markets in which the Group currently is active as the government withdraws from social security and various other programs and the coverage and services provided thereunder are shifted to the private sector. In this regard, the distribution channels maintained in the Netherlands (direct marketing, Internet, intermediaries, branches and tied agents) allow the Group to allocate resources to different sectors of the Dutch market as growth opportunities arise and, in management's view, provide the Group with significant competitive advantages.

Competition with respect to the products and services provided by the Group in both developed and emerging markets is based on many factors, including name recognition, scope of distribution systems, customer service, products offered, financial strength, price and, in the case of investment-linked insurance products and asset management services, investment performance. Management believes its major competitors are the larger Dutch, other European, U.S. and Japanese commercial and investment banks, insurance companies and asset management and other financial services companies.

RATINGS

ING Groep N.V's long term senior debt rating is rated Aa2 by Moody's Investors Service with a stable outlook.

ING Groep N.V's long term senior debt rating is rated AA – by Standard & Poor's with a negative outlook.

Each of ING Verzekeringen N.V.'s and ING Bank N.V.'s long term senior debt is rated AA – by Standard & Poor's (with a negative outlook) and Aa2 by Moody's. The 'AA' rating is the second highest of the seven ratings assigned by Standard & Poor's, which range from 'AAA' to 'C'. Ratings from AA to B may be modified by the use of a plus or minus sign to show relative standing of the issuer within those rating categories. The 'Aa' rating is the second highest of the nine ratings assigned by Moody's, which range from Aaa to C. Ratings from Aaa to C may be modified by the use of numerical modifiers 1, 2 and 3, to show the relative standing of the issuer within those rating categories.

Each of ING Verzekeringen N.V.'s and ING Bank's N.V. short-term debt is rated A1+ by Standard & Poor's and Prime 1 by Moody's. The 'A1+' rating is the highest possible of the seven ratings assigned by Standard & Poor's, which range from 'A1+' to 'D'. The 'Prime 1' rating is the highest possible of the three ratings assigned by Moody's, which range from 'Prime 1' to 'Not Prime'.

The following insurance subsidiaries all hold AA+ insurer financial strength ratings by Standard & Poor's: ING Security Life of Denver, ING Southland Life, ING USG Annuity and Life Company, First Columbine Insurance Company, ING Golden American Life Insurance Company, First Golden American Life Insurance Company of New York, ING Midwestern United Life Insurance Company, ING Equitable Life Insurance Company of Iowa, ING ReliaStar Life Insurance Company, ING Northern Life Insurance Company, ING Aetna Life Insurance & Annuity Company, ING Aetna Insurance Company of America, ING ReliaStar Life Insurance Company of New York and ING Security-Connecticut Life Insurance Company. Standard & Poor's states that an insurer rated 'AA' has a "very strong" capacity to meet its financial commitments. It differs from the highest rated insurers only in small degree. The 'AA' rating is the second highest of the eight claims-paying ratings assigned by Standard & Poor's, which range from 'AAA' (Superior) to 'R' (Regulatory action). ING Life Insurance Company of Georgia has a 'A-' insurer financial strength rating by Standard and Poor's. Standard and Poor's states that an insurer rated 'A' has a "strong" capacity to meet its financial commitments but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than insurers in higher-rated categories.

The following insurance subsidiaries all hold Aa2 financial strength ratings by Moody's: ING Aetna Life Insurance & Annuity Company, ING Aetna Insurance Company of America, ING Security Life of Denver, ING Life of Georgia, ING Southland Life, ING USG Annuity and Life Company, ING Equitable Life Insurance Company of Iowa, ING ReliaStar Life Insurance Company, ING Northern Life Insurance Company, ING ReliaStar Life Insurance Company of NY and ING Security-Connecticut Life Insurance Company. Moody's states that the 'Aa2' rating is assigned to those companies that, in its opinion, offer financial security. The 'Aa2' rating is the second highest of the nine Financial strength ratings assigned by Moody's, which range from 'Aaa' (Exceptional) to 'C' (Lowest).

ING Bank N.V.'s long term debt is AA- by Fitch Ratings. The 'AA' rating is the second highest of the nine ratings assigned by Fitch Ratings, Ltd. which range from 'AAA' to 'C'. Ratings from AA to B may be modified by the use of a plus or minus sign to show relative standing of the issuer within those rating categories.

The following insurance subsidiaries, hold an A+ rating by A.M. Best: ING Security Life of Denver, ING Life of Georgia, ING Southland Life, ING USG Annuity and Life Company, ING Aetna Insurance Company of America, ING Aetna Life Insurance and Annuity Company, ING Golden American Life Insurance Company, ING First Golden American Life Insurance Company of New York, First ING Life Insurance of New York, ING Equitable Life Insurance Company of Iowa, ING ReliaStar Life Insurance Company, ING Northern Life Insurance Company and ING ReliaStar Life Insurance Company of NY. In addition ING Midwestern United Life Insurance Company, ING United Life and Annuity Insurance Company, ING Security-Connecticut Life Insurance Company and ING Ameribest Life Insurance Company hold an A rating by A.M. Best. A.M. Best states that the 'A+' rating is assigned to companies which have, on balance, superior balance sheet strength, operating performance and business profile when compared to the standards established by A.M. Best. These companies, in their opinion, have a very strong ability to meet their ongoing obligations to policyholders.

The 'A+' rating is the second highest of 15 ratings assigned by A.M. Best, which range from 'A++' (Superior) to 'F' (In Liquidation).

None of the foregoing ratings is an indication of the historic or potential performance of the Company's stock and should not be relied upon with respect to making an investment in ING Groep N.V.'s Ordinary shares, Bearer receipts, ADSs or other securities.

INFORMATION TECHNOLOGY

In 2001, standardization, exploiting the economies of scale and improving efficiency were our primary focuses with regard to information technology (IT). Where IT is used to execute basic requirements such as payments transfer and data processing, cost reduction and transparency have become a priority. Achieving operational excellence is inextricably bound up with ING's ambition to be a world-class financial services provider.

Standardization of technology, infrastructure and business applications remains an important objective of ING. Through defining IT standards the Corporate Procurement department was able to leverage the scale of the Group and realized a substantial amount of cost reduction through strategic sourcing. Rationalization of infrastructure through data center consolidation also yielded substantial cost savings. The quality of our Group network has not only improved through the outsource provider but also offers more cost effective functionality, flexibility and resilience. In order to make the deployment of the infrastructure easier, first steps towards the creation of a common IT architecture approach have been made.

With regard to efficient and effective decision-making, the IT governance model of ING has been enhanced and reflects the organizational changes ING has undergone. While business units have a certain degree of autonomy, the Group's direction continues to follow the line of operating either at enterprise or EC level. A Global Infrastructure Services department has been set up to manage the Group worldwide network, the corporate directory and e-mail. In future more infrastructure utilities will be added as appropriate. At EC level Regional Service Providers are being established.

ING will continue to seek to eliminate redundancy, reduce costs and ensure an efficient and effective usage of the Group's IT assets. Continuously keeping an eye on our customers, stakeholders and employees, we look for the appropriate balance between what should reside at the Group and what should be executed at the business unit-level.

DESCRIPTION OF PROPERTY

In the Netherlands, ING Group owns substantially all of the land and buildings used in the normal course of its business, and leases space for its headquarters in Amsterdam. Outside the Netherlands, ING Group predominantly leases all of the land and buildings used in the normal course of its business. At December 31, 2001, ING Group had more than 1,500 branch, representative and similar offices worldwide of which approximately 500, principally branch offices, were located in the Netherlands. In addition, ING Group has part of its investment portfolio invested in land and buildings. Management believes that the Group's facilities are adequate for its present needs in all material respects.

Item 5. Operating and financial review and prospects

The following review and prospects should be read in conjunction with the Consolidated Financial Statements and the related Notes thereto included elsewhere herein. The Consolidated Financial Statements have been prepared in accordance with Dutch GAAP, which differs in certain significant respects from U.S. GAAP. Reference is made to Note 6 of Notes to the Consolidated Financial Statements for a description of the significant differences between Dutch GAAP and U.S. GAAP and a reconciliation of shareholders' equity and net profit to U.S. GAAP. Unless otherwise indicated, financial information for ING Group included herein is presented on a consolidated basis under Dutch GAAP.

FACTORS AFFECTING RESULTS OF OPERATIONS

ING Group's results of operations are affected by demographics (particularly with respect to life insurance) and by a variety of market conditions, including economic cycles, insurance industry cycles (particularly with respect to non-life insurance), banking industry cycles and fluctuations in interest and foreign exchange rates. In 2001, 23% of ING's total operational income and 63% of its consolidated operational results before taxation 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 the Company's operations. Although management expects the foregoing factors will continue to affect ING Group's 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 Group's expansion into different geographic markets. However, management realizes that because of spin-off effects, a crisis in a major financial market can have a material negative impact on the results. Management further believes that the impact of economic cycles and insurance and banking industry cycles will increasingly be diminished by the increased proportion of ING Group's revenues derived from fee generating income. ING Group's geographic expansion, however, has increased the effect of fluctuations in exchange rates on ING Group's reported results.

GENERAL MARKET CONDITIONS

Demographic studies suggest that over the next decade there will be growth in ING's principal life insurance markets of the Netherlands, the rest of Europe, the United States, Asia and Australia, in the number of individuals who enter the age group that management believes is most likely to purchase retirement-oriented life insurance products. In addition, in a number of its European markets, including the Netherlands, retirement, medical and other social benefits previously provided by the government have been or are expected to be curtailed in the coming years, which management believes will increase opportunities for private sector providers of life insurance, health, pension and other social benefits-related insurance products. Management believes that ING Insurance's distribution networks, the quality and diversity of its products and its investment management expertise in each of these markets positions ING Insurance to benefit from such developments. In addition, the emerging markets in Central and Eastern Europe, Asia and South America, in which ING Insurance has insurance operations, generally have lower gross domestic products per capita and gross insurance premiums per capita than the countries in Western Europe and North America in which ING Insurance also has insurance operations. Management believes that insurance greenfield operations in such emerging markets provide ING Insurance with the market presence that will allow it to take advantage of anticipated growth in such regions. Conditions in the non-life insurance markets in which ING Insurance operates are also cyclical, and characterized by periods of price competition, fluctuations in underwriting results and the occurrence of unpredictable weather-related and other losses.

ING has significant commercial banking, investment banking and insurance operations in the emerging markets of South America, Asia and Central and Eastern Europe and is an active trader of emerging market loans and debt securities. Historically, the Group'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 ING does not have in its more mature markets. During the last three years, the Company has experienced significant fluctuations in the results of its emerging markets trading operations and no assurance can be given that such fluctuations will not occur in future periods. In addition, ING's investment banking, securities trading and brokerage activities and the results therefrom tend to be more volatile than other parts of ING's 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 insurance and 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 ING Group's banking, insurance and financial services results. However, the future profitability of ING Group 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 the long-term profitability of ING Group.

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 ING Group's various investment portfolios. Generally, a sustained period of lower interest rates will reduce the investment income yield of the investment portfolios of ING Group's insurance and banking companies over time as higher-yielding investments are called or mature and proceeds are reinvested at lower rates. However, declining interest rates will increase realized and unrealized gains on significant portions of pre-existing insurance investment portfolios and can lead to higher returns from the Company's banking operations 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 held by ING Group's portfolios. This can also lead to higher returns from the Company's banking operations 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 the Group's loan portfolio or an increase in provisions for possible credit risks. Management believes that the diversity of ING Group's investment portfolio and the geographic spread of its businesses tend to moderate the effect of movements in interest rates in any one market.

The impact of interest rate fluctuations on the Group's life insurance business is reduced in part by product design, which partly or entirely transfers the exposure to interest rate movements from the Company to the policyholder. Examples of such products include unit-linked individual policies and segregated fund pension plans in group business. At December 31, 2001, approximately 34% (2000: 37%) of ING Insurance's investment portfolio consisted of investments relating to insurance policies where gains or losses arising from interest rate fluctuations are largely for the risk of policyholders. In addition, ING Insurance sells profit sharing life insurance policies, where profit sharing may be based either on total profits or on excess interest margins. In both cases, profit sharing may serve to moderate the impact of interest rate fluctuations on the Company's profit by transferring a portion of total profits or excess interest margins to policyholders. While product design reduces the interest rate sensitivity of ING Insurance, changes in interest rates may result in changes to interest income or affect the levels of new product sales or surrenders and withdrawals of business in force.

ING Group's 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 ING Group's 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

ING Group publishes its Consolidated Financial Statements in euros. Because a substantial portion of ING Group's income and expenses are denominated in currencies other than euros, ING Group has 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 ING Group's 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 ING Group's non-euro reporting subsidiaries are generally denominated in the same currencies. ING Group partially hedges against fluctuations in the values of these foreign currencies against the euro as a means to reduce this impact.
ING Group policy is to hedge the excess capital of foreign operations in order to minimize the impact of foreign currency movements. See Note 7.11 of Notes to the Consolidated Financial Statements.

The contribution of North American operations to our results has grown substantially as a consequence of the acquisitions of ReliaStar and Aetna in 2000. As a result, our sensitivity to changes in the U.S. dollar has increased. Based on our expectation that the euro will strengthen with regard to the U.S. dollar in the future. We have decided to hedge (at a spot rate of 0.868) the expected contribution of our North American operations to profit before taxation for 2002. This means in practice that the impact of a change of the euro by one cent against the US dollar in 2002 would have a very limited effect on the net profit of ING Group.

Net profit for 2001 as compared with 2000 was favorably affected by EUR 9 million due to the appreciation of the US dollar compared with the euro. For the year 2000 as compared with 1999, net profit was favorably affected by EUR 61 million due to the appreciation of the US dollar compared with the euro.

For each of the years 2001, 2000 and 1999, the year-end exchange rates (which are the rates ING uses 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 ING uses in the preparation of the Consolidated Financial Statements for income statement items not denominated in euros) were as follows:

	Average		
	2001	**2000**	**1999**
U.S. dollar	0.8950	0.9263	1.0671
Australian dollar	1.7366	1.5968	1.6676
Canadian dollar	1.3850	1.3738	1.5903
Dutch guilder	2.2037	2.2037	2.2037
Pound sterling	0.6196	0.6085	0.6595
Japanese yen	108.6980	99.6408	120.6810

	Year-end		
	2001	**2000**	**1999**
U.S. dollar	0.8853	0.9300	1.0044
Australian dollar	1.7338	1.6748	1.5409
Canadian dollar	1.4072	1.3927	1.4581
Dutch guilder	2.2037	2.2037	2.2037
Pound sterling	0.6110	0.6228	0.6216
Japanese yen	116.2500	106.8000	102.5200

Off-Balance-Sheet Arrangements

As a financial institution, ING Group enters into off-balance-sheet arrangements in the ordinary course of business both on its own behalf but mainly on behalf of its customers. Off-balance-sheet transactions we enter into include loan and other receivables arrangements, real estate development projects and leasing activities. Such transactions are carried out with or through a variety of unconsolidated, special- or limited-purpose entities. Our transactions with, and financial interests in, such entities are accounted for in the same manner as with consolidated or unconsolidated non special-purpose entities. Further, these transactions have to comply with the strict supervision requirements of the Dutch Central Bank and the Pensions & Insurance Supervisory Authority of the Netherlands, and are regularly reviewed by ING management. ING Group is not aware of factors relating to off-balance-sheet arrangements that are reasonably likely to adversely affect liquidity trends or the availability of or requirements for capital resources other than as discussed in Item 11-Risk Management on page 142 As of December 31, 2001, there were no material additional financial commitments required from ING Group companies in respect of such arrangements.

Critical Accounting Policies

ING Group has identified the accounting policies that are critical to its business operations and the understanding of its results of operations. These critical accounting policies are those which involve the most complex or subjective decisions or assessments, and relate to insurance provisions, 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 our 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 insurance and loan losses provisions, fair values of assets and liabilities and impairments, 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.

Our insurance provisions, or claims reserves, represent estimates of future payouts that we will make in respect of non-life and life insurance claims, including expenses relating to such claims. Such estimates are made on a case-by-case basis, based on the facts known to us at the time provisions are established, and are periodically adjusted to recognize the estimated ultimate cost of a claim. In addition, we establish so-called “IBNR” reserves in our non-life business to recognize the estimated cost of losses that have occurred but about which we do not yet have notice and we establish catastrophe provisions for the risk of possible catastrophes. In each case, the establishment of our insurance provisions is an inherently uncertain process, involving assumptions as to factors such as court decisions, changes in laws, social, economic and demographic trends, inflation and other factors affecting claim costs, and, in our life insurance business, assumptions concerning mortality and morbidity trends.

Like our insurance provisions, our provisions for loan losses are established on a case-by-case basis and on a portfolio basis which are updated over time. These are described at greater length under “Item 4 – Selected Statistical Information on Banking Operations”. Judgments concerning the timing and level of our provisions for loan losses are based on determinations concerning borrower creditworthiness, contractual loan terms, available judicial and other remedies and other factors involving complex analyses, and changes in such judgments and analyses may lead to changes in provisions over time.

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 our 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.

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 invloving various assumptions and factors, including the financial condition of the counterparty, expected future cash flows, observable market prices and expected net selling prices.

The preparation of this Annual Report on Form 20-F requires making estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the data of the financial statements and the reported amounts of income and expenditure during the reporting period. There can be no assurance that actual results will not differ from those estimates.

For a further discussion of the application of these and other accounting policies, see Notes to the Consolidated Financial Statements in Item 18 of this Annual Report on Form 20-F.

CONSOLIDATED RESULTS OF OPERATIONS

The following table sets forth the consolidated results of operations of the ING Group for the years ended December 31, 2001, 2000 and 1999:

	Year ended December 31, 2001	2000	1999
	(EUR millions)		
Operational result before taxation:			
Insurance operations	3,571	3,162	2,400
Banking operations	2,170	2,605	1,981
Operational result before taxation	5,741	5,767	4,381
Taxation	1,165	1,612	1,059
Third-party interests	324	147	93
Operational net profit	4,252	4,008	3,229
Non-operational results after taxation	325	7,976	1,693
Net profit	**4,577**	**11,984**	**4,922**

The following table sets forth the breakdown of our non-operational results by insurance and banking operations:

	Year ended December 31,								
	Insurance operations			Banking operations			Total		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
	(EUR millions)								
Operational result before taxation	3,571	3,162	2,400	2,170	2,605	1,981	5,741	5,767	4,381
Non-operational results:									
Result on sale Libertel			924		376	461		376	1,385
Result on sale CCF					853			853	
Provision for reorganization and relocation					(486)			(486)	
Result on sale NIB(1)			308						308
Result on sale of investments in shares regarding financing of acquisitions	325	7,368					325	7,368	
Provision for the calamity fund for the year 2000		91						91	
Total non-operational results	325	7,459	1,232		743	461	325	8,202	1,693
Taxation on non-operational results		247			(21)			226	
Non-operational results after taxation	**325**	**7,212**	**1,232**		**764**	**461**	**325**	**7,976**	**1,693**

(1) De Nationale Investeringsbank N.V. (‘NIB’)

The following table sets forth the operational result before taxation of the Group's consolidated operations by geographic region for the years ended December 31, 2001, 2000 and 1999:

	Year ended December 31,		
	2001	2000	1999
	(EUR millions)		
The Netherlands	3,597	3,458	2,759
Belgium	615	630	437
Rest of Europe	542	783	572
North America	316	344	363
South America	103	165	110
Asia	423	210	97
Australia	78	141	80
Other	67	36	(37)
Operational result before taxation	**5,741**	**5,767**	**4,381**

The contribution of the insurance operations to the operational results of ING Group, before taxation and including dividends on its own shares, was 62.2%, 54.8% and 54.8% in 2001, 2000 and 1999, respectively. The contribution of the insurance operations to the operational net profit of ING Group was 66.1%, 58.6% and 60.5% in 2001, 2000 and 1999, respectively

Year ended December 31, 2001 compared to year ended December 31, 2000

Total operational income of ING Group increased EUR 24,595 million, or 49.6% to EUR 74,163 million, from EUR 49,568 million in 2000, reflecting an increase in income of the Group's insurance operations of 64.7% and a decrease in the banking operations of 1.7%. The results of our insurance operations in 2001 were significantly influenced by the acquisitions of Aetna and ReliaStar in late 2000. Total operational expenditure increased EUR 24,621 million, or 56.2%, from EUR 43,801 million in 2000 to EUR 68,422 million in 2001, reflecting increases of 69.3% and 2.8% respectively, in total expenditure for the Group's insurance and banking operations. The Group's operational results before taxation increased in The Netherlands and Asia, but declined in Belgium, Rest of Europe, North America, South America, and Australia.

Consolidated operational results before taxation decreased EUR 26 million, or 0.5%, to EUR 5,741 million in 2001 compared to EUR 5,767 million in 2000, reflecting an increase of 12.9% for the insurance operations and a decrease of 16.7% for the banking operations. Including non-recurring results, results before taxation decreased EUR 7,903 million, or 56.6%, to EUR 6,066 million in 2001 compared to EUR 13,969 million in 2000. The Group's consolidated taxes (operational) of EUR 1,165 million in 2001 and EUR 1,612 million in 2000 represented overall effective tax rates of 20.3% and 28.0%, respectively, compared to the statutory rates for the Group's primary Dutch and other non-domestic operating subsidiaries that ranged from 16.5% to 47%, and averaged 35%. The difference between statutory and effective rates was due primarily to a reduction in the taxes paid by the Group's Dutch subsidiaries, for which the statutory rate was 35% and the effective rate was 19.7% in 2001.

Operational net profit increased EUR 244 million, or 6.1%, to EUR 4,252 million in 2001 compared to EUR 4,008 million in 2000, reflecting the decreased pre-tax results and lower overall tax rates described above, as well as the effect of exchange rate movements between the euro and certain of the Group's primary operating currencies, which increased operational net profit in 2001 by EUR 9 million, compared to EUR 61 million in 2000. Including non-operational results, net profits decreased EUR 7,407 million, or 61.8%, to EUR 4,577 million in 2001 compared to EUR 11,984 million in 2000.

The effect of the ReliaStar and Aetna acquisition on profits was EUR 644 million before taxation (after taxation, EUR 496 million). The contribution to operational net profit (net of funding and integration expenses) was EUR 135 million.

Year ended December 31, 2000 compared to year ended December 31, 1999 (restated)

Total operational income of ING Group increased EUR 9,984 million, or 25.2% to EUR 49,568 million, from EUR 39,584 million in 1999, reflecting increases in income of the Group's insurance and banking operations of 28.9% and 14.4%, respectively. Total operational expenditure increased EUR 8,598 million, or 24.4%, from EUR 35,203 million in 1999 to EUR 43,801 million in 2000, reflecting increases of 28.6% and 10.2% respectively, in total expenditure for the Group's insurance and banking operations. The Group's operational results before taxation increased in The Netherlands, Belgium, Rest of Europe, South America, Asia and Australia. North America showed a decline in the result before taxation.

Consolidated operational results before taxation increased EUR 1,386 million, or 31.6%, to EUR 5,767 million in 2000 compared to EUR 4,381 million in 1999, reflecting increases of 31.8% and 31.5%, respectively, for the Group's insurance and banking operations. Including the non-recurring items, results before taxation increased EUR 7,895 million, or 130.0%, to EUR 13,969 million in 2000 compared to EUR 6,074 million in 1999. The Group's consolidated taxes (operational) of EUR 1,612 million in 2000 and EUR 1,059 million in 1999 represented overall effective tax rates of 28.0% and 24.2%, respectively, compared to the statutory rates for the Group's primary Dutch and other non-domestic operating subsidiaries that ranged from 16.5% to 47%, and averaged 35%. The difference between statutory and effective rates was due primarily to a reduction in the taxes paid by the Group's Dutch subsidiaries, for which the statutory rate was 35% and the effective rate was 23.0% in 2000.

Operational net profits increased EUR 779 million, or 24.1%, to EUR 4,008 million in 2000 compared to EUR 3,229 million in 1999, reflecting the increased pre-tax results and higher overall tax rates described above, as well as the effect of exchange rate movements between the euro and certain of the Group's primary operating currencies, which increased operational net profit in 2000 by EUR 61 million. Including the non-operational results, net profits increased EUR 7,062 million, or 143.5%, to EUR 11,984 million in 2000 compared to EUR 4,922 million in 1999.
The contribution of the ReliaStar acquisition to profits was EUR 183 million before taxation (after taxation EUR 121 million), and to operational net profit (net of funding and integration expenses) was EUR 81 million.

SEGMENT REPORTING

ING Group's segments are based on the management structure of the Group, which is different from its legal structure. Each Executive Center formulates its strategic, commercial and financial policy in conformity with the strategy and performance targets set by the Executive Board. Each Executive Center is also responsible for the preparation of its annual budget and each Executive Center monitors the realization of its policies and budgets and its business units. As of January 1, 2001 the management structure of ING has been changed (see "Item 4, Information on the Company – General"). The following table sets forth the contribution of our Executive Centers to our Total Income and Results Before Taxation for each of the years 1999-2001:

	Year ended December 31,					
	Total operational income			Operational result before taxation		
	2001	2000	1999	2001	2000	1999
	(EUR millions)					
Europe	26,563	25,761	22,582	4,188	4,544	3,636
Americas	39,403	18,780	12,286	899	612	425
Asia/Pacific	7,510	4,430	4,107	313	225	75
Asset Management	1,243	1,198	1,000	264	324	343
Other(1)	(556)	(601)	(391)	77	62	(98)
Total Group	**74,163**	**49,568**	**39,584**	**5,741**	**5,767**	**4,381**

(1) Reflects intersegment eliminations.

See Note 3.7.5 Segment Reporting of Notes to the Consolidated Financial Statements.

Year ended December 31, 2001 compared to year ended December 31, 2000

ING Europe

Gross premiums written in the life operations increased by EUR 787 million, or 10.1%, to EUR 8,601 million. Gross premiums written in the non-life operations increased EUR 20 million, or 1.0%, to EUR 2,098 million. Total income from the banking operations decreased by EUR 368 million, or 3.4%, from EUR 10,758 million in 2000 to EUR 10,390 million in 2001, mainly due to a strong decrease in commission income, reflecting overall market declines.

The operational result before taxation decreased by 7.8% to EUR 4,188 million from EUR 4,544 million in 2000. The result before taxation of the insurance operations grew by 2.4%, while the result before taxation of the banking operations decreased by 17.4%, due to lower income and higher additions to the provision for loan losses in the Netherlands and Belgium. According to US GAAP operational result before taxation would have been EUR 1.121 million lower in 2001 and EUR 615 million lower in 2000. This difference is mainly caused by the following reconciling items for 2001: goodwill of EUR (452) million (2000: EUR 59 million), general provisions EUR 0 million (2000: EUR (221) million) valuation of equity securities EUR (685) milion (2000: EUR 0 million) and valuation and profit recognition of equity participations EUR 180 million (2000: EUR (229) million). For an explanation of differences between Dutch GAAP and US GAAP please refer to Notes 6.1 and 6.2 on pages F-89 to F-95.

ING Americas

Gross premiums written in the life business increased by EUR 15,914 million, or 117.5%, from EUR 13,546 million in 2000 to EUR 29,460 million in 2001, mainly caused by a strong growth in traditional life, short term Guaranteed Investment Contracts, fixed annuities and the acquisitions of Aetna and ReliaStar. Gross non-life premiums increased EUR 1,910 million, or 116.4%, to EUR 3,551 million in 2001. Aetna and ReliaStar contributed EUR 9,015 million and EUR 4,652 million to total premium income, respectively.

The operational result before taxation increased by EUR 287 million from EUR 612 million to EUR 899 million, with Aetna and ReliaStar contributing EUR 290 million and EUR 354 million to the operational result before taxation in 2001, respectively. According to US GAAP operational result before taxation would have been EUR 1,603 million lower in 2001 and EUR 589 million lower in 2000. This difference is mainly caused by the following reconciling items for 2001: goodwill of EUR (899) million (2000: EUR (262) million), valuation of debt securities EUR (269) million (2000: EUR 0 million), realized results on sales of debt securities EUR 230 million (2000: EUR (510) million), accounting for derivative financial instruments held for risk management EUR (321) million (2000: EUR 14 million) and provision for future catastrophes and other accidental losses EUR (329) million (2000: EUR 0 million). For an explanation of differences between Dutch GAAP and US GAAP please refer to Notes 6.1 and 6.2 on pages F-89 to F-95.

ING Asia / Pacific

Gross premiums written in the life business increased by EUR 2,837 million, or 77.5%, from EUR 3,660 million in 2000 to EUR 6,497 million in 2001, mainly due to the contribution of Aetna. Gross premiums of the life business in Australia decreased by 6.1% due to a shift from life products to fund management products and lower sales of capital guaranteed products, while gross premiums of the (ex-)Greenfield operations (mainly Korea and Taiwan) increased 83.8%, including the contribution of Aetna Life in Taiwan. Gross premiums of the non-life operations decreased by 16.5% from EUR 376 million in 2000 to EUR 314 million in 2001.

The operational result before taxation of the insurance operations increased by EUR 88 million, or 39.1%, to EUR 313 million in 2001, mainly due the (ex-)Greenfields (Korea and Taiwan), which more than offset a decrease in life insurance results in Australia due to changes in tax legisation.

The operational result before taxation of the banking operations remained at the same level as 2000.

ING Asset Management

The assets under management of ING Group increased by 2.0%, from EUR 503.1 billion at the end of 2000 to EUR 513.2 billion at the end of 2001. Revaluation losses from lower equity prices of EUR 47 billion were compensated by exchange rate differences EUR 5 billion, first time inclusions EUR 11 billion (relating to the joint venture with Korean Bank (H&CB) and Seguros Comercial in Mexico) and the inflow of new assets of EUR 41 billion. Assets managed on behalf of Group companies increased by 14.2% from EUR 145.3 billion to EUR 165.9 billion.

Assets managed by ING Group on behalf of third parties decreased from 71.1% to 67.7% of total assets under management in 2001. The total amount of investment funds under management decreased by 10.8%, from EUR 203.1 billion to EUR 181.2 billion. Total assets under management for institutional clients worldwide rose by 7.4%, from EUR 154.7 billion to EUR 166.1 billion.

The result before taxation decreased by EUR 60 million, or 18.5%, from EUR 324 million in 2000 to EUR 264 million in 2001.

Year ended December 31, 2000 compared to year ended December 31, 1999

ING Europe

Gross premiums written in the life operations increased by EUR 1,099 million, or 16.4%, to EUR 7,814 million. Gross premiums written in the non-life operations increased EUR 230 million, or 12.4%, to EUR 2,078 million. Total income from the banking operations increased by EUR 1,177 million, or 16.7%, from EUR 7,040 million in 1999 to EUR 8,217 million in 2000, mainly due to a strong increase in commission income and income from financial transactions.

The operational result before taxation increased by 24.7% to EUR 4,264 million from EUR 3,419 million in 1999. The result before taxation of the insurance operations grew by 22.3%, while the result before taxation of the banking operations increased by 27.4%, due to higher income and lower risk costs in the Netherlands and Belgium.

ING Americas

Gross premiums written in the life business increased by EUR 4,940 million, or 57.4%, from EUR 8,606 million in 1999 to EUR 13,546 million in 2000, mainly caused by a strong growth in traditional life, short term Guaranteed Investment Contracts and fixed annuities. ReliaStar contributed EUR 1,526 million to the premium income. Gross non-life premiums increased EUR 288 million, or 20.0%, to EUR 1,728 million in 2000.

The operational result before taxation of the insurance operations increased by EUR 185 million from EUR 421 million to EUR 606 million, ReliaStar contributed EUR 183 million to the operational result before taxation in 2000. The result before taxation of the ING banking operations increased by EUR 2 million to EUR 6 million in 2000.

ING Asia / Pacific

Gross premiums written in the life business increased by EUR 78 million, or 2.2%, from EUR 3,582 million in 1999 to EUR 3,660 million in 2000. Gross premiums of the life business in Australia decreased by 23.0% due to a shift from life products to fund management products and lower sales of capital guaranteed products, while gross premiums of the (ex-)Greenfield operations (Japan, Korea, Taiwan, Philippines and Indonesia) increased 57.5%. Gross premiums of the non-life operations grew by 24.5% from EUR 302 million in 1999 to EUR 376 million in 2000.

The operational result before taxation of the insurance operations increased by EUR 145 million, or 190.8%, to EUR 221 million in 2000, mainly due to good results of the life operations in Australia and the (ex-)Greenfields (Japan, Korea, Taiwan, Philippines and Indonesia).

The operational result before taxation of the banking operation increased by EUR 5 million from EUR (1) million in 1999 to EUR 4 million in 2000.

ING Corporate & Investment Banking

Total income increased by EUR 133 million, or 5.7%, from EUR 2,313 million in 1999 to EUR 2,446 million in 2000. The operational result before taxation increased EUR 63 million, from EUR 217 million in 1999 to EUR 280 million. This increase was mainly the result of the lower risk costs in 2000, as compared to 1999.

ING Asset Management

The assets under management of ING Group increased by 45.7%, from EUR 345.3 billion at the end of 1999 to EUR 503.1 billion at the end of 2000. The acquisition of ReliaStar and Aetna contributed EUR 128.3 billion to assets under management. The organic growth was EUR 22.4 billion, of which EUR 16.5 billion was related to new assets and EUR 5.9 billion to increases in the value of the existing portfolios.

Assets managed by ING Group on behalf of third-parties increased from 68.8% to 71.1% of total assets under management in 2000. The total amount of investment funds under management increased by 76.2%, from EUR 115.3 billion to EUR 203.1 billion. Total assets under management for institutional clients worldwide rose by 26.6%, from EUR 122.1 billion to EUR 154.7 billion. Assets managed on behalf of Group companies increased by 34.6% from EUR 107.9 billion to EUR 145.3 billion.

The result before taxation decreased by EUR 18 million, or (5.2)%, from EUR 343 million in 1999 to EUR 325 million in 2000. This was mainly caused by higher risk costs and an exceptional profit on the Baring Asset Management portfolio in 1999. Operating profit rose by 6% in 2000.

CONSOLIDATED ASSETS AND LIABILITIES

The following table sets forth ING Group's consolidated assets and liabilities for the years ended December 31, 2001, 2000 and 1999:

	Year ended December 31,		
	2001	2000	1999
	(EUR billions, except amounts per share)		
Investments	307.4	277.2	195.8
Bank lending	254.2	246.8	201.8
Total assets	705.1	650.2	492.8
Insurance provisions			
Life	204.4	193.1	101.0
Non-life	9.6	7.1	6.5
Total insurance provisions	214.0	200.2	107.5
Funds entrusted to and debt securities of the banking operations(1)	276.4	252.8	224.8
Due to banks	107.8	94.7	75.3
Total liabilities	683.6	624.9	458.2
Shareholders' equity	21.5	25.3	34.6
Shareholders' equity per Ordinary share	11.03	13.04	17.90

(1) Funds entrusted to and debt securities of the banking operations consists of savings accounts, deposits, other bank funds and debt securities privately issued by the banking operations of ING.

Year ended December 31, 2001 compared to year ended December 31, 2000

Total assets increased by 8.5% in 2001 to EUR 705.1 billion, due to increased fixed income investments, as well as an increase in bank lending volume. Investments grew by EUR 30.2 billion, or 10.9%, to EUR 307.4 billion in 2001 from EUR 277.2 billion in 2000, of which amount EUR 21.6 billion related to growth in insurance investments and EUR 8.6 billion related to growth in banking investments.

Bank lending grew EUR 7.4 billion, or 3.0%, rising to EUR 254.2 billion at the end of 2001 from EUR 246.8 billion at the end of 2000. Of this amount, EUR 125.4 billion related to lending in the Netherlands and EUR 128.8 billion to international lending. The total increase of EUR 7.4 billion was mainly due to increased mortgage lending, primarily Dutch residential mortgages, of EUR 21.6 billion, offset by a decrease in corporate loans of EUR 15.3 billion.

Group shareholders' equity decreased by 14.9% or EUR 3,760 million to EUR 21,514 million at December 31, 2001 compared to EUR 25,274 million at December 31, 2000. Net profit of EUR 4,252 million and the exercise of warrants and options of EUR 163 million caused shareholders' equity to increase. Write-offs of goodwill, primarily relating to the ReliaStar and Aetna acquisitions, totalled EUR 1,908 million, which write-offs are directly charged in full to shareholders' equity. Realized revaluations released to the profit and loss account and unrealized revaluations after taxation amounted to EUR (3,978) million mainly due to the revaluation of the equity portfolio due to the economic downturn. Changes in ING Groep N.V. shares held by group companies amounted to EUR (526) million. In addition, the portion of the 2000 final dividend and 2001 interim dividend paid caused shareholders' equity to decrease by EUR 2,300 million.

Year ended December 31, 2000 compared to year ended December 31, 1999

Total assets increased by 31.9% in 2000 to EUR 650.2 billion. The acquisitions of ReliaStar and Aetna, as well as an increase in bank lending volume, contributed to this increase. Including the new acquisitions, investments grew by EUR 81.4 billion, or 41.6%, to EUR 277.2 billion in 2000 from EUR 195.8 billion in 1999, of which amount EUR 81.8 billion related to growth in insurance investments and EUR (0.4) billion related to growth in banking investments.

Bank lending grew EUR 45.0 billion, or 22.3%, rising to EUR 246.8 billion at the end of 2000 from EUR 201.8 billion at the end of 1999. Of this amount, EUR 111.8 billion related to lending in the Netherlands and EUR 135.0 billion to international lending. Mortgage lending, primarily Dutch residential mortgages, accounted for EUR 6.6 billion of the EUR 45.0 billion increase.

Group shareholders' equity decreased by 26.9% to EUR 25,274 million at December 31, 2000 compared to EUR 34,556 million at December 31, 1999. Net profits of EUR 11,984 million (of which operational net profit was EUR 4,008 million) and the exercise of warrants and options of EUR 81 million caused the shareholders' equity to increase. Write-offs of goodwill arising in connection with the acquisition of ReliaStar, Aetna and other acquisitions totalled EUR 11,774 million (which write-offs are directly charged in full to shareholders' equity). Realized revaluations released to the profit and loss account and unrealized revaluations after taxation amounted to EUR (7,165) million as changes in ING Groep N.V. shares held by group companies amounted to EUR (1,153) million. In addition, the portion of the 1999 final dividend and 2000 interim dividend paid caused shareholders' equity to decrease by EUR 900 million.

Investment portfolio impairments and unrealized losses in 2001

All investments in our investment portfolio are evaluated regularly on an individual basis for other than temporary unrealized losses. For all investments for which, based on such evaluation, the unrealized losses are expected to be other than temporary, the amount of unrealized loss is charged to the profit and loss account. The evaluation includes, amongst other factors, the level and trends of interest rates, trends and level of volatility in stock markets, financial condition of the issuer or counterparty, economic developments and expectations in the business segment in which the issuer or counterparty operates, the extent to which the fair value is below the cost price and the period of time for which unrealized losses have existed.

Impairments

The carrying value of our investments is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are measured as the difference between the carrying value of a particular investment and the expected recoverable amount. In 2001, we recorded impairments of EUR 1.136 million on a U.S. GAAP basis. Of such amount, EUR 451 million is related to our portfolio of debt securities in the United States, of which the most significant items were the following:

- EUR 106 million on asset-backed securities and collateralized debt obligations, primarily securitizations of loan pools in the manufactured housing, franchisee and commercial loan sectors. As the U.S. economy has slowed, the underlying collateral in a number of these pools suffered higher defaults and lower loss recoveries than anticipated at the time of original underwriting. As a result, an impairment charge has been recorded, with the balances being monitored on a monthly basis.
- EUR 107 million on mortgage-backed and mortgage-backed derivative securities was recorded under the new EITF 99-20 requirements related to market values being below carrying value and adverse changes in cash flow. The difference (net of tax) with the pre-EITF 99-20 impairment calculations was EUR 40 million, as disclosed on page F-89 in Note 6.1.c to our Consolidated Financial Statements.
- EUR 78 million on debt securities of issuers in the telecommunications industry. During 2001, the telecommunications industry was under considerable pressure due to a slowdown in the economy and over-building of the industry's infrastructure. The most significant holdings that were impaired related to Global Crossing (EUR 55 million).
- EUR 69 million on Enron. During the 4th quarter of 2001, previously undisclosed information regarding Enron's business and accounting practices became public. The rapid unraveling of the business resulted in an impairment of all unsecured holdings during the 4th quarter. Enron filed for bankruptcy in December 2001.

EUR 685 million related to other than temporary losses on a US GAAP basis in our portfolio of equity securities, of which the main items are presented below under "Unrealized losses – Equity securities".

Unrealized losses

As of December 31, 2001, our consolidated investment portfolio included unrealized gains of EUR 12,127 million (December 31, 2000: EUR 13,470 million, December 31, 1999: EUR 19,904 million), and unrealized losses of EUR 2,707 million (December 31, 2000: EUR 2,215 million and December 31, 1999 EUR 3,118 million) on Dutch GAAP basis.

The gross unrealized losses of EUR 2,707 million as of December 31, 2001 are analyzed as follows by type of security and by the period for which the fair value was below cost price:

	Less than 12 months below cost	More than 12 months below cost	Total
		(EUR millions)	
Debt securities	996	545	1,541
Equity securities	467	699	1,166
Total	**1,463**	**1,244**	**2,707**

Debt securities

Of the unrealized losses on debt securities that have been in an unrealized loss position for more than twelve months, the main part (EUR 417 million of the total EUR 545 million) related to the debt securities portfolio of our insurance operations in the Unites States. Included in the U.S. portfolio were EUR 308 million in unrealized losses that are primarily related to interest rate movement or spread widening for other than credit-related reasons. For the majority of the issuers of these securities, business and operating fundamentals are performing as expected. This category also includes U.S. government-backed securities, principal protected securities and structured securities which did not have an adverse change in cash flows. The remaining unrealized losses of EUR 109 million as of December 31, 2001 included the following significant items:

- EUR 33 million of unrealized losses relating to the telecommunications industry, for which the carrying amount was EUR 196 million. While there are concerns over the issuers' operating fundamentals, our assessment of liquidity trends during the 4th quarter of 2001 indicated that the underlying businesses were positioned to continue servicing debt, providing an opportunity for the borrowers to benefit from an economic recovery.
- EUR 43 million of unrealized losses relating to Argentine issues, for which the carrying amount was EUR 129 million. Investments in Argentina were primarily concentrated in the electrical and natural gas transportation systems industries where borrowers are currently prohibited from passing on higher borrowing costs through rate increases. Several of these obligations are supported by partial guarantees by offshore parents, offshore interest reserve accounts and offshore collections of accounts receivable.
- EUR 28 million of unrealized losses relating to the airline and travel industries, for which the carrying amount was EUR 217 million. This industry was impacted significantly by the September 11 events in the United States. As of the 4th quarter, trends indicated a gradual recovery as consumers' reaction to the September 11 events became less guarded with regard to travel.

Unrealized losses on debt securities in portfolios other than the U.S. were mostly interest-related losses on debt securities issued or guaranteed by governments, where we do not believe there is a risk of non-payment.

The carrying amount of debt securities as of December 31, 2001 included approximately 19% (EUR 32 billion) (December 31, 2000: EUR 23 billion) of non-traded debt securities. The fair value of non-traded debt securities is estimated through internal models based on discounted expected cash flows (using interest rates currently offered for similar securities or a spread over comparable publicly traded securities, based on factors as average life, sector, and coupon) or pricing services by third-party brokers.

Equity securities
Of the EUR 699 million of unrealized losses on equity securities that were in an unrealized loss position for more than twelve months as of December 31, 2001, EUR 585 million related to the equity security portfolio of our insurance operations in the Netherlands. The most significant categories of unrealized losses relate to the Dutch telecom industry (EUR 151 million), nutrition industry (EUR 181 million), temporary labor industry (EUR 76 million) and the IT services industry (EUR 58 million).
Under U.S. GAAP, unrealized losses on equity securities are EUR 685 million lower as set out in note 6.1.e. on page F-90.

Although all individual securities were reviewed to ensure that no material impairments or other than temporary losses were required to be charged to the profit and loss account in 2001, the identification of impairment and other then temporary losses 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 December 31, 2001 may indicate that certain unrealized losses that existed as of December 31, 2001 will need to be considered other than temporary, resulting in a negative impact on our profit and loss account.

INSURANCE OPERATIONS

The following table sets forth selected financial information for the Group's consolidated insurance operations for the years ended December 31, 2001, 2000 and 1999:

	Year ended December 31,		
	2001	2000 Restated	1999 Restated
		(EUR millions)	
Income from insurance operations:			
Gross premiums written:			
Life	44,557	25,019	18,902
Non-life	5,903	4,095	3,510
Total	50,460	29,114	22,412
Investment income	10,336	8,067	6,760
Commissions and other income	2,281	1,126	548
Total income(1)	**63,077**	**38,307**	**29,720**
Net premiums written:			
Life	43,157	24,006	18,280
Non-life	5,288	3,908	3,357
Total	**48,445**	**27,914**	**21,637**
Result before taxation from insurance activities:			
Life	2,993	2,723	2,062
Non-life	578	439	338
Total	**3,571**	**3,162**	**2,400**
Taxation	688	775	413
Third party interests	73	39	34
Operational net profit	**2,810**	**2,348**	**1,953**

(1) Under US GAAP total income in 2001 was EUR 39,913 million (2000: EUR 29,992 million, 1999: EUR 20,146 million). The difference with Dutch GAAP mainly relates to contracts that do not expose the Company to significant mortality or morbidity risks. (See note 6.4.i of Notes to the Consolidated Financial Statements).

Up to and including 2000, net investment income allocated to the Group's insurance provisions was accounted for under life and non-life operations. Net investment income on the capital and surplus of the Group's insurance companies, together with income and expenditure of the insurance holding companies and non-insurance companies of ING Insurance, however, were reported under "Insurance Operations – General". As of 2001, in line with international practice, this item is no longer reported separately, but included in either result life or result non-life. Consequently net investment income on the capital and surplus of the insurance companies and results of insurance holding companies and non-insurance companies are allocated to life or non-life operations depending on the nature of the business. The manner of allocation of net investment income to the insurance provisions has not changed.

	Year ended December 31,			
	2000 restated	2000 original	1999 restated	1999 original
		(EUR millions)		
Operational result before taxation from insurance activities:				
Life	2,723	1,697	2,062	1,256
Non-life	439	262	338	182
Insurance Operations – general		1,203		962
Total	**3,162**	**3,162**	**2,400**	**2,400**

The following table sets forth the breakdown of gross premiums written and results before taxation by geographic area for the Group's consolidated insurance operations for each of the years indicated. The relationship between gross premiums written and results before taxation varies significantly between geographic areas and from year to year, based upon a variety of factors, including differences in regulatory requirements, product mixes and levels of competition in different countries, as well as our capital allocation and internal funding policies.

	Gross premiums written			Result before taxation		
	2001	**2000**	**1999**	**2001**	**2000**	**1999**
		(EUR millions)			**(EUR millions)**	
The Netherlands	7,164	7,368	6,489	2,074	2,017	1,697
Belgium	1,878	1,194	1,038	94	113	96
Rest of Europe	1,657	1,330	1,036	178	190	124
North America	31,896	14,943	9,782	762	579	437
South America	1,111	240	178	79	(6)	(9)
Asia	4,782	1,814	1,160	230	82	(2)
Australia	2,029	2,222	2,724	85	150	81
Other	216	110	115	69	37	(24)
Premiums between geographic areas(1)	(273)	(107)	(110)			
Total	**50,460**	**29,114**	**22,412**	**3,571**	**3,162**	**2,400**

(1) Represents reinsurance premiums ceded between Group companies in different geographic areas.

Year ended December 31, 2001 compared to year ended December 31, 2000 (restated).

On a consolidated basis, the Group's insurance operations contributed EUR 3,571 million and EUR 3,162 million to the Group's results before taxation in 2001 and 2000, respectively, and EUR 2,810 million and EUR 2,348 million to the Group's net profits in such years. Changes in income and result were affected by the acquisition of Aetna Financial Services (USA) and Aetna International (South America and Asia) closed in December 2000 (the results of Aetna are taken into account as from the first of January 2001), the increased shareholding in Seguros Comercial America in Mexico to almost 100%, the acquisition of ReliaStar in the USA in September 2000, the sale in April 2000 of NN Life & Insurance Company of Canada (NN Financial) and by a few smaller acquisitions and divestments. NN Financial's results are not included in the 2000 figures, except the sale result. In 2000 the 100% interest in Tiel Utrecht insurance company in the Netherlands was sold; the results of Tiel Utrecht have been included in the financial statements up to and including 31 December 2000. In order to align the financial year of our Australian operations with the financial year of ING Group, five quarters of Australian operations have been included in the 2000 results of ING Group which we refer to as the "5 quarter effect Australia".

Total Income

Total income from insurance operations in 2001 increased by EUR 24,770 million, or 64.7%, to EUR 63,077 million, from EUR 38,307 million in 2000, mainly reflecting the acquisitions of ReliaStar and Aetna in the Americas and Asia. Gross premiums written in the Group's life operations increased by 78.1% over 2000 levels, mainly due to ING's insurance operations in Belgium, Rest of Europe, North America, South America and Asia. Gross premiums in the Netherlands and Australia decreased. Non-life gross premiums written were 44.2% higher than in 2000, primarily as a result of an increase in all business lines in North and South America. Investment income increased by 28.1% over 2000 levels and commissions and other income increased by EUR 1,155 million, or 102.6%, in each case mainly due to the acquisitions ReliaStar and Aetna. These were offset somewhat by lower income from asset management activities, especially in Italy, due to depressed stock markets.

The total impact of exchange rate movements amounted to EUR 215 million. Acquisitions, divestitures and 5 quarter effect Australia increased total income by EUR 18,302 million. The organic growth of total income, disregarding the influence of acquisitions, divestitures and 5 quarter effect Australia and of exchange rate movements, was EUR 6,253 million or 17.6%, reflecting increases in gross premiums (Life and Non-life) of 19.5% and increases in investment income, commissions and other income of 11.7%.

Insurance income and result were strongly affected by the acquisitions of ReliaStar and Aetna. The impact on the 2001 result is shown below:

	Year ended December 31, 2001 (EUR millions)
Gross premiums written:	
Life	15,572
Non life	892
Total	16,464
Result before taxation	210
Net profit after funding costs	135[(1)]

(1) Also includes losses of EUR 100 million, after reinsurance cover and after taxation, from September 11th events

Result before taxation

The result before taxation from the Group's insurance activities increased in 2001 by EUR 409 million, or 12.9%, to EUR 3,571 million, from EUR 3,162 million in 2000, reflecting growth in life operations of 9.9% and non-life operations of 31.7%. The influence of exchange rate movements increased the result before taxation by EUR 24 million, mainly due to the appreciation of the US dollar versus the euro. Results before taxation in 2001 also reflect losses associated with the events of September 11th, which were EUR 100 million, after reinsurance cover and after taxation,

Operating expenses for 2001 increased by 59.3% over 2000. Operating expenses consist of personnel expenses, commissions/deferred acquisition expenses and other operating expenses. Excluding exchange rate differences and acquisitions/divestments, total operating expenses increased organically by approximately 5%. This moderate increase reflects the success of ongoing expense control. The organic increase of expenses was caused by salary increases, higher pension expenses, the expenses of newly established employee benefits activities outside the Netherlands and the start-up expenses of life operations in India and China.

The positive difference between the (adjusted) premium and (adjusted) expense growth of the life and non-life operations, excluding North-America, was 2.8 percentage points compared to 2.3 in 2000.

Taxation

The overall effective tax rate in 2001 for the Group's insurance operations was 19.3%, compared to a 24.5% rate in 2000. The decrease in the effective tax rate for the year 2001 was largely due to higher non-taxable capital gains in the Netherlands, non-taxable profits from the (partial) sale of some business units and participations and a change in accounting method for taxation in life operations in Australia.

Net profit

Net profit for the Group's insurance operations in 2001 amounted to EUR 2,810 million, an increase of EUR 462 million, or 19.7% compared with 2000.

Year ended December 31, 2000 compared to year ended December 31, 1999.

On a consolidated basis, the Group's insurance operations contributed EUR 3,162 million and EUR 2,400 million to the Group's results before taxation in 2000 and 1999, respectively, and EUR 2,348 million and EUR 1,953 million to the Group's net profits in such years. Changes in income and result were affected by the acquisition of an additional 49% in Afore Bital (private pension fund in Mexico in which ING already owned 49%) in October 2000, the acquisition of ReliaStar in the USA in September 2000, the sale in April 2000 of NN Life & Insurance Company of Canada (NN Financial), the sale in December 1999 of Medical Risk Solutions (MRS) in the USA, the acquisition of MOVIR in the Netherlands (70% in 1999, remaining 30% in 2000) and by a few smaller acquisitions and divestments.

In addition, income and result were affected in 2000 by ING's strategic partnership with Savia. In 2000 ING acquired a 49% stake and Savia 51% in a new holding company, which holds 85% of the shares of the Mexican insurance company Seguros Comercial America. The results as accounted for in ING's profit and loss account are based upon equity accounting.

NN Financial's results are not included in the 2000 figures, except the sale result. ReliaStar has been consolidated as of September 1, 2000. The acquisition of the US life insurance company Aetna was closed in December 2000; the results of Aetna will be taken into account as from the first of January 2001.

In order to align the financial year of our Australian operations with the financial year of ING Group, five quarters of Australian operations have been included in the 2000 results of ING Group. (5 quarter effect Australia).

Total Income
Total income from insurance operations in 2000 increased by EUR 4,557 million, or 13.3%, to EUR 38,726 million, from EUR 34,169 million in 1999, reflecting increases in gross premiums written and in commissions and other income. Gross premiums written in the Group's life operations increased by 32.4% over 1999 levels, mainly due to ING's insurance operations in the Netherlands, Belgium, Rest of Europe, North America (the acquisition of ReliaStar contributed EUR 1,526 million) and Asia. Gross premiums in Australia decreased. Non-life gross premiums written were 16.7% higher than in 1999, primarily as a result of an increase in the Netherlands (Accident and Health), North America (Fire and Automobile) and Australia. The Group's overall retention level decreased from 96.5% in 1999 to 95.9% in 2000. Investment income decreased by 24.3% over 1999 levels, as a result of substantially lower investment income for risk of policyholders including (un)realized capital gains, arising from a poor equity market performance. Commissions and other income increased by EUR 578 million, or 105.5%, amongst others due to higher income from asset management activities (in Italy, North America and Australia) and the acquisition of ReliaStar (EUR 178 million).
The total impact of exchange rate movements, in particular the appreciation of the U.S. dollar against the Euro, amounted to EUR 2,445 million. Acquisitions divestments and 5 quarter effect Australia increased total income by EUR 1,953 million. The organic growth of total income, disregarding the influence of acquisitions, divestments and 5 quarter effect Australia and of exchange rate movements, was EUR 159 million or 0.5%, reflecting increases in gross premiums (Life and Non-life) of 14.4% and decreases in investment income, commissions and other income of 26.7%.

Insurance income and result benefited from the September 1, 2000 acquisition by the Group of ReliaStar, which affected the 2000 total income and result before taxation as follows:

	Year ended December 31, 2000 (EUR millions)
Gross premiums written:	1,526
Net premiums written	1,291
Investment income	556
Total income	**1,847**
Life policy benefits paid and provided for	1,321
Operating expenses	343
Total	**1,664**
Result before taxation	**183**

Result before taxation
The result before taxation from the Group's insurance activities increased in 2000 by EUR 762 million, or 31.8%, to EUR 3,162 million, from EUR 2,400 million in 1999, reflecting growth in life operations of 35.1%, non-life operations of 44.0% and insurance operations-general of 25.1%. The influence of

exchange rate movements increased the result before taxation by EUR 67 million, mainly due to the positive impact of the change in the U.S. dollar exchange rate.

Operating expenses for 2000 increased by 33.1% over 1999. Operating expenses consist of personnel expenses, commissions/deferred acquisition expenses and other operating expenses. Excluding exchange rate differences and acquisitions/divestments, total operating expenses increased organically by 17.1%. The increase in staff expenses was 30.2%; organically, the increase was 15.8%, mainly due to increased number of staff, higher salaries, higher stock option expenses, higher expenses external IT personnel and integration expenses regarding the US Life operations.

Commissions/deferred acquisition expenses rose by 18.6%; organically, the increase was 16.5%, mainly as a result of higher production in North America, Rest of Europe and Asia. Other operating expenses were 49.4% higher, organically, the increase was 19.2%, due to higher expenses for e-business and re-branding and higher expenses in Australia to service the growth of funds under management and because of integration costs.

The positive difference between the (adjusted) premium and (adjusted) expense growth of the life and non-life operations was 2.3 percentage points, mainly due to a strong increase in premium income in all regions, except Australia. Excluding the Australian operations, the positive difference was 11.0 percentage points.

Taxation
The overall effective tax rate in 2000 for the Group's insurance operations was 24.5%, compared to a 17.2% rate in 1999. The increase in the effective tax rate for the year 2000 was largely due to higher taxation of realized capital gains.

Net profit
Net profit for the Group's insurance operations in 2000 increased by EUR 395 million, or 20.2%, to EUR 2,348 million compared with 1999.

Life insurance operations

The following table sets forth certain summarized financial information for the Group's life insurance operations for the years indicated.

	Year ended December 31,		
	2001	**2000**	**1999**
		(EUR millions)	
Gross premiums	44,557	25,019	18,902
Net premiums (1)	43,157	24,006	18,280
Investment income	9,069	6,817	5,522
Other underwriting income	155	63	38
Total income	52,381	30,886	23,840
Life policy benefits paid or provided for	44,461	25,355	19,789
Operating expenses	4,900	2,718	1,980
Other expenses	27	90	9
Total expenses	49,388	28,163	21,778
Result before taxation	**2,993**	**2,723**	**2,062**

(1) Net of reinsurance premiums ceded of EUR 1,400 million, EUR 1,013 million and EUR 622 million, in 2001, 2000 and 1999 respectively.

The following table sets forth the Group's gross life premiums by geographic area and type of product for the years indicated.

	Year ended December 31,		
	2001	**2000**	**1999**
		(EUR millions)	
The Netherlands			
Individual			
Single premium	1,678	1,739	1,220
Periodic premium	1,598	1,709	1,640
Total	3,276	3,448	2,860
Group			
Single premium	989	978	977
Periodic premium	1,057	1,086	1,000
Total	2,046	2,064	1,977
Reinsurance assumed	31	39	49
Total	**5,353**	**5,551**	**4,886**
Belgium			
Individual			
Single premium	1,293	655	529
Periodic premium	174	160	193
Total	1,467	815	722
Group			
Single premium	55	55	28
Periodic premium	103	94	71
Total	158	149	99
Reinsurance assumed			
Total	**1,625**	**964**	**821**
Rest of Europe			
Individual			
Single premium	164	259	187
Periodic premium	1,024	911	784
Total	1,188	1,170	971
Group			
Single premium	311	111	20
Periodic premium	37	18	17
Total	348	129	37
Reinsurance assumed	87		
Total	**1,623**	**1,299**	**1,008**
North America			
Individual			
Single premium	4,526	6,542	4,838
Periodic premium	7,951	3,308	1,451
Total	12,477	9,850	6,289
Group			
Single premium	7,878	2,932	1,693
Periodic premium	7,217	16	19
Total	15,095	2,948	1,712
Reinsurance assumed	1,391	550	467
Total	**28,963**	**13,348**	**8,468**

	Year ended December 31,		
	2001	2000	1999
		(EUR millions)	
South America			
Individual			
Single premium	210	76	51
Periodic premium	166	93	65
Total	376	169	116
Group			
Single premium	68	3	2
Periodic premium	49	22	17
Total	117	25	19
Reinsurance assumed			
Total	**493**	**194**	**135**
Asia			
Individual			
Single premium	90	168	27
Periodic premium	4,499	1,582	1,081
Total	4,589	1,750	1,108
Group			
Single premium	3		
Periodic premium	125	14	11
Total	128	14	11
Reinsurance assumed	1	2	2
Total	**4,718**	**1,766**	**1,121**
Australia			
Individual			
Single premium	1,080	990	1,418
Periodic premium	265	327	221
Total	1,345	1,317	1,639
Group			
Single premium	261	390	723
Periodic premium	173	187	99
Total	434	577	822
Reinsurance assumed			
Total	**1,779**	**1,894**	**2,461**
Other			
Reinsurance assumed	5	4	17
Premiums between geographic areas (1)	(2)	(1)	(15)
Total	**44,557**	**25,019**	**18,902**

(1) Represents reinsurance premiums ceded between Group companies in different geographic areas.

Year ended December 31, 2001 compared to year ended December 31, 2000 (restated)

Premium income

Gross premium income of the Group's life operations in 2001 increased by EUR 19,538 million, or 78.1%, over 2000 levels. Disregarding the net positive effect of acquisitions/ divestitures (EUR 14,290 million, especially the acquisitions of ReliaStar, Aetna and SCA) and the effect of exchange rate movements (EUR 170 million), gross premium income for the Group increased organically by EUR 5,078 million or 22.0%.

In *the Netherlands,* premium income decreased by EUR 198 million, or 3.6%, to EUR 5,353 million for 2001. Organically, premium income increased by 3%: individual life operations increased only by 0.6% due to new tax legislation in 2001, while group life operations increased by 6.9%. Excluding the effect of the acquisition of a number of large group pension contracts in 2000 (EUR 181 million), life premium of group contracts increased by 17.2%.

In *Belgium,* premium income increased by EUR 661 million, or 68.6%, to EUR 1,625 million, over 2000 levels. This sharp increase, particularly with respect to individual single premiums, was especially due to high individual life unit-linked sales.

In the *Rest of Europe,* premium income increased by EUR 324 million, or 24.9%, over 2000 levels. This growth was mainly attributable to the growth in single group premiums in Spain, where several major employee benefits contracts were concluded, due to the externalisation of pensions.

In *North America,* premium income increased by EUR 15,615 million, or 117.0%, to EUR 28,963 million in 2001. This growth was caused by the acquisitions ReliaStar, Aetna and SCA. The organic growth of life premiums in North America was 32.2% due to a strong increase in sales of Guaranteed Investment Contracts (GICs), which rose by EUR 4,259 million to EUR 7,190 million in 2001. Excluding GICs, premium income decreased by 2.3%, mainly as a result of lower variable annuities premiums (primarily caused by depressed stock markets) and life premiums (lower sales and renewal premiums), partly offset by higher individual reinsurance premiums.

In *South America,* premium income increased by EUR 299 million, or 154.1%, over 2000 levels. The increase was mainly due to the consolidation of Aetna. The organic growth of life premiums was 21.2%, mainly thanks to the greenfield operation in Argentina and the life operations in Chile.

In Asia, premium income increased by EUR 2,952 million, or 167.2%, to EUR 4,718 million in 2001, mainly due to the consolidation of Aetna. The organic growth was 19.8%, mainly the result of strong growth of life premiums in Korea (in local currency +44.5% due to higher new business production and better persistency). The growth in Japanese Yen of the premium income of ING Life Insurance Japan was 8.4%, due to high sales volume.

In Australia, premium income decreased by EUR 115 million, or 6.1% to EUR 1,779 million. Excluding exchange rate differences and the fifth quarter effect in 2000 the decrease was 12.8%, primarily due to a shift from life products to fund management products and a fall in single group premium business.

Net premiums written in 2001 and 2000 reflected premiums ceded to reinsurers of EUR 1,400 million and EUR 1,013 million, respectively, resulting in overall retention levels of 96.9% in 2001 and 96.0% in 2000. Net premiums increased by EUR 19,151 million, or 79.8%, from EUR 24,006 million in 2000 to EUR 43,157 million in 2001, mainly due to the growth in North America and Asia.

Life policy benefits paid or provided for
Life policy benefits paid or provided for consist of life benefits paid to policy owners and beneficiaries, increases in life insurance provisions and profit sharing and rebates for policyholders. Total life policy benefits increased by EUR 19,106 million, or 75.4%, to EUR 44,461 million from EUR 25,355 million in 2000, in each case net of reinsurance. Life policy benefits paid and insurance provisions increased by EUR 19,144 million, or 77.8%, to EUR 43,741 million. The strong growth was mainly caused by the acquisitions of ReliaStar, Aetna and SCA, and, in addition,reflects the growth of business. Profit sharing and rebates, which consist of distributions (in the form of a reduction of premiums or credits) to policyholders with respect to portfolio yield or the results of the policy issuing company, decreased from EUR 317 million in 2000 to EUR 254 million in 2001; bonuses added to policies increased from EUR 441 million in 2000 to EUR 466 million in 2001.

Operating expenses
Life operating expenses, which consist primarily of salaries and commissions, increased by EUR 2,182 million, or 80.3%, from EUR 2,718 million in 2000 to EUR 4,900 million in 2001.The strong growth was mainly caused by the acquisitions of ReliaStar, Aetna and SCA and is in accordance with the increase in premiums written (78.1%).

Result before taxation
The result before taxation from life insurance operations in 2001 increased by 9.9% or EUR 270 million compared with 2000 (of which EUR 106 million resulted from realized capital gains) to EUR 2,993

million. This increase can be attributed primarily to growth in North America (EUR 134 million, or 30.6%) and Asia (EUR 150 million or 192.3%). With the exception of Belgium, Rest of Europe and Australia, all regions improved over 2000. The impact of exchange rate movements increased the result before taxation by EUR 24 million.

The following table sets forth a geographic breakdown of the results before taxation of the Group's life operations:

	Year ended December 31,	
	2001	2000 restated
	(EUR millions)	
Result before taxation		
The Netherlands	1,836	1,793
Belgium	85	89
Rest of Europe	176	188
North America	572	438
South America	29	(8)
Asia	228	78
Australia	64	145
Other	3	
Total	**2,993**	**2,723**

In *The Netherlands,* results before taxation increased by EUR 43 million, or 2.4%, over 2000 levels. Excluding one-time items in 2001 (amongst others from old reinsurance operations and the partial release of the catastrophe provision) and in 2000, the impact of funding costs of acquisitions and higher realised capital gains, the increase was approximately 20%, reflecting higher interest result, lower profit participation and improved IT result (E-business).

In *Belgium,* results before taxation decreased by EUR 4 million or 4.5% over 2000 levels, mainly due to lower capital gains. Excluding capital gains the life result improved by EUR 22 million mainly due to unit-linked business.

In the *Rest of Europe,* the results before taxation decreased by EUR 12 million, or 6.4%, to EUR 176 million. Substantially lower results in Italy and Greece due to stock market weakness were partly compensated by higher results in Poland and the strategic alliance with the Greek Piraeus Bank (impact EUR 50 million).

In *North America,* results before taxation increased by EUR 134 million, or 30.6%, to EUR 572 million. EUR 68 million of the increase reflects the acquisition of SCA and the increase of our participation in Afore Bitalin, Mexico. Realised capital gains were EUR 14 million lower than in 2000. GICs contributed EUR 94 million to the result compared to EUR 58 million in 2000. The North American life result was negatively affected by several setbacks in the United States. Economic growth fell sharply, stock markets performed disappointingly and the WTC disaster on 11 September led to very high claims. With the much larger share of equity-linked products since the acquisition of ReliaStar and Aetna, stock market weakness directly impacts results as fee income on these products fluctuates with the value of managed assets. Sales in the US picked up strongly in the fourth quarter of 2001 as nearly all product lines recorded their highest quarterly sales of the year. US results in 2001 were affected by the September 11 events (EUR 155 million) and, notably in the fourth quarter, by several sizable items such as the expenses related to the restructuring announced in December 2001 and impairments in the bond portfolio, which reduced results before taxation by EUR 70 million and EUR 136 million, respectively.

In *South America,* results before taxation amounted to EUR 29 million, compared with a loss of EUR 8 million in 2000. The increase is mainly thanks to the contribution of Aetna (EUR 31 million).

In Asia, results before taxation were EUR 228 million, EUR 150 million higher than the 2000 result before taxation. EUR 155 million of the increase was contributed by Aetna. The result of the ex-greenfield Korea rose by EUR 30 million thanks to better performance in new production and higher results on mortality. The results before taxation of the life company in Japan decreased on balance by EUR 10 million; unfavourable mortality experience, a negative result on surrender losses (due to a high volume of policies that were reduced paid up as a result of a tax law change), lower actuarial interest rate on new business and start-up losses of Pension activities were partly compensated by a one-off result in 2001.

In *Australia,* results before taxation decreased by EUR 81 million, to EUR 64 million in 2001. The decrease was partly due to a change in taxation which lowered both the life result and the amount of tax due. Furthermore, the 2000 results included five quarters of the Australian operations following the decision to synchronise the financial year of the Australian operations with that of ING Group. The synchronisation had a one-time impact of EUR 26 million in 2000.

Year ended December 31, 2000 compared to year ended December 31, 1999

Premium income

Gross premium income of the Group's life operations in 2000 increased by EUR 6,117 million, or 32.4%, over 1999 levels. Disregarding the net positive effect of acquisitions/ divestments (EUR 1,388 million, preliminary of the acquisition of ReliaStar), the 5th quarter effect in Australia and the effect of exchange rate movements (EUR 1,562 million), gross premium income for the Group increased by EUR 3,167 million or 15.9%.

In *the Netherlands,* premium income increased by EUR 665 million, or 13.6%, to EUR 5,551 million for 2000. The individual life operations achieved growth of 20.6%. Higher demand in anticipation of new tax legislation led to a one-time shift in 2000 from periodic premium to single premium products. Another important contributor to the premium growth was the acquisition of a number of group pension contracts (in 2000 EUR 181 million; in 1999 EUR 90 million).

In *Belgium,* premium income increased by EUR 143 million, or 17.4%, to EUR 964 million, over 1999 levels. This increase, particularly with respect to individual single premiums and group premiums, was especially due to higher sales of unit-linked products.

In the *Rest of Europe,* premium income increased by EUR 291 million, or 28.9%, over 1999 levels. This growth was mainly attributable to the growth in individual premium of EUR 199 million, of which periodic premium products contributed EUR 127 million. All (ex-)greenfields contributed to the growth of total premium except for Italy, where new sales of unit linked products decreased significantly mainly as a result of a change in tax legislation).

In *North America,* premium income increased by EUR 4,880 million, or 57.6%, to EUR 13,348 million in 2000. This growth was caused by the consolidation of ReliaStar as of September 1, organic growth and the stronger US dollar. Premium income of ReliaStar amounted to EUR 1,526 million. Organically, premiums rose by 28.6%, reflecting growth in the sales of fixed annuities (64.4%) due to higher interest rates and variable annuities (24.3%). The sale of Canadian subsidiary NN Financial in 1999 reduced premium income by EUR 476 million from 1999 levels.

In *South America,* premium income increased by EUR 59 million, or 43.7%, over 1999 levels. Premium income from the greenfield operation in Argentina increased by EUR 21 million to EUR 52 million, life operations in Chile generated EUR 26 million in higher premium income in 2000.

In *Asia,* premium income increased by EUR 645 million, or 57.5%, to EUR 1,766 million in 2000 (excluding the impact of exchange rates the increase was 30.6%). This increase was mainly caused by an increase of EUR 501 million in individual periodic premiums. The growth in Japanese Yen of the premium income of ING Life Insurance Japan was 14.1%, due to high sales volume. The increase of premium income in Korea and Taiwan in local currency was 180.9% and 13.8%, respectively, due to increased production and better persistency (Korea) and higher renewal premiums (Taiwan).

In *Australia,* premium income decreased by EUR 567 million, or 23.0% to EUR 1,894 million. Because of tax law changes, demand in Australia has shifted from life products to fund management products. Excluding the 5 quarters effect, this led to a decrease in life premiums by 39.4% in local currency.

Net premiums written in 2000 and 1999 reflected premiums ceded to reinsurers of EUR 1,013 million and EUR 622 million, respectively, resulting in overall retention levels of 96.0% in 2000 and 96.7% in 1999. Net premiums increased by EUR 5,726 million, or 31.3%, from EUR 18,280 million in 1999 to EUR 24,006 million in 2000, mainly due to the growth in North America.

Life policy benefits paid or provided for
Life policy benefits paid or provided for consist of life benefits paid to policy owners and beneficiaries, increases in life insurance provisions and profit sharing and rebates for policyholders. Total life policy benefits increased by EUR 1,536 million, or 6.3%, to EUR 25,774 million from EUR 24,238 million in 1999, in each case net of reinsurance. Life policy benefits paid and insurance provisions increased by EUR 2,818 million, or 12.7%, to EUR 24,937 million. This growth reflects the growth of business (including acquisitions and divestments) and the change in investment income allocated to the life insurance provisions, which was negatively influenced by the decrease in investment income. Profit sharing and rebates, which consist of distributions (in the form of a reduction of premiums or credits) to policyholders with respect to portfolio yield or the results of the policy issuing company, decreased from EUR 1,666 million in 1999 to EUR 396 million in 2000 due to the lower investment income for the risk of policy holders, and bonuses added to policies which decreased from EUR 453 million in 1999 to EUR 441 million in 2000.

Operating expenses
Life operating expenses, which consist primarily of salaries and commissions, increased by EUR 738 million, or 37.3%, from EUR 1,980 million in 1999 to EUR 2,718 million in 2000, principally reflecting the increase in premiums written (32.4%), as well as an increase in staff expenses, due to higher salaries and headcount and in expenses associated with the growth of greenfields operations and acquisitions. Excluding exchange rate movements and acquisitions/divestments, the increase in operating expenses was 17.4%.

Result before taxation
The result before taxation from life insurance operations in 2000 increased by 35.1% or EUR 441 million compared with 1999 (of which EUR 219 million resulted from realized capital gains) to EUR 1,697 million. This increase can be attributed primarily to growth in the Netherlands (EUR 181 million, or 21.1%) and in North America (EUR 143 million, or 49.1%). With the exception of South America, all regions improved over 1999. The impact of exchange rate movements increased the result before taxation by EUR 41 million. The following table sets forth a geographic breakdown of the results before taxation of the Group's life operations:

	Year ended December 31,	
	2000	1999
	(EUR millions)	
Result before taxation		
The Netherlands	1,039	858
Belgium	47	33
Rest of Europe	98	44
North America	434	291
South America	(21)	(14)
Asia	16	(3)
Australia	83	50
Other	1	(3)
Total	**1,697**	**1,256**

In *The Netherlands,* results before taxation increased by EUR 181 million, or 21.1%, over 1999 levels. Higher realized capital gains were offset by lower results on interest, expenses and mortality/disability. The life result in 1999 was positively affected by one-time exceptional dividends from investments.

In *Belgium,* results before taxation increased by EUR 14 million or 42.4% over 1999 levels, mainly because of higher interest and mortality results.

In the *Rest of Europe,* the results before taxation increased by EUR 54 million, or 122.7%, to EUR 98 million, reflecting favorable performance in the life operations of the (ex)greenfields in Poland, Greece and Hungary. Our Polish Pension Fund started operations in March 1999, resulting in higher start-up expenses in that year, while in Greece, higher premiums and results from surrenders (due to a shift from traditional to unit-link products) contributed to the increase in results.

In *North America,* results before taxation increased by EUR 143 million, or 49.1%, to EUR 434 million. Both traditional life products and fixed and variable annuities contributed to the improvement, offset in part by lower life reinsurance results due to bad mortality results. Higher expenses from re-branding and the integration of ReliaStar and Aetna are included in the result. The contribution of ReliaStar to the life result was EUR 166 million, while the 1999 life result included the result of NN Financial (EUR 33 million).

In *South America,* results before taxation were EUR (21) million, EUR 7 million lower than the result in 1999, due to lower results in the Netherlands Antilles and Argentina.

In *Asia,* results before taxation were EUR 16 million, EUR 19 million higher than the 1999 result before taxation, mainly due to increased results of the ex-greenfields Japan, Korea and Taiwan. The results before taxation of the life company in Japan were influenced by higher sales and strong expense control; in addition, in 1999 reflected high surrender losses. Higher results in Korea were due to better production and persistency and continuous favorable claims experience.

In *Australia,* results before taxation of Mercantile Mutual Life rose by EUR 33 million, to EUR 83 million due to higher margins on increased funds under management. The impact of the 5th quarter amounted

Non-life insurance operations

The following table sets forth certain summarized financial information for the Group's non-life operations for the years indicated:

	Year ended December 31,		
	2001	2000	1999
	(EUR millions)		
Gross premiums written	5,903	4,095	3,510
Net premiums earned (1)	5,283	3,867	3,335
Investment Income	770	601	563
Other underwriting income	13	6	1
Total income	6,066	4,474	3,899
Claims and claims expenses	3,947	2,886	2,508
Operating expenses	1,541	1,149	1,053
Total expenses	5,488	4,035	3,561
Result before taxation	**578**	**439**	**338**

(1) Net of reinsurance ceded of EUR 614 million, EUR 187 million and EUR 153 million, in 2001, 2000 and 1999 respectively and changes in provision for unearned premiums and unexpired insurance risks.

The following table sets forth the Group's non-life gross written premiums by geographic area:

	Year ended December 31,		
	2001	2000	1999
	(EUR millions)		
The Netherlands	1,811	1,817	1,603
Belgium	253	230	217
Rest of Europe	34	31	28
North America	2,933	1,595	1,314
South America	618	46	43
Asia	64	48	39
Australia	250	328	263
Other	211	106	98
Premiums between geographic areas (1)	(271)	(106)	(95)
Total	**5,903**	**4,095**	**3,510**

(1) Represents reinsurance premiums ceded between Group companies in different geographic areas.

Year ended December 31, 2001 compared to year ended December 31, 2000 (restated)

Premium income
In 2001 gross premiums written from non-life operations increased by EUR 1,808 million, or 44.2%, to EUR 5,903 million from EUR 4,095 million in 2000. Disregarding the aggregate effect of acquisitions and divestitures (EUR 1,717 million), 5th quarter effect Australia (EUR 68 million) and of exchange rate movements (EUR (29) million), gross premium income for the Group increased organically by EUR 188 million, or 4.9%.

Premium income in the *Netherlands* decreased by EUR 6 million to EUR 1,811 million, fully due to the sale of Tiel Utrecht in 2000. Excluding this item the organic growth was 5.7%, mainly as a result of higher premiums and rate increases in Accident and Health.

In *Belgium* premium income rose by EUR 23 million or 10.0% to EUR 253 million; all lines of business contributed to the growth.

Non-life premium income in the *Rest of Europe* increased by EUR 3 million or 9.7% to EUR 34 million primarily due to higher fire premiums. Non-life premiums were generated mainly in Greece and Spain.

In *North America* premium income increased by EUR 1,338 million or 83.9% from EUR 1,595 million in 2000 to EUR 2,933 million in 2001. In Mexico Seguros Comercial America (SCA) contributed EUR 944 million to non-life premiums and in the USA ReliaStar EUR 290 million. Total premium income in Canada amounted to EUR 1,583 million in 2001. Organically the increase was 7.2%.

In *South America,* non-life premium income increased from EUR 46 million in 2000 to EUR 618 million in 2001, as Aetna operations, primarily in Chile, Argentina and Columbia, added EUR 574 million.

In *Asia,* non-life premium income increased by EUR 16 million or 33.3% from EUR 48 million in 2000 to EUR 64 million in 2001, mainly due to higher premium income in the Accident and Health line. The income was affected by the acquisition of Aetna (EUR 28 million) and the sale of ING Non-life Singapore in 2001 (EUR (14) million).

In *Australia,* non-life premium decreased by EUR 78 million or 23.8% to EUR 250 million, from EUR 328 million for 2000. This decrease was primarily due to the 5th quarter effect and the decrease in the exchange rate of the Australian dollar with respect to the euro. Organically, the premium income increased by 4.3%, thanks to Other (liability) and Fire, partly compensated by a decrease in Automobile.

Net non-life premiums written in 2001 and 2000 reflected premiums ceded to reinsurers of EUR 614 million (increase due to acquisitions) and EUR 187 million, respectively, resulting in overall retention levels of 89.6% in 2001 and 95.4% in 2000. Net non-life premiums written amounted to EUR 5,289 million in 2001 compared to EUR 3,908 million in 2000.

Claims and claims expenses

Claims and claims expenses for the Group's non-life business increased by EUR 1,061 million, from EUR 2,886 million in 2000 to EUR 3,947 million in 2001. Claims and claims expenses in the business line Automobile were EUR 246 million higher than in 2000 and in Accident & Health EUR 789 million higher, especially in North and South America due to the acquisitions of ReliaStar (particularly the WTC claim of EUR 155 million) and Aetna. For a more detailed discussion of unpaid claims and claims adjustment expenses and developments between years, see Note 7.7 of Notes to the Consolidated Financial Statements contained in this Annual Report.

The growth of net premiums earned (36.6%) was slightly below the increase of claims and claims expenses (36.8%), resulting in a slightly higher overall non-life loss ratio (74.8% versus 74.6%). This deterioration was a result of an increase in the Netherlands, Belgium, South America and Asia partly offset by a decrease in the loss ratio in Rest of Europe, North America and Australia. The improvement of the loss ratio in Other areas (2001: 63.9%, 2000: 80.2%) was primarily due to in house reinsurance activities (ING Reinsurance). By business line, the loss ratio of Fire increased by 1.2 percentage points to 61.6% in 2001. The loss ratio of Accident and Health decreased by 0.9 percentage points to 81.6% in 2001, the loss ratio of Automobile decreased by 1.4 percentage points to 78.2% and the loss ratio of Other decreased by 10.1 percentage points to 62.4%.

Operating expenses

Operating expenses, consisting primarily of salaries and commissions, rose by EUR 390 million or 33.9% from EUR 1,149 million in 2000 to EUR 1,539 million in 2001. The increase was mainly due to the acquisitions of ReliaStar, Aetna and SCA.

Result before taxation

The result from non-life insurance operations in 2001 increased by EUR 139 million, or 31.7%, compared with 2000, to EUR 578 million. This increase was due to the Netherlands, North and South America, Australia and Other, partly offset by a decrease in Belgium. The following table sets forth the results before taxation of the Group's non-life operations by geographic area:

	Year ended December 31,	
	2001	2000 restated
	(EUR millions)	
The Netherlands	238	224
Belgium	9	24
Rest of Europe	2	2
North America	190	140
South America	50	3
Asia	2	3
Australia	21	6
Other	66	37
	578	**439**

The following table sets forth loss, expense and combined ratio information for the Group's non-life operations by geographic area for the years 2001 and 2000.

	Year ended December 31,					
	2001	2000	2001	2000	2001	2000
	Loss ratio		Expense ratio (all figures %)		Combined ratio	
The Netherlands	77.1	75.6	30.4	29.9	107.5	105.5
Belgium	76.9	72.0	35.0	36.1	111.9	108.1
Rest of Europe	50.1	55.3	51.4	50.0	101.5	105.3
North America	73.3	74.0	29.1	26.0	102.4	100.0
South America	77.2	51.4	21.6	50.2	98.8	101.6
Asia	58.6	51.5	44.6	49.1	103.2	100.6
Australia	70.7	80.2	32.5	32.9	103.2	113.1
Other	63.9	80.2	11.4	22.5	75.3	102.7
Total Non-life	**74.8**	**74.6**	**29.1**	**29.4**	**103.9**	**104.0**

In the *Netherlands,* non-life results before taxation increased by EUR 14 million from EUR 224 million in 2000 to EUR 238 million in 2001. The increase of the combined ratio was more than compensated by the higher investment income as a result of higher capital gains and a one-off gain of EUR 8 million from reinsurance operations. The results of Automobile, Accident and Other (mainly Marine and Aviation) improved, but Fire deteriorated due to a sharp increase of average claims, despite a reduced number of large losses.

In *Belgium,* non-life results before taxation decreased from EUR 24 million in 2000 to EUR 9 million in 2001, due to EUR 11 million lower capital gains and large claims and reserve strenghtening in Automobile.

In the *Rest of Europe,* non-life results before taxation equaled in 2001 the 2000 result of EUR 2 million.

In *North America,* non-life results increased by EUR 50 million, or 35.7%, to EUR 190 million in 2001. The increase of the results was caused by a higher result in Mexico (mainly due to the Automobile operations of SCA) as well as in the USA as a consequence of the Health operations of ReliaStar. In Canada the results were lower; in 2000 the Canadian result was positively impacted by the sale of NN Financial by EUR 29 million and by higher realized capital gains on shares.

In *South America,* non-life results increased by EUR 47 million, to EUR 50 million in 2001. The Aetna companies in South America contributed EUR 39 million to the result (mainly Accident and Health), while the gain on the sale of Aetna Colombia amounted to EUR 6 million (also in business line Accident and Health).

In *Asia,* non-life results decreased by EUR 1 million to EUR 2 million in 2001, mainly due to lower results Accident and Health, especially caused by a loss of Aetna Phillippines in 2001. The gain on the sale of ING Life Singapore in January 2001 was equal to the operational result of this company in 2000.

In *Australia,* non-life results increased by EUR 15 million to EUR 21 million in 2001. The improvement follows from higher results from Fire, Automobile and Other (general liability) thanks to better underwriting due to the decreased exposure in some business lines combined with premium rate increases and expense containment. Accident and Health results decreased, due in part to strengthening of the provisions.

The non-life results of Other areas, mainly regarding the in-house reinsurance activities (ING Reinsurance), increased by EUR 29 million, to EUR 66 million in 2001, primarily due to a one-off gain from old reinsurance operations (EUR 27 million). In addition higher results in the business lines Fire and Automobile.

Year ended December 31, 2000 compared to year ended December 31, 1999

Premium income
In 2000, gross premiums written from non-life operations increased by EUR 585 million, or 16.7%, to EUR 4,095 million from EUR 3,510 million in 1999. Disregarding the aggregate effect of acquisitions and divestments (EUR 148 million), 5th quarter effect Australia and of exchange rate movements (EUR 215 million), gross premium income for the Group increased by EUR 222 million, or 6.1%.

Premium income in *the Netherlands* increased by EUR 214 million or 13.3%. This increase was due to a strong growth in the Accident and Health line of EUR 186 million (26.6%); the other lines grew in total by 3.1%.

In *Belgium,* premium income rose by EUR 13 million, or 6.0%, mainly due to an increase in premium income for the Accident and Health line (EUR 7 million).

Non-life premium income in the *Rest of Europe* increased by EUR 3 million, or 10.7%, to EUR 31 million, to which the Fire line contributed EUR 11 million, the Automobile line contributed EUR 9 million and the Accident and Health line contributed EUR 9 million. Non-life premiums were generated mainly in Greece and Spain.

In *North America,* premium income increased by EUR 281 million or 21.4% from EUR 1,314 million in 1999 to EUR 1,595 million in 2000. Excluding the effect of the sale of NN Financial in Canada and the sale of Medical Risk Solutions in the United States and changes in exchange rates, premium income in North America increased by EUR 115 million or 8.1%, mainly due to higher sales volumes in the lines Fire and Automobile, partly caused by the acquisition of a number of insurance portfolios in Canada.

In *South America,* non-life premium income for 2000 (generated in the Netherlands Antilles) increased by EUR 3 million, or 7.0%, to EUR 46 million, mainly due to higher income in the Accident and Health line.

In *Asia,* non-life premium income for 2000 increased by EUR 9 million or 23.1% from EUR 39 million in 1999 to EUR 48 million in 2000, mainly due to higher premium income in the Accident and Health line. The income was mainly generated in Singapore, Hong Kong and Indonesia.

In *Australia,* non-life premium for 2000 increased by EUR 65 million, or 24.7%, to EUR 328 million, from EUR 263 million for 1999. This increase was due primarily to the 5th quarter effect and the increase in the exchange rate of the Australian dollar with respect to the euro. Organically, the premium income decreased by 5.3%, due (in part) to the selective non-renewal of certain policies.

Net non-life premiums written in 2000 and 1999 reflected premiums ceded to reinsurers of EUR 187 million and EUR 153 million, respectively, resulting in overall retention levels of 95.4% in 2000 and 95.6% in 1999. Net non-life premiums written amounted to EUR 3,908 million in 2000 compared to EUR 3,357 million in 1999.

Claims and claims expenses
Claims and claims expenses for the Group's non-life business increased by EUR 378 million, from EUR 2,508 million in 1999 to EUR 2,886 million in 2000. Claims in the business lines Fire, Automobile and Accident and Health were EUR 102 million, EUR 133 million and EUR 110 million higher, respectively, than in 1999. Claims paid increased by EUR 343 million to EUR 2,574 million, while the addition to claims provisions increased by EUR 35 million to EUR 312 million in 2000. For a more detailed discussion of unpaid claims and claims adjustment expenses and developments between years, see Note 7.7 of Notes to the Consolidated Financial Statements contained in this Annual Report.

The growth of net premiums earned (16.0%) surpassed the increase of claims and claims expenses (15.1%), resulting in a decrease in the overall non-life loss ratio of 0.6 percentage points to 74.6%. This improvement was a result of a decrease in the loss ratio in Belgium, Rest of Europe, South America and Australia, partly offset by an increase in the Netherlands, North America and Asia. The improvement of the loss ratio in Other areas (2000: 80.2%, 1999: 156.6%) was primarily due to in house reinsurance activities (NN Reinsurance) and reflects substantial losses in 1999 from the Sydney hailstorm, the

Canada windstorm and an earthquake in Greece. By business line, the loss ratio of Fire increased by 3.4 percentage points to 60.4% in 2000 and the loss ratio of Automobile increased by 0.4 percentage points to 79.6%. The loss ratio of Accident and Health decreased by 3.4 percentage points to 82.5% in 2000 and the loss ratio of Other increased by 2.6 percentage points to 72.5%.

Operating expenses
Operating expenses consisting primarily of salaries and commissions, rose by EUR 96 million or 9.1% from EUR 1,053 million in 1999 to EUR 1,149 million in 2000. Organically, the increase was 0.2%.

Result before taxation
The result from non-life insurance operations in 2000 increased by EUR 80 million, or 44.0%, compared with 1999, to EUR 262 million. This increase was mainly due to North America (EUR 57 million), Belgium, Australia and Other, partly offset by a decrease in the Netherlands. The impact of exchange rate movements increased the result before taxation by EUR 9 million. The following table sets forth the results before taxation of the Group's non-life operations by geographic area:

	Year ended December 31,	
	2000	**1999**
	(EUR millions)	
The Netherlands	129	159
Belgium	18	7
Rest of Europe	0	2
North America	112	55
South America	1	(1)
Asia	2	3
Australia	(4)	(17)
Other	4	(26)
	262	**182**

The following table sets forth loss, expense and combined ratio information for the Group's non-life operations by geographic area for the years 2000 and 1999.

	Year ended December 31,					
	2000	**1999**	**2000**	**1999**	**2000**	**1999**
	Loss ratio		**Expense ratio**		**Combined ratio**	
			(all figures %)			
The Netherlands	75.6	73.3	29.9	31.4	105.5	104.7
Belgium	72.0	86.1	36.1	37.1	108.1	123.2
Rest of Europe	55.3	56.3	50.0	44.5	105.3	100.8
North America	74.0	72.3	26.0	29.8	100.0	102.1
South America	51.4	59.5	50.2	45.4	101.6	104.9
Asia	51.5	45.3	49.1	51.4	100.6	96.7
Australia	80.2	85.8	32.9	30.6	113.1	116.4
Other	80.2	156.6	22.5	22.8	102.7	179.4
Total Non-life	**74.6**	**75.2**	**29.4**	**31.4**	**104.0**	**106.6**

In *the Netherlands,* non-life results before taxation decreased by EUR 30 million (of which EUR 6 million resulted from reduced realized capital gains) from EUR 159 million in 1999 to EUR 129 million in 2000, mainly due to lower results in the Fire line, including losses arising from a large fireworks explosion in Enschede on May 13, 2000. Results in the Automobile line were negatively affected by lower capital gains and the strengthening of the Incurred But Not Reported (IBNR) provisions as a result of adverse claims experience. The result in the Accident and Health line was positively affected by a release of a provision, offset in part by adverse results in the disability line. Results in the Other line were lower due to strengthening of reserves in Marine and Aviation.

In *Belgium,* non-life results before taxation increased from EUR 7 million in 1999 to EUR 18 million in 2000, despite EUR 18 million lower capital gains. The increase was positively affected by the improved quality of the portfolio which resulted in lower claim ratios in the Automobile and Accident and Health lines.

In the *Rest of Europe,* non-life results before taxation decreased from EUR 2 million in 1999 to EUR 0 million in 2000. Results of all business lines decreased, except the result of the Fire line, which rose by EUR 1 million.

In *North America,* non-life results increased by EUR 57 million, or 103.6%, to EUR 112 million in 2000, with a combined ratio of 100.0% (1999 102.1%). Higher realized capital gains contributed to this growth (EUR 23 million). In addition, the result in the Automobile line was positively impacted by a favorable expense ratio. Higher results in the Accident and Health line were due to the sale of the Medical Risk Solutions portfolio (which had losses in 1999) and the sale of NN Financial. The higher result in the business line Other (in 2000 EUR 18 million, in 1999 EUR 11 million) was due to higher capital gains and improved results in Credit & Suretyship. The higher exchange rate of the US and Canadian dollar positively influenced the result by approximately EUR 9 million.

In *South America,* non-life results increased by EUR 2 million, to EUR 1 million in 2000. This increase reflected higher results in the Automobile and Accident and Health lines in the Netherlands Antilles.

In *Asia,* non-life results decreased by EUR 1 million to EUR 2 million in 2000 mainly due to lower results in Indonesia.

In *Australia,* non-life results increased by EUR 13 million to EUR (4) million in 2000. The impact of the 5th quarter (to synchronize the financial year of the Australian operations with the financial year of ING) amounted to EUR (1) million. The improvement of the result was mainly due to the lines Automobile and Accident and Health. Results in the fire line declined because a number of large claims in 2000 exceeded the already high level of claims in 1999 caused by the Sydney hailstorm.

The non-life results of *Other areas,* mainly regarding the in-house reinsurance activities (ING Reinsurance), increased by EUR 30 million, to EUR 4 million in 2000, primarily due to an increase in the results of the lines Fire and Automobile. The Fire claims in 1999 from the Sydney hailstorm, the Canada windstorm and the earthquake in Greece were much higher than the claims in 2000 from the fireworks explosion in the Netherlands. Higher results from intercompany reinsurance contracts in the Automobile line improved the results in North America and Belgium.

Allocation of former "Insurance Operations-General"

As mentioned earlier, as of 2001 results of Insurance Operation-General is no longer reported separately. The results previously accounted for under this heading are now more in line with international practice and depending on their activities included in either the result life or the result non-life. The results of the non-insurance companies, mainly asset management and mutual fund companies, are allocated to life. The following table sets forth the result of the allocation for the years indicated:

	Year ended December 31,		
	2001	2000 restated	1999 restated
		(EUR millions)	
Insurance Operations-General			
Income from investments	10,336	8,067	6,760
Commission and other income	2,281	1,126	548
Total	12,617	9,193	7,308
Expenses (1)	(2,610)	(1,706)	(1,184)
Total	**10,007**	**7,487**	**6,124**
Allocated to:			
Life operations	9,224	6,880	5,560
Non-life operations	783	607	564
	10,007	**7,487**	**6,124**

(1) Expenses consists of investments expenses, interest incurred as well as other expenses.

Insurance investments

The following table sets forth the components of the investment portfolio of the Group's insurance operations at the end of the years indicated:

	Year ended December 31,		
	2001	2000	1999
		(EUR millions)	
Land and buildings(1)	8,239	7,766	5,790
Fixed-interest securities(2)	133,185	110,873	71,325
Shares and convertible debentures	16,625	18,657	26,677
Interests in investment pools of the insurance operations(3)	86	95	144
Deposits with insurers	31	30	28
Investments for the risk of policyholders and investments of annual life funds	82,743	81,947	33,522
	240,909	**219,368**	**137,486**

(1) Including commuted ground rents.

(2) Includes EUR 1,910 million, EUR 1,325 million and EUR 1,217 million at December 31, 2001, 2000 and 1999 respectively, representing intercompany balances between Group insurance and banking companies.

(3) Consists of assets relating to certain large Dutch group life policies under which coverage is provided by ING and other insurers.

The component of the investment portfolio Fixed interest securities increased by EUR 22,312 million in 2001 mainly due to the strong growth of the debenture portfolio (EUR 16,190 million), especially in North America (partly due to exchange rate differences and SCA). In addition, the mortgage portfolio showed a strong growth (EUR 4,120 million) mainly in the Netherlands and North America. The Shares and convertible debentures portfolio decreased mainly due to revaluations.

The following table sets forth the components of the income from investments (including Commission and Other income) of the Group's insurance operations for the years ended December 31, 2001, 2000 and 1999:

	2001		2000 restated		1999 restated	
	Income	Pre-tax yield(1)	Income	Pre-tax yield(1)	Income	Pre-tax yield(1)
			(EUR millions)			
Income from disposal of group companies	17		61		2	
Land and buildings	665	8.3%	505	7.5%	453	8.3%
Fixed-interest securities(2)(3)	8,224	6.7%	6,004	7.9%	5,048	7.6%
Shares and convertible debentures	1,430	8.1%	1,497	6.6%	1,257	5.1%
Total(4)	10,336		8,067		6,760	
Commission and other income(5)	2,281		1,126		548	
Total	**12,617**		**9,193**		**7,308**	

(1) Pre-tax yield is calculated using interest, rental, dividend, realized gains on equities and convertible debentures and land and buildings in 2001, 2000 and 1999 and other income received for each period, divided by the average of beginning and year-end balances on related assets (excluding –for the calculation of the yields in 2000- assets of Aetna at year-end 2000, assets of NN Financial at year-end 1999; assets of ReliaStar pro-rata).

(2) Includes income from interests in investment pools that consists of investment income from assets relating to certain large Dutch group life policies under which coverage is provided by ING and other insurers.`

(3) Includes mortgages and other loans.

(4) Includes EUR 74 million, EUR 86 million and EUR 58 million in 2001, 2000 and 1999 respectively, representing intercompany interest between Group insurance and banking companies.

(5) 'Commission and other income' consists primarily of fees on asset management and insurance brokerage, results of minority interests and results from financial transactions.

Year ended December 31, 2001 compared to year ended December 31, 2000 (restated)

In 2001, income from investments, commission and other income of the Group's insurance operations increased in total by EUR 3,424 million, or 37.2%, to EUR 12,617 million, from EUR 9,193 million in 2000. This increase was mainly due to ReliaStar and Aetna, especially with regard to fixed interest securities. Disregarding the effect of acquisitions and divestitures, the 5 quarter effect Australia and the effect of exchange rate movements, the increase amounted to EUR 987 million, or 11.7%.

Investment income increased by EUR 2,269 million from EUR 8,067 million in 2000 to EUR 10,336 million in 2001. Income from land and buildings in 2001 was EUR 160 million higher than in 2000, mainly due to higher realised gains, following a decision to manage the real estate portfolio more actively as from 2001 onwards. The decrease from the income in investments in shares and convertible debentures of EUR 67 million was due to both lower realized capital gains (before taxation) and lower dividends as a consequence of the sale of a part of the share investment portfolio in 2000 for the funding of the acquisitions. The remaining investment income, consisting of income from fixed interest securities and income from the disposal of group companies, increased by EUR 2,176 million from EUR 6,065 million to EUR 8,241 million, reflecting growth of the portfolio and changes arising from acquisitions as well as the lower interest environment.

Income from commissions increased by EUR 564 million, or 65.1%, to EUR 1,431 million, mainly due to North America (EUR 455 million, primarily ReliaStar and Aetna), South America (EUR 136 million, of which SCA accounted for EUR 82 million) and the Netherlands (EUR 47 million). Depressed stock markets and lower assets under management, reduced commission income in the Rest of Europe by EUR 80 million from 2000 levels.

Other income, including results on sale of equity participations, increased by EUR 591 million, from EUR 259 million to EUR 850 million, mainly due to increases in North America (340 million, due to, ReliaStar and Aetna) and the Netherlands (EUR 202 million, of which EUR 105 million regarding old reinsurance activities).

Expenses increased in 2001 by EUR 904 million, or 53.0%, to EUR 2,610 million. Part of the increase was due to interest expenses which rose by EUR 495 million due to the funding and assumed debt of the ReliaStar, Aetna and SCA acquisitions.

Year ended December 31, 2000 compared to year ended December 31, 1999

In 2000, income from investments of the Group's insurance operations (including commission and other income) decreased by EUR 2,145 million, or 18.2%, to EUR 9,612 million, from EUR 11,757 million in 1999. This decrease was due to lower investment income for risk of policyholders (90.6%) arising from poor equity market performance. Disregarding the effect of acquisitions and dispositions and the 5 quarter effect Australia, (EUR 419 million, mainly ReliaStar), the effect of exchange rate movements (EUR 409 million) and the income from investments for risk of policyholders, income from investments increased by EUR 1,057 million, or 14.3%.

Excluding commission and other income, investment income decreased by EUR 2,723 million from EUR 11,209 million in 1999 to EUR 8,486 million in 2000. The increase in the income from investments in shares and convertible debentures of EUR 240 million was mainly due to higher realized capital gains. Income from investments for the risk of policyholders, which is fully attributed to policyholders, decreased by EUR 4,030 million due to poor equity market performance. This income is reflected as profit sharing for policyholders and, as a result, gave rise to a corresponding decrease in life policy benefits that were paid or provided for. The remaining investment income, consisting of income from fixed interest securities, land and buildings and income from the disposal of group companies, increased by EUR 1,067 million from EUR 5,503 million to EUR 6,570 million, reflecting growth of the portfolio and changes arising from acquisitions.

Income from commissions increased by EUR 463 million, or 114.6%, to EUR 867 million, of which EUR 178 million generated by the acquisition of ReliaStar. In addition, higher fees from investment management (EUR 103 million), captive agents (EUR 22 million) and mutual fund activities (EUR 160 million) contributed to the increase.

Other income increased by EUR 115 million, from EUR 144 million to EUR 259 million, due to increases in results from financial transactions (EUR 48 million) and higher income in North America, including from surrender charges.

Expenses increased in 2000 by EUR 522 million, or 44.1%, to EUR 1,706 million. Part of the increase was due to interest expenses which rose by EUR 230 million due to the funding of the ReliaStar and Aetna acquisitions. In addition, higher expenses were incurred for e-business, re-branding and as a result of higher funds and assets under management in most regions. Higher expenses above reflected provisions incurred for corporate reorganizations and integration of data-centers in the Netherlands and integration expenses in connection with the ReliaStar and Aetna acquisitions.

BANKING OPERATIONS

The following table sets forth certain summary financial data for the Group's banking operations for the years indicated:

	Year ended December 31,		
	2001	2000	1999
	(EUR millions)		
Interest income	24,318	24,285	18,559
Interest expense	18,246	18,499	12,907
Net interest result	**6,072**	**5,786**	**5,652**
Commissions	2,765	3,630	2,856
Other income			
Income from securities and participating interests	530	322	239
Result from financial transactions	1,080	1,154	749
Other revenue	664	410	380
Total other income	2,274	1,886	1,368
Total income	**11,111**	**11,302**	**9,876**
Staff costs	5,064	4,945	4,402
Other administrative expenses	2,762	2,876	2,451
Depreciation	365	476	462
Operating expenses	**8,191**	**8,297**	**7,315**
Operational result before addition to the provision for loan losses	2,920	3,005	2,561
Addition to the provision for loan losses	750	400	580
Result before taxation	**2,170**	**2,605**	**1,981**
Taxation	477	837	646
Third party interests	251	108	59
Operational net profit	**1,442**	**1,660**	**1,276**
Non-operational items		764	461
Total net profit	**1,442**	**2,424**	**1,737**

Year ended December 31, 2001 compared to year ended December 31, 2000

Overview

The operational result before taxation from ING's banking operations for 2001 decreased by EUR 435 million, or 16.7%, to EUR 2,170 million from EUR 2,605 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 788 million) was 43.0% lower than in the first half of 2001 and 31.6% lower than the operational 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.

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 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).

The result before taxation of the former Executive Centre Corporate & Investment Banking (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 from the banking operations decreased by EUR 191 million, or 1.7%, to EUR 11,111 million from EUR 11,302 million for 2000. The decrease can be attributed to substantial lower commission revenue partly offset by higher other income and a higher net interest result.

Operating expenses decreased by EUR 106 million, or 1.3% to EUR 8,191 million, from EUR 8,297 million for 2000 reflecting tight cost control, lower bonuses and the sale of the US investment banking activities.

Excluding the expanding ING Direct activities, the operational **efficiency ratio** (operating expenses as a percentage of total income) was 71.7% for 2001, compared to 72.1% for 2000. Including ING Direct, the operational efficiency ratio was 73.7% for 2001, compared to 73.4% for 2000.

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

Within the banking operations, the **net interest result** for 2001 increased by EUR 286 million, or 4.9%, to EUR 6,072 million from EUR 5,786 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.

Commissions for 2001 decreased by EUR 865 million, or 23.8%, to EUR 2,765 million, from EUR 3,630 million for 2000. In particular, securities commissions and management fees were lower, reflecting the downturn across the equity markets.

Other income for 2001, which includes results from financial transactions, increased by EUR 388 million, or 20.6%, to EUR 2,274 million, from EUR 1,886 million for 2000. The increase was primarily due to higher results from participating interests and higher other revenue. The results from financial transactions showed a limited decrease compared with 2000.

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.

Year ended December 31, 2000 compared to year ended December 31, 1999

Overview

The operational result before taxation from ING's banking operations for 2000 increased by EUR 624 million, or 31.5%, to EUR 2,605 million from EUR 1,981 million for 1999. This increase can primarily be attributed to substantially higher commissions, strongly increased results from financial transactions and a substantially lower addition to the provision for loan losses. BHF-Bank, consolidated as of October 1, 1999, contributed EUR 110 million (1999: EUR 103 million). All business units of ING Europe contributed to the strong growth with BBL and the Dutch banking units achieving the increases in operational results of 27.8% and 18.2%, respectively.

The result before taxation of EC Corporate & Investment Banking rose by EUR 63 million to EUR 280 million in 2000, largely due to a lower addition to the provision for loan losses. Although the result for the full year improved compared to 1999, the results severely deteriorated from quarter to quarter. The fourth quarter showed a loss before taxation of EUR 58 million. The deterioration can mainly be attributed to less favorable market circumstances and increased competition, resulting in profit margin erosion and higher personnel expenses. As announced, ING has decided to integrate ING Barings into EC Europe, and the EC Corporate & Investment Banking has ceased to exist. Within ING Europe, an integrated organization has been created comprising the wholesale and financial markets activities of ING Barings, ING Bank, BBL, BHF-Bank and their subsidiaries.

The non-operational items in 2000 amounting to a net profit of EUR 764 million consisted of realized gains on the sale of the Group's CCF shares (EUR 834 million), the sale of the Group's Libertel shares (EUR 376 million) and the addition to a special provision for restructuring the Corporate & Investment Banking operations (EUR 446 million, net of tax). In 1999 the realized gain on the sale of the shares of Libertel (EUR 461 million) was included in non-operational items.

Total income from the banking operations grew by EUR 1,426 million, or 14.4%, to EUR 11,302 million from EUR 9,876 million for 1999, of which EUR 525 million resulted from the consolidation of BHF-Bank. The remaining increase was mainly attributable to substantial higher commission revenue and strongly increased results from financial transactions. Adjusted for currency translation and excluding the consolidation effect of BHF-Bank, total income increased 6.0%.

Operating expenses increased by EUR 982 million, or 13.5% to EUR 8,297 million, from EUR 7,315 million for 1999, of which EUR 347 million was due to the consolidation of BHF-Bank. Adjusted for currency translation and excluding the consolidation of BHF-Bank, operating expenses increases by 5.1%.

Excluding the expanding ING Direct activities, the operational **efficiency ratio** (operating expenses as a percentage of total income) was 72.1% for 2000, compared to 73.6% for 1999. Including ING Direct, the operational efficiency ratio was 73.4% for 2000, compared to 74.1% for 1999.

Exchange rate movements (particularly the appreciation of the US Dollar and the UK Pound Sterling against the Euro) increased the result before taxation by EUR 22 million.

Within the banking operations, the **net interest result** for 2000 increased by EUR 134 million, or 2.4%, to EUR 5,786 million from EUR 5,652 million for 1999. This increase can be fully attributed to the consolidation effect of BHF-Bank (EUR 173 million). Excluding the consolidation effect of BHF-Bank, the net interest result for 2000 decreased by EUR 39 million, which was due to a narrowing of the interest margin, reflecting the world-wide flattening of the yield curve, partly offset by a growth in the average total assets. The narrowing of the interest margin took place in both domestic and international operations.

Commissions for 2000 rose by EUR 774 million, or 27.1%, to EUR 3,630 million, from EUR 2,856 million for 1999. The consolidation of BHF-Bank contributed EUR 224 million to this increase. The remaining increase was primarily due to securities commissions and increases in fees for asset management activities.

Other income for 2000, which includes results from financial transactions, increased by EUR 518 million, or 37.9%, to EUR 1,886 million, from EUR 1,368 million for 1999. The consolidation of BHF-Bank contributed EUR 128 million to this increase. The remaining increase was primarily due to better results from derivatives trading.

The **addition to the provision for loan losses** decreased by EUR 180 million, or 31.0%, to EUR 400 million from EUR 580 million for 1999, primarily as a result of lower additions at Corporate & Investment Banking, including lower country risk provisions.

Effect of acquisitions/consolidations

The consolidation of BHF-Bank as of October 1, 1999 contributed to the Group's 2000 total income, total operating expenses and result before taxation as follows:

	Year ended December 31		Consolidation effect
	2000	1999	
	(EUR millions)		
Net interest result (after financing charges)	304	131	173
Commissions	301	77	224
Other income	163	35	128
Total income	**768**	**243**	**525**
Staff costs	279	71	208
Other expenses	192	53	139
Operating expenses	**471**	**124**	**347**
Gross result	297	119	178
Addition to the provision for loan losses	187	16	171
Result before taxation	**110**	**103**	**7**

Net interest result

The following table sets forth certain information concerning the total net interest result of the Group's banking operations. 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. A reconciliation of the interest income, interest expense and net interest result figures below to the corresponding line items in the Consolidated Financial Statements is contained in the table under "Item 4 – Information on the Company – Selected Statistical Information on Banking Operations – Average Balances and Interest Rates".

	Year ended December 31,		
	2001	2000	1999
	(EUR millions)		
Total			
Interest income(1)	**23,289**	**23,312**	**18,149**
Net interest result(1)	5,779	5,618	5,571
Other net interest result(2)	293	168	81
Total net interest result	**6,072**	**5,786**	**5,652**
Average interest-earning assets	416,025	383,680	301,091
Average interest-bearing liabilities	396,427	357,810	285,430
Domestic			
Interest income(1)	9,051	8,471	7,287
Net interest result(1)	2,739	2,162	2,310
Average interest-earning assets	163,714	141,286	130,661
Average interest-bearing liabilities	157,770	141,618	131,300
Foreign			
Interest income(1)	14,238	14,841	10,862
Net interest result(1)	3,040	3,456	3,261
Average interest-earning assets	252,311	242,394	170,430
Average interest-bearing liabilities	238,657	216,192	154,130
Gross yield(3)			
Domestic	5.53%	6.00%	5.58%
Foreign	5.64%	6.12%	6.37%
Total	5.60%	6.08%	6.03%
Interest spread(4)			
Domestic	1.53%	1.55%	1.79%
Foreign	0.95%	0.85%	1.44%
Total	1.18%	1.13%	1.62%
Interest margin(5)			
Domestic	1.67%	1.53%	1.77%
Foreign	1.20%	1.43%	1.91%
Total	1.39%	1.46%	1.85%

(1) See Item 4, “Information on the Company – Selected statistical information on banking operations – Average balances and Interest rates”.

(2) Additional net interest result required to reconcile Total net interest result to Consolidated Financial Statements. See Item 4, “Information on the Company – Selected statistical information on banking operations – Average balances and interest rates”.

(3) ‘Gross yield’ is the average interest rate earned on ‘Average interest-earning assets’. See Item 4, “Information on the Company – Selected statistical information on banking operations – 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 Item 4, “Information on the Company – Selected statistical information on banking operations – Average balances and interest rates”.

(5) ‘Interest margin’ is ‘Net interest result’ before reconciliation to Consolidated Financial Statements as a percentage of ‘Average interest-earning assets’.

Year ended December 31, 2001 compared to year ended December 31, 2000

Net interest result

The Group’s total net interest result 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 Item 4, "Information on the Company – Selected statistical information on banking operations – Analysis of changes in net interest income".

Year ended December 31, 2000 compared to year ended December 31, 1999

Net interest result

The Group's total net interest result in 2000 increased by EUR 134 million, from EUR 5,652 million in 1999 to EUR 5,786 million in 2000, representing a EUR 82.6 billion, or 27.4%, increase in volume, combined with a decrease of the interest margin of 39 basis points. Both domestic and international operations recorded volume growth, of 8.1% and 42.2%, respectively. The decrease in the interest margin took place in both domestic and international operations, by 24 basis points and 48 basis points, respectively. The EUR 10.6 billion increase in volume of average interest-earning assets in the domestic operations was mainly caused by an increase of EUR 14.2 billion in average loans and advances, partly offset by a decrease of EUR 4.4 million in average time deposits. The increase in volume of the average interest-earning assets in the international operations of EUR 72.0 billion, attributable primarily to the consolidation of BHF-Bank, was mainly caused by an increase of EUR 44.3 billion in average loans and advances and an increase of EUR 20.7 billion in interest-earning securities.

The change in total net interest result in 2000 can be allocated by average rate and volume effects as follows:

	(EUR millions)[1]
Increase due to changes in average balances	1,346
Decrease due to changes in average rates	(1,299)
Increase due to changes in average rates and balances	47
Increase due to changes in other net interest (from reconciliation)	87
Total changes in total net interest result	**134**

(1) See Item 4, "Information on the Company – Selected statistical information on banking operations – Analysis of changes in net interest income".

Commissions

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

	Year ended December 31,		
	2001	2000	1999
	(EUR millions)		
Funds transfer	526	503	466
Securities business	884	1,571	1,150
Insurance brokerage	88	94	89
Management fees	751	853	572
Brokerage and advisory fees	203	266	202
Other	313	343	377
Total	**2,765**	**3,630**	**2,856**

Year ended December 31, 2001 compared to year ended December 31, 2000

Commissions for 2001 decreased by EUR 865 million, or 23.8%, to EUR 2,765 million, from EUR 3,630 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 687 million, or 43.7%, to EUR 884 million from EUR 1,571 million for 2000. The decrease occurred both in the Netherlands (decrease of EUR 116 million or 43.1%) 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 broking
The commission from insurance broking decreased by EUR 6 million, or 6.4%, to EUR 88 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 US investment banking operations.

Other
Other commission income decreased by EUR 30 million, or 8.7%, to EUR 313 million from EUR 343 million for 2000.

Year ended December 31, 2000 compared to year ended December 31, 1999

Commissions for 2000 increased by EUR 774 million, or 27.1%, to EUR 3,630 million, from EUR 2,856 million for 1999. The consolidation of BHF-Bank contributed EUR 224 million to this growth.

Funds transfer
Commission from funds transfer increased by EUR 37 million, or 7.9%, to EUR 503 million from EUR 466 million for 1999. ING Bank's commissions from domestic funds transfer increased by EUR 8 million, or 2.4%, and commissions from international funds transfer increased by EUR 29 million, or 22.8%.

Securities business
Commissions from the securities business increased by EUR 421 million, or 36.6%, to EUR 1,571 million from EUR 1,150 million for 1999. Excluding the consolidation of BHF-Bank, securities commission increased by EUR 290 million, or 26.1%. All business units contributed to this strong growth, especially BBL, Corporate & Investment Banking and the business units of Management Center Netherlands.

Insurance broking
The commission from insurance broking increased by EUR 5 million, or 5.6%, to EUR 94 million from EUR 89 million for 1999. This modest increase was distorted by a change in the commission structure from upfront to renewal commission. Excluding this effect, insurance broking would have increased by approximately 20%.

Management fees
Management fees increased by EUR 281 million, or 49.1%, to EUR 853 million from EUR 572 million. This increase was partially due to the consolidation of BHF-Bank (EUR 46 million), but primarily a result of higher management fees at BBL (placement of mutual funds), Baring Asset Management (higher average assets under management) and ING Furman Selz Asset Management.

Brokerage and advisory fees
Brokerage and advisory fees increased by EUR 64 million, or 31.7%, to EUR 266 million from EUR 202 million. Excluding the consolidation of BHF-Bank, brokerage and advisory fees increased by EUR 56 million, or 27.7%, as a result of increases at Corporate & Investment Banking.

Other
Other commission income decreased by EUR 34 million, or 9.0%, to EUR 343 million from EUR 377 million for 1999, despite the consolidation of BHF-Bank (EUR 19 million).

Other income

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

	Year ended December 31,		
	2001	**2000**	**1999**
		(EUR millions)	
Income from securities and participating interests	530	322	239
Result from financial transactions	1,080	1,154	749
Other revenue	664	410	380
Total	**2,274**	**1,886**	**1,368**

Year ended December 31, 2001 compared to year ended December 31, 2000

Other income increased by EUR 388 million, or 20.6%, to EUR 2,274 million from EUR 1,886 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 208 million, or 64.6%, to EUR 530 million from EUR 322 million. The increase includes EUR 40 million profit on the sale of the US investment banking activities of former CIB and substantially higher results on participating interests, especially at BHF-Bank.

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 Note 6.1.d of Notes to the Financial Statements).

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	465	379
Other results	(2)	101
Total	**1,080**	**1,154**

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 86 million, or 22.7%, to EUR 465 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 103 million to EUR (2) million from EUR 101 million for 2000. This deterioration was due to lower results on derivatives (mainly related to securities trading) and a downward revaluation of equity participations.

Other revenue

Income from 'Other revenue' for 2001 increased by EUR 254 million, or 62.0%, to EUR 664 million from EUR 410 million for 2000. The increase was partly caused by higher results on real estate (EUR 60 million) and leasing (EUR 41 million). The remaining increase can be attributed to BBL, ING Bank Netherlands and Baring Asset Management.

Year ended December 31, 2000 compared to year ended December 31, 1999

Other income increased by EUR 518 million, or 37.9%, to EUR 1,886 million from EUR 1,368 million. This increase was, in addition to the consolidation of BHF-Bank (EUR 128 million), mainly due to the strong increase in the result from financial transactions.

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 83 million, or 34.7%, to EUR 322 million from EUR 239 million.

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 principle for recognition of result from financial transactions under Dutch and US GAAP are different. (See Note 6.1.d of Notes to the Financial Statements).

The result from financial transactions can be analyzed as follows:

	Year ended December 31, 2000	1999
	(EUR millions)	
Result from securities trading portfolio	674	784
Result from currency trading portfolio	379	228
Other results	101	(263)
Total	**1,154**	**749**

Result from securities trading portfolio. The result from the securities trading portfolio for 2000 decreased by EUR 110 million, or 14.0%, to EUR 674 million from EUR 784 million for 1999. Excluding the consolidation effect of BHF-Bank, the decrease amounted to EUR 149 million, due to decreased performance at Corporate & Investment Banking in the last six months of 2000.

Result from currency trading portfolio. The result from the currency-trading portfolio for 2000 increased by EUR 151 million, or 66.2%, to EUR 379 million from EUR 228 million for 1999. Excluding the consolidation effect of BHF-Bank, the increase amounted to EUR 123 million, mainly due to BBL, Corporate & Investment Banking and Bank Slaski.

Other results. 'Other results' (which include asset trading, equity participations, interest derivatives and the effects of revaluations in hyperinflationary countries) for 2000 increased by EUR 364 million to EUR 101 million from EUR (263) million for 1999. This improvement was due to higher derivatives trading results at Corporate & Investment Banking (EUR 199 million), especially due to Sao Paulo where in 1999 a loss of EUR 157 million was reported, which was compensated by extremely high interest results in the same period. BBL's better performance (in 1999 BBL had suffered from a negative adjustment related to the marked-to-market valuation of the non-euro derivatives portfolio of EUR 127 million), also contributed to this improvement.

Other revenue

Income from 'Other revenue' for 2000 increased by EUR 30 million, or 7.9%, to EUR 410 million from EUR 380 million for 1999. This increase can be largely attributed to Corporate & Investment Banking. The consolidation of BHF-Bank contributed EUR 11 million to this growth.

Operating expenses

The following table sets forth the components of Operating expenses:

	Year ended December 31, 2001	2000	1999
		(EUR millions)	
Staff costs	5,064	4,945	4,402
Other administrative expenses	2,762	2,876	2,451
Depreciation	365	476	462
Operating expenses	**8,191**	**8,297**	**7,315**

Year ended December 31, 2001 compared to year ended December 31, 2000

Operating expenses for 2001 decreased by EUR 106 million, or 1.3%, to EUR 8,191 million, from EUR 8,297 million for 2000. Adjusted for currency translation and excluding the effect of the reclassification of Locabel at BBL, operating expenses decreased by EUR 42 million, or 0.5%. 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 2.4%, to EUR 5,064 million in 2001. Adjusted for currency translation, staff costs rose by EUR 90 million, or 1.8%. 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 23,473 in 2001. Outside the Netherlands, the average number of staff employed increased by 849, or 2.3%, from 36,449 in 2000 to 37,298 in 2001. The growth in foreign headcount (notably ING Direct, Bank Slaski and ING Asset Management) was mitigated by the sale of the US investment banking activities.

Other administrative expenses
Other administrative expenses decreased by EUR 114 million, or 4.0%, to EUR 2,762 million in 2001. Adjusted for currency translation, other administrative expenses were EUR 117 million or 4.1% lower, reflecting tight cost controls and the sale of the US investment banking activities.

Depreciation
Total depreciation decreased by EUR 111 million, or 23.3%, from EUR 476 million in 2000 to EUR 365 million in 2001. EUR 96 million of the decrease was attributable to the reclassification of Locabel.

Year ended December 31, 2000 compared to year ended December 31, 1999

Operating expenses for 2000 increased by EUR 982 million, or 13.5%, to EUR 8,297 million, from EUR 7,315 million for 1999. Adjusted for currency translation and excluding the consolidation effect of BHF-Bank, operating expenses increased by EUR 380 million, or 5.1%, to EUR 7,826 million.

Staff costs
Staff costs increased by 12.3%, to EUR 4,945 million in 2000. Adjusted for currency translation and excluding the consolidation effect of BHF-Bank, staff costs were EUR 152 million, 3.4% higher. This is mainly due to an increased average number of staff, increased salaries and stock option expenses, partly offset by lower pension and retirement charges and lower bonuses. In the Netherlands, the number of staff (full time equivalents) rose by 0.9% from 23,100 in 1999 to 23,311 in 2000. Outside the Netherlands, the average number of staff employed increased by 3,297, or 9.9%, from 33,152 in 1999 to 36,449 in 2000. The consolidation of BHF-Bank contributed 2,064 to this growth.

Other administrative expenses
Other administrative expenses rose by EUR 425 million, or 17.3%, to EUR 2,876 million in 2000. Adjusted for currency translation and excluding the consolidation effect of BHF-Bank, other administrative expenses were EUR 214 million, or 8.7% higher. Of this increase EUR 94 million was caused by the expanding ING Direct activities.

Depreciation
Total depreciation increased by EUR 14 million, or 3.0%, from EUR 462 million in 1999 to EUR 476 million in 2000.

Addition to the provision for loan losses

The addition to the provision for loan losses rose by EUR 350 million, or 87.5%, to EUR 750 million for 2001, 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. In 2000, the addition to the provision for loan losses was EUR 400 million, a decrease of EUR 180 million compared to 1999, primarily due to lower additions at Corporate & Investment Banking, including lower country risk provisions.

Taxation

The overall effective taxation rate for the operational net profit of the banking operations was 22.1% (EUR 477 million), 32.1% (EUR 837 million) and 32.6% (EUR 646 million) in 2001, 2000 and 1999 respectively, compared to a statutory rate of 35% in each year 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 2001 (22.1%) was mainly caused by higher non-taxable gains on the sale of investments and to a substantially lower tax ratio of the Belgian banking operations.

Operational net profit from banking operations

Operational net profit for 2001 decreased by EUR 218 million, or 13.1%, to EUR 1,442 million, from EUR 1,660 million for 2000.

Total net profit from banking operations

Total net profit for 2001 decreased by EUR 982 million, or 40.5%, to EUR 1,442 million, from EUR 2,424 million for 2000. EUR 764 million of the decrease was caused by non-operational items in 2000, while in 2001 there were no non-operational items. The non-operational items in 2000 included realized gains on CCF shares (EUR 834 million), the sale of the remaining Libertel shares (EUR 376 million) and the addition to a special provision for restructuring CIB (EUR 446 million). In 1999 the realized gain on the partial sale of the shares of Libertel (EUR 461 million) was included in non-operational items.

Geographic distribution of operational income and operational result before taxation of the banking operations

	Operational income Year ended December 31,			Operational result before taxation Year ended December 31,		
	2001	2000	1999	2001	2000	1999
	(EUR millions)			(EUR millions)		
The Netherlands	4,821	4,541	4,158	1,523	1,441	1,062
Belgium	1,957	2,069	1,837	521	517	341
Rest of Europe	3,018	2,791	2,269	364	593	448
North America	537	1,039	791	(446)	(235)	(74)
South America	238	271	320	24	171	119
Asia	476	538	463	193	128	99
Australia	55	37	25	(7)	(9)	(1)
Other	9	16	13	(2)	(1)	(13)
Total	**11,111**	**11,302**	**9,876**	**2,170**	**2,605**	**1,981**

Year ended December 31, 2001 compared to year ended December 31, 2000

The Netherlands. Operational income for 2001 increased by EUR 280 million, or 6.2%, to EUR 4,821 million, from EUR 4,541 million for 2000. The net interest result rose by EUR 266 million, or 9.1%, mainly due to a strong growth of the average balance sheet total. Commissions decreased by EUR 89 million, or 10.3%, mainly due to lower securities commissions. Other income increased by EUR 103 million, or 13.9%, compared to 2000. Operating expenses increased by EUR 119 million, or 3.9%. The addition to the provision for loan losses increased by EUR 79 million, as result of the worsened economic climate. The operational result before taxation increased by EUR 82 million, or 5.7%, to EUR 1,523 million, from EUR 1,441 million for 2000.

Belgium. Operational income for 2001 decreased by EUR 112 million, or 5.4%, to EUR 1,957 million, from EUR 2,069 million for 2000. This decrease was mainly due to the reclasification of Locabel and lower commissions (mainly securities commission). Operating expenses decreased by EUR 67 million, or 4.5%, mainly due to the effect of the reclassification of Locabel. The operational result before taxation increased by EUR 4 million, or 0.8%, to EUR 521 million, from EUR 517 million for 2000. This increase was mainly due to releases of the provision for loan losses in 2001.

Rest of Europe. Operational income for 2001 increased by EUR 227 million, or 8.1%, to EUR 3,018 million, from EUR 2,791 million for 2000. This increase is due to higher other income (EUR 315 million, mainly BHF-Bank and ING Baring Private Bank), higher interest (EUR 184 million, mainly BBL, ING Lease and BHF-Bank), partly offset by EUR 272 million lower commissions mainly caused by the downturn across the stock markets. Operating expenses increased by EUR 359 million to EUR 2,351 million, due to start-up costs at ING Direct in France, Spain and Italy, higher expenses at former CIB, BHF-Bank and in Central Europe, partly offset by lower expenses at BBL. The addition to the provision for loan losses increased by EUR 96 million, mainly due to higher risk costs of BHF-Bank and Bank Slaski. As a result, the operational result before taxation decreased by EUR 229 million, or 38.6%, to EUR 364 million, from EUR 593 million for 2000.

North America. Operational income in North America for 2001 decreased by EUR 502 million, or 48.3%, to EUR 537 million, from EUR 1,039 million for 2000. This decrease was, after the sale of the US investment banking activities, mainly due to the downturn across the equity markets, resulting in substantially lower commissions and lower results on securities trading. Operating expenses decreased by EUR 400 million, or 35.7%, to EUR 721 million. This decrease was due to the sale of the US investment banking activities, partly offset by start-up costs at ING Direct USA. The addition to the provision for loan losses increased by EUR 110 million, among others due to Enron provisioning. The operational result before taxation decreased by EUR 211 million to EUR (446) million, from EUR (235) million for 2000. Based on the measures taken already, ING expects an improvement of the result before taxation in 2002. In following years results should further improve as soon as ING Direct (USA) has reached its anticipated break-even point in 2003.

South America. Operational income in South America for 2001 decreased by EUR 33 million, or 12.2%, to EUR 238 million, from EUR 271 million for 2000, mainly due to lower interest results at former CIB (mainly Sao Paulo and Curaçao). The addition to the provision for loan losses increased by EUR 138 million among others due to Argentina provisioning, compared to a release of country risk provisions in 2000. The operational result before taxation decreased by EUR 147 million, or 86.0%, to EUR 24 million, from EUR 171 million for 2000.

Asia. Operational income in Asia for 2001 decreased by EUR 62 million, or 11.5%, to EUR 476 million, from EUR 538 million for 2000. The decrease was mainly due to lower securities commission (mainly at former CIB) reflecting the downturn across the stock markets. Operating expenses decreased by EUR 94 million, or 20.4%, to EUR 365 million, mainly due to former CIB operations. The addition to the provision for loan losses decreased by EUR 33 million mainly due to releases of country risk provisions (both in 2000 and 2001). As a result, the operational result before taxation increased by EUR 65 million, or 50.8%, to EUR 193 million, from EUR 128 million for 2000.

Australia. Operational income in Australia for 2001 increased by EUR 18 million, or 48.6%, to EUR 55 million, mainly due to an increase of EUR 22 million in net interest result (mainly ING Direct Australia). Operating expenses increased by EUR 7 million, or 15.0%, mainly due to expanding activities of ING Direct Australia. The operational result before taxation improved by EUR 2 million to EUR (7) million, from EUR (9) million for 2000.

Year ended December 31, 2000 compared to year ended December 31, 1999

The Netherlands. Total income for 2000 increased by EUR 383 million, or 9.2%, to EUR 4,541 million, from EUR 4,158 million for 1999. Despite a strong growth of the balance sheet total, the net interest result only increased by EUR 6 million, or 0.2%, due to a narrowing of the interest margin as a result of lower release of amortized results of the investment portfolio and strong growth in bank deposits. Commissions increased by EUR 104 million, or 13.6%, compared to 1999, mainly due to higher securities commissions. Other income increased by EUR 274 million, or 58.5%, compared to 1999. Operating expenses increased by EUR 162 million, or 5.6%. Risk costs decreased EUR 156 million, due to releases of country risk provisions. The operational result before taxation increased by EUR 379 million, or 35,6%, to EUR 1,441 million, from EUR 1,062 million for 1999.

Belgium. Total income for 2000 increased by EUR 232 million, or 12.7%, to EUR 2,069 million, from EUR 1,837 million for 1999. This increase was mainly due to higher commissions and higher result on derivatives trading, compared to 1999 losses on the marked-to-market valuation of BBL's proprietary non-euro derivatives portfolio of EUR 127 million. Operating expenses increased by EUR 53 million, or 3.6%, due to cost control measures. The operational result before taxation increased by EUR 176 million, or 51.6%, to EUR 517 million, from EUR 341 million for 1999.

Rest of Europe. Total income for 2000 increased by EUR 522 million, or 23.0%, to EUR 2,791 million, from EUR 2,269 million for 1999. Excluding the consolidation effect of BHF-Bank, total income increased by EUR 143 million, or 7.1%, due to higher income at BBL, Baring Asset Management and Bank Slaski, partly offset by lower income at Corporate & Investment Banking. Operating expenses increased by EUR 344 million to EUR 1,992 million, of which EUR 301 million was attributable to the consolidation of BHF-Bank. The addition to the provision for loan losses increased by EUR 33 million, due to the consolidation of BHF-Bank (EUR 84 million). As a result, the operational result before taxation increased by EUR 145 million, or 32.3%, to EUR 593 million, from EUR 448 million for 1999, to which the consolidation of BHF-Bank contributed EUR (6) million.

North America. Total income in North America for 2000 increased by EUR 248 million, or 31.3%, to EUR 1,039 million, from EUR 791 million for 1999. Excluding the consolidation effect of BHF-Bank, total income increased by EUR 122 million, or 15.4%, due to Corporate & Investment Banking (ING Barings New York) and Furman Selz Asset Management. Operating expenses increased by EUR 289 million, or 34.8%, to EUR 1,121 million, of which EUR 46 million was attributable to the consolidation of BHF-Bank. This increase was due to higher expenses at Corporate & Investment Banking (ING Barings New York) and Furman Selz Asset Management and due to expanding ING Direct activities. The addition to the provision for loan losses increased by EUR 119 million, mainly due to the consolidation of BHF-Bank (EUR 87 million). The operational result before taxation decreased by EUR 161 million to EUR (235) million, from EUR (74) million for 1999, to which the consolidation of BHF-Bank contributed EUR (7) million.

South America. Total income in South America for 2000 decreased by EUR 49 million, or 15.3%, to EUR 271 million, from EUR 320 million for 1999, due to a decrease at Corporate & Investment Banking (ING Barings Sao Paulo). The addition to the provision for loan losses decreased by EUR 106 million due to releases of country risk provisions of EUR 25 million versus an addition for loan losses of EUR 81 million for 1999. The operational result before taxation increased by EUR 52 million, or 44.2%, to EUR 171 million, from EUR 119 million for 1999.

Asia. Total income in Asia for 2000 increased by EUR 75 million, or 16.0%, to EUR 538 million, from EUR 463 million for 1999. The increase was mainly due to higher interest, reflecting the recovery of the activities in the Asian financial markets. Operating expenses increased by EUR 105 million, or 29.8%, to EUR 459 million, mainly due to higher personnel expenses at Corporate & Investment Banking. The addition to the provision for loan losses decreased by EUR 60 million due to releases of provisions at Corporate & Investment Banking of EUR 49 million compared to an addition for loan losses of EUR 11 million for 1999. As a result, the operational result before taxation increased by EUR 29 million, or 29.1%, to EUR 128 million, from EUR 99 million for 1999.

Australia. Total income in Australia for 2000 increased by EUR 12 million, or 47.9%, to EUR 37 million, in part due to an increase of EUR 8 million in net interest result. Operating expenses increased EUR 20 million, or 79.9%, mainly due to expanding activities of ING Direct Australia. The operational result before taxation decreased by EUR 8 million to EUR (9) million, from EUR (1) million for 1999.

Other. The operational result before taxation increased by EUR 12 million, due to a lower addition to the provision for loan losses.

LIQUIDITY AND CAPITAL RESOURCES

ING Groep N.V. is a holding company whose principal assets are its investments in the capital stock of its primary insurance and banking subsidiaries. The liquidity and capital resource considerations for ING Groep N.V., ING Insurance and ING Bank vary in light of the business conducted by each, as well as the insurance and bank regulatory requirements applicable to the Group in the Netherlands and the other countries in which it does business. ING Groep N.V. has no employees and substantially all of ING Groep N.V.'s operating expenses are allocated to and paid by its operating companies.

ING Groep N.V.

As a holding company, ING Groep N.V.'s principal sources of funds are funds that may be raised from time to time from the issuance of debt or equity securities and bank or other borrowings, as well as cash dividends received from its subsidiaries. ING Groep N.V.'s total debt outstanding to third parties at December 31, 2001 was EUR 6,304 million, and at December 31, 2000 and 1999 was EUR 5,189 million and EUR 1,939 million, respectively. The EUR 6,304 million of debt outstanding at December 31, 2001 consisted of EUR 600 million principal amount of a 6.5% perpetual subordinated loan issued in September 2001 and debentures of EUR 5,704 million as follows:

Interest Rate (%)	Year of issue	Due date	Principal amount
	(EUR millions)		
5.0	2001	May 3, 2006	1,000
6.125	2000	January 4, 2011	1,000
6	2000	August 1, 2007	750
5.5	2000	May 11, 2005	1,500
5.5	1999	September 14, 2009	1,000
7.125	1999	June 28, 2004	454
			5,704

At December 31, 2001, 2000 and 1999, ING Groep N.V. also owed EUR 837 million, EUR 443 million, EUR 4,008 million, respectively, to ING Group companies pursuant to intercompany lending arrangements. Of the EUR 837 million owed by ING Groep N.V. to ING Group companies at December 31, 2001, approximately EUR 4 million was owed to ING Insurance companies, EUR 814 million was owed to ING Bank companies and EUR 19 million was owed to direct subsidiaries of ING Group companies as a result of normal intercompany transactions.

At December 31, 2001, 2000 and 1999, ING Groep N.V. had EUR 0 million, EUR 0 million and EUR 0 million, respectively, of available cash. Dividends paid to the Company by its subsidiaries amounted to EUR 1,499 million, EUR 1,319 million and EUR 57 million in 2001, 2000 and 1999, respectively, in each case representing dividends declared and paid with respect to the prior calendar year. Of the amounts paid to the Company, EUR 560 million, EUR 673 million and EUR 1,251 million were received from ING Insurance in 2001, 2000 and 1999 respectively; EUR 939 million, EUR 646 million and EUR 248 million were received from ING Bank in 2001, 2000 and 1999 respectively and for 1999 EUR 12 million was received from other ING Group companies. In the year 2000 additional dividends were paid by ING Insurance, ING Bank and other ING Group companies of EUR 1,454 million. The Company and its Dutch subsidiaries are subject to legal restrictions on the amount of dividends they can pay to their shareholders. The Dutch Civil Code provides that dividends can only be paid by Dutch companies up to an amount equal to the excess of a company's shareholders' equity over the sum of (i) paid-up capital and (ii) shareholders' reserves required by law. Further, certain of the Group companies are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise to ING Groep N.V.

In addition to the restrictions in respect of minimum capital and solvency requirements that are imposed by insurance, banking and other regulators in the countries in which the Group's subsidiaries operate, other limitations exist in certain countries. For example, the operations of the Group's insurance company subsidiaries located in the United States are subject to limitations on the payment of dividends to their parent company under applicable state insurance laws. Dividends paid in excess of these limitations generally require prior approval of the Insurance Commissioner of the state of domicile.

ING Groep N.V. made dividend payments of EUR 21 million, EUR 21 million and EUR 21 million on its Preference shares and declared dividends of EUR 1,914 million, EUR 2,173 million and EUR 1,573 million on its Ordinary shares, in 2001, 2000 and 1999, respectively. Of the amounts paid as dividends on ING Groep N.V.'s Ordinary shares in 2001, 2000 and 1999 EUR 1,914 million, EUR 874 million and EUR 702 million, respectively, were paid in the form of cash dividends and the remainder was paid in the form of stock dividends.

ING Group consolidated cash flows

Year ended December 31, 2001 compared to year ended December 31, 2000

Net cash provided by operating activities amounted to EUR 23,424 million for the year ended December 31, 2001, compared to EUR (2,278) million for the year ended December 31, 2000. The increase in cash flow generated through the funds entrusted to and debt securities of the banking operations of EUR 23,356 million was partly used for the lending portfolio. The cash flow employed in lending decreased from a cash outflow of EUR 45,404 million in 2000 to a cash outflow of EUR 8,154 million in 2001. The large cash outflow in respect of Lending in the year 2000 reflects to a high level of advances regarding corporate lending and mortgages in the Netherlands, as well as a large increase in securities borrowing and lending outside the Netherlands, mainly caused by the favourable economic conditions. In the year 2001 the cash outflow employed in Lending compared with the year 2000 decreased mainly because of the impact of the sale of the US investment banking activities (effect approximately EUR 20 billion) and a lower organical growth in securities borrowing.

Net cash used in investment activities in 2001 was EUR 27,152 million, compared to EUR 14,213 million in 2000, an increase of EUR 12,939 million, or approximately 91%. The decrease in cash used in investment activities was primarily due to higher disposals and redemptions of fixed-interest securities, while investments and advances in fixed-interest securities were higher.

Net cash flow from financing activities was EUR 5,283 million in 2001, compared to EUR 6,547 million in 2000. The EUR 1,264 million increase in net cash flow from financing activities mainly reflects the placements of preference shares of Group companies in 2000.

The operating, investing and financing activities described above resulted in net cash and cash equivalents at year-end 2001 of EUR 4,681 million, compared to EUR 3,486 million at year-end 2000, an increase of EUR 1,195 million from 2000 levels.

Year ended December 31, 2000 compared to year ended December 31, 1999

Net cash provided by operating activities amounted to EUR (2,278) million for the year ended December 31, 2000, compared to EUR 24,136 million for the year ended December 31, 1999. The decrease in cash flow generated through the funds entrusted to and debt securities of the banking operations of EUR 28,028 million was used for the lending portfolio. The cash flow employed in lending decreased from a cash outflow of EUR 23,224 million in 1999 to a cash outflow of EUR 45,404 million in 2000.

Net cash used in investment activities in 2000 was EUR 14,213 million, compared to EUR 22,318 million in 1999, a decrease of EUR 8,105 million, or approximately 36%. The decrease in cash used in investment activities was primarily due to higher disposals and redemptions of shares to finance acquisitions and fixed-interest securities. On the other hand investments and advances in participating interest were higher.

Net cash flow from financing activities amounted to EUR 6,547 million in 2000, compared to EUR 3,563 million in 1999. The EUR 2,433 million increase in net cash flow from financing activities mainly reflects the issue of subordinated loans of group companies and bonds and loans contracted and the private placements of preference shares of group companies.

The operating, investing and financing activities described above resulted in net cash and cash equivalents at year-end 2000 of EUR 3,486 million, compared to EUR 14,827 million at year-end 1999, a decrease of EUR 11,341 million from 1999 levels.

ING Insurance cash flows

The principal sources of funds for ING Insurance are premiums, net investment income and proceeds from sales or maturity of investments, while the major uses of these funds are to provide life policy benefits, pay surrenders and profit sharing for life policyholders, pay non-life claims and related claims expenses, and pay other operating costs. ING Insurance generates a substantial cash flow from operations as a result of most premiums being received in advance of the time when claim payments or policy benefits are required. These positive operating cash flows, along with that portion of the investment portfolio that is held in cash and highly liquid securities, have historically met the liquidity requirements of ING Insurance's operations, as evidenced by the growth in investments.

In the insurance industry, liquidity generally refers to the ability of an enterprise to generate adequate amounts of cash from its normal operations, including its investment portfolio, in order to meet its financial commitments, which are principally obligations under its insurance or reinsurance contracts. The liquidity needs of the life operations of ING Insurance are generally affected by trends in actual mortality experience relative to the assumptions with respect thereto included in the pricing of its life insurance policies, by the extent to which minimum returns or crediting rates are provided in connection with its life insurance products, as well as by the level of surrenders and withdrawals. The liquidity of ING Insurance's non-life operations is affected by the frequency and severity of losses under its policies, as well as by the persistency of its products. Future catastrophic events, the timing and effect of that are inherently unpredictable, may also create increased liquidity requirements for the non-life operations of ING Insurance.

Premium income and income from investments totaled EUR 49,800 million and EUR 3,074 million in 2001, EUR 28,715 million and EUR 15,869 million in 2000 and EUR 22,008 million and EUR 11,505 million in 1999, respectively. Uses of funds by ING Insurance include underwriting expenditures (reinsurance premiums, benefits, surrenders, claims (including claims handling expenses) and profit sharing by life policyholders) and employee and other operating expenses, as well as interest expense on outstanding borrowings. Underwriting expenditures, employee and other operating expenses and interest expense for ING Insurance totaled EUR 42,065 million, EUR 7,694 million and EUR 1,286 million in 2001, EUR 29,523 million, EUR 4,711 million and EUR 768 million in 2000 and EUR 27,104 million, EUR 3,644 million and EUR 539 million in 1999, respectively.

ING Insurance's liquidity requirements are met on both a short- and long-term basis by funds provided from insurance premiums collected, investment income and collected reinsurance receivables, and from the sale and maturity of investments. ING Insurance also has access to the commercial paper, medium-term note and other credit facilities described below as additional sources of liquidity. ING Insurance's balance of cash and cash equivalents was EUR 1,534 million at December 31, 2001, EUR 1,632 million at December 31, 2000 and EUR 1,278 million at December 31, 1999, respectively.

Net cash provided by operating activities was EUR 12,232 million, EUR 11,168 million and EUR 14,402 million in 2001, 2000 and 1999, respectively.

Net cash used by ING Insurance in investment activities was EUR 17,706 million, EUR 14,616 million and EUR 14,429 million in 2001, 2000 and 1999, respectively.

Cash provided by ING Insurance's financing activities amounted to EUR 5,495 million, EUR 3,806 million and EUR (126) million in 2001, 2000 and 1999, respectively.

Solvency margins and capital requirements. The insurance operations of the insurance subsidiaries of ING Insurance are subject to detailed, comprehensive regulation in all the jurisdictions in which ING Insurance does business. In addition, EC directives have had and will have a significant impact on the regulation of the insurance industry in the EU, as such directives are implemented through legislation adopted within each member state, including the Netherlands.

Insurance companies in the Netherlands are supervised by the Dutch Insurance Supervisory Board. The Netherlands has adopted the EC Directives of 1973 and 1979, setting forth certain solvency requirements for non-life and life insurance companies, respectively. Such solvency requirements apply to all of the Group's insurance subsidiaries in the EU. As a group of companies in the Netherlands may be engaged in both insurance and banking, the Dutch Central Bank and the Insurance Supervisory Board, in consultation with the Ministry of Finance, have entered into a protocol for the purpose of jointly regulating groups with interests in both banks and insurance companies. "See Item 4- Information on the Company – Regulation and Supervision". As at December 31, 2001, the required solvency margin of the insurance companies of ING Group computed in accordance with these protocol directives amounted to EUR 9,845 million compared to EUR 7,989 million for 2000. The total capital and surplus of these companies was EUR 20,650 million as at December 31, 2001 compared to EUR 19,897 million for 2000.

In the United States, since 1993, insurers, including the companies comprising ING Insurance's U.S. operations, have been subject to risk based capital ('RBC') guidelines. See Item 4, "Information on the Company – Regulation and Supervision – Insurance – United States".

ING Bank 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, 2001, 2000 and 1999, ING Bank had EUR 3,467 million EUR 597 million, and EUR 13,847 million, respectively, of cash and cash equivalents.

ING Bank's operating activities had a EUR 10,307 million cash inflow for the year ended December 31, 2001, compared with an cash outflow of EUR 12,128 million for the year ended December 31, 2000, and a cash inflow of EUR 9,445 million for the year ended December 31, 1999. 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 off set by an increase in growth of funds entrusted. In the year 2001 the cash outflow employed in loans and advances compared with the year 2000 decreased mainly because of the impact of the sale of the US investment banking activities (effect approximately EUR 20 billion) and a lower organical growth in securities borrowing due to deteriorated 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. The EUR 21,573 million decrease in cash provided by operations from 1999 to 2000 was largely attributable to the increase in growth of loans and advances and the trading portfolio. The large cash outflow regarding loans and advances in the year 2000 reflects to the strong growth of corporate lending outside the Netherlands and mortgages in the Netherlands as well as a very strong increase in securities borrowing and lending outside the Netherlands mainly caused by favourable economic conditions.

Net cash generated from investment activities was EUR 8,657 (cash outflow) million, EUR 1,723 (cash outflow) million and EUR 7,880 million (cash outflow) in 2001, 2000 and 1999, respectively, mainly reflecting the investment in interest-earning securities and shares exceeding the dispositions and redemptions of interest-earning securities and dispositions in shares. Investment in interest-earning securities was EUR 68,522 million, EUR 32,380 million and EUR 31,091 million in 2001, 2000 and 1999, respectively. Dispositions and redemptions of interest-earning securities was EUR 59,921 million, EUR 31,335 million and EUR 24,392 million in 2001, 2000 and 1999, respectively.

Net cash flow from financing activities amounted to EUR 1,571 million, EUR 1,926 million and EUR 893 million in 2001, 2000 and 1999, respectively.

The operating, investment and financing activities described above resulted in a positive net cash flow of EUR 3,221 million in 2001 and a negative net cash flow of EUR 11,925 million and a positive net cash flow EUR 2,458 million in 2000 and 1999, respectively.

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 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 resultant 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, 2001, 2000 and 1999 in each case calculated under the Netherlands' implementation of the relevant EC directives.

	Year ended December 31,		
	2001	**2000**	**1999**
	(EUR million, other than percentages)		
Risk-Weighted Assets	243,174	219,868	199,263
Consolidated group equity:			
Tier 1 Capital	17,083	15,882	13,998
Tier 2 Capital	8,588	7,709	6,703
Tier 3 Capital	290	283	228
Supervisory deductions	(250)	(237)	(250)
Total qualifying capital	25,711	23,637	20,679
Tier 1 Capital Ratio	7.03%	7.22%	7,02%
Total Capital Ratio (Tier 1, 2 and 3)	10.57%	10.75%	10,38%

As of December 31, 2001, ING Group had unused lines of credit available for the banking operations, including the payment of commercial paper borrowings presented above as part of the debt securities, totalling EUR 7,614 million (2000: EUR 3,571 million). The commercial paper programs of the insurance operations are presented as part of Other liabilities (see Note 7.9 of Notes to the Consolidated Financial Statements).

ING Group's management believes that working capital is sufficient to meet the current and reasonably foreseeable needs of the Company.

Item 6. Directors, senior management and employees

ING Groep N.V. has a Supervisory Board and an Executive Board. 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 Group and should not serve specific interests to the exclusion of other interests involved. Certain decisions of the Executive Board affecting ING Group 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. and are appointed by the Supervisory Board. Members of the Executive Board are appointed for an indefinite period. They retire on 1 June of the year they reach the age of 60. By mutual agreement the retirement date can be June 1 of the calendar year in which they turn 61 or 62.

The Supervisory Board appoints its own members. The Central Works Council and the General Meeting of Shareholders have the right of objection and may recommend candidates. No employee of ING Group 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 Board of ING Groep N.V.

Supervisory Board of ING Groep N.V.

Name	**Age**	**Year Appointed**	**Term Expires**	**Other Business Activities**
Cor Herkströter, *chairman*	64	1998	2002	Former President and Chairman of the Committee of Managing Directors of the Royal Dutch/Shell Group. Member of the Board of Directors of BHP Billiton. Trustee of the International Accounting Standards Committee Foundation. Member of the Supervisory Board of DSM N.V. Member of the Supervisory Board of Hollandsche Beton Groep nv. Member Advisory Committee Robert Bosch. Chairman of the Listing and Issuing Rules Advisory Committee of Euronext Amsterdam. Member of the Advisory Committee of KPMG Holding N.V. Chairman Public Advisory Council Tinbergen Institute. Professor of International Management, University of Amsterdam. Chairman Supervisory Council Erasmus University Rotterdam.

Mijndert Ververs, *vice-chairman*	68	1994	2002	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 Supervisory Board CSM N.V. Member Supervisory Board Laurus N.V.

Supervisory Board of ING Groep N.V.

Name	Age	Year Appointed	Term Expires	Other Business Activities
Lutgart van den Berghe	50	1994	2002	Executive Director of the Vlerick Leuven Gent Management School. Professor of Corporate Governance at the University of Gent, Belgium. Member of the 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 International Insurance Society.
Jan Berghuis	67	1991	2002	Former Vice-Chairman of the Executive Board of Royal Pakhoed N.V. (shipping and storage). Former member Executive Board Akzo Nobel N.V. Chairman of the Supervisory Board of Te Strake B.V. Chairman of the Supervisory Board of Connexxion. Chairman of the Supervisory Board of Ziekenhuis Rijnstate (hospital).
Luella Gross Goldberg	64	2001	2005	Former member of the Board of Directors of ReliaStar Financial Corp. Former Acting President, Wellesley College. Member Board of Directors of NRG Energy, Hormel Foods Corporation, TCF Financial Corporation, Communication Systems. Life Director Minnesota Orchestral Association.
Paul van der Heijden	52	1995	2003	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. Member of the Supervisory Board of Smit International.

Aad Jacobs	65	1998	2003	Former chairman of the Executive Board of ING Groep N.V. Chairman Supervisory Board Johan Enschedé, Chairman Supervisory Board Imtech N.V., Member Supervisory Boards of Royal Dutch/Shell Group, IHC-Caland, Bührmann, VNU, Euronext.

Supervisory Board of ING Groep N.V.

Name	**Age**	**Year Appointed**	**Term Expires**	**Other Business Activities**
Jan Kamminga	54	1994	2002	Former chairman MKB-Netherlands (Dutch Association for small and medium sized companies), Governor of the Province of Gelderland in the Netherlands
Godfried van der Lugt	61	2001	2005	Former chairman of the Executive Board of ING Groep N.V. Member Supervisory Board Grontmij N.V. Chairman Supervisory Board Siemens Nederland N.V. Member Supervisory Board Amsterdamse Maatschappij tot Stadsherstel N.V. Chairman of the Supervisory Board of Academisch Ziekenhuis Groningen (hospital).
Paul Baron de Meester	66	1998	2002	Former Member Board of Directors BBL. Professor-emeritus of K.U. Leuven. Chairman of the Board of Besix N.V. and of Belgische Betonmaatschappij N.V., Belgium
Johan Stekelenburg	60	1997	2002	Former Chairman of The Netherlands Trade Union Confederation FNV, Mayor of Tilburg. Chairman Supervisory Board of Weekbladpers Groep (publishers), member Supervisory Board of Tennet (electricity transmission system operator), De Sluis Groep, KLM and DSM.
Hans Tietmeyer	70	2000	2003	Former President of the Deutsche Bundesbank. Member Board BIS (Basel) and Supervisory Boards of Depfa Bank, DWS Deutsche Bank, BDO Auditing Company, Hauck & Aufhaüser.

Jan Timmer	68	1996	2003	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. Member of the Supervisory Board of NPM Capital.

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

After the Shareholders' Meeting of April 17, 2002 Messrs. Berghuis and Kamminga will retire as members of the Supervisory Board after having reached the maximum term. Mr. Karel Vuursteen is proposed for appointment in the Supervisory Board. Mr. Vuursteen (Dutch nationality, 1942) is Chairman of the Executive Board of Heineken until April 25, 2002. Ms. Van den Berghe and Messrs. Herkströter, De Meester, Stekelenburg and Ververs will be proposed for reappointment.

Executive Board of ING Groep N.V.

Ewald Kist, Chairman
(Born 1944, Dutch nationality)

Ewald Kist joined Nationale-Nederlanden in 1969. From 1977 to 1986 he held positions in the general management of NN General, NN Life and NN International. In 1986 he was appointed President of NN-US Corporation in the United States. In 1989 he became a member of the general management of Nationale-Nederlanden for the Netherlands, of which he was appointed Chairman in 1991. Since 1993 he has been a member of the Executive Board of ING Group, of which he was appointed Vice-Chairman as of April 1, 1999. Ewald Kist was appointed Chairman of the Executive Board as of May 2, 2000.

Michel Tilmant, Vice-Chairman
(Born 1952, Belgian nationality)

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 of which he was appointed Vice-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
(Born 1951, American nationality)

Fred Hubbell was Chief Executive Officer (CEO) and President of the US 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 US from 1997 until the spring of 1999. In October 1999 he was appointed Chairman of the former Executive Committee ING Financial Services International. As of January 2000 Fred Hubbell holds 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
(Born 1943, Dutch nationality)

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 also holds the position of Chairman of the Executive Committee of ING Europe since January 1, 2000.

Cees Maas, Chief Financial Officer
(Born 1947, Dutch nationality)

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
(Born 1949, Dutch nationality)

Since 1977 Alexander Rinnooy Kan has held various positions with the Erasmus University of Rotterdam, of which he was appointed Rector 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, he remained President. In September 1996 Alexander Rinnooy Kan became a member of the Executive Board of ING Group. He is Chairman of the Executive Committee of ING Asset Management.

Compensation of Directors and Officers

Remuneration of the members of the Executive Board

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

Base salary
The base salaries are reviewed every two years against developments in the market. It was decided not to change the base salaries for 2001 as compared to 2000. The base salaries of the non-Dutch Executive Board members are related to their respective home-country practices.

Short-term performance-related payment
In addition to the base salary, each year a performance-related bonus can be earned up to a maximum of 45% of the annual base salary. The performance criteria for members of the Executive Board are determined by the Supervisory Board on the basis of a proposal of its Remuneration and Appointments Committee. These criteria are related to the financial results of ING Group.

Long-term incentive
Long-term incentives for members of the Executive Board are provided through ING's stock option plan. This plan aligns the interests of shareholders and the members of the Executive Board. Acting on the advice of the Remuneration and Appointments Committee, the Supervisory Board each year has the discretionary power to grant ING stock options to members of the Executive Board. The number of stock options to be granted is related to the financial results of ING Group. The number of stock options can be maximised by the Supervisory Board.

Pensions
The pensions of the Dutch members of the Executive Board are based on defined benefit plans, which are insured through a contract with Nationale-Nederlanden N.V. Employment of members of the Executive Board ends on June 1 of the calender year in which they turn 60. By mutual agreement the

retirement date can be June 1 of the calender year in which they turn 61 or 62. Their prospective pensions amount to a maximum of 60% of their base salaries. Just as for the other ING employees in the Netherlands, the pension rights of the members of the Executive Board are free of premium. The non-Dutch members of the Executive Board have a pension plan related to their home-country practices.

The total remuneration of the members of the Executive Board as at December 31is as follows:

	Amounts in thousands of euros	
	2001	**2000**
Base salary	5,021(1)	4,504
Short-term performance-related bonus	697	1,229
Pension costs	1,107	1,489
	6,825	**7,222**
Long-term incentives (number of options)	210,000(2)	300,000(3)

(1) Increase in 2001 due to full year of employment of Fred Hubbell.

(2) Number of options related to financial result 2001 of ING Group. The exercise price of these options has been fixed at the Euronext Amsterdam Stock Exchange opening price of the ING Group share on March 11, 2002 of EUR 29.39.

(3) Number of options related to financial result 2000 of ING Group. Total market value EUR 2.4 million.

The base salaries, short-term performance-related bonus and long-term incentives (number of options) of the members of the Executive Board are as follows:

	Amounts in thousands of euros		
	Base salary	**Short-term performance-related bonus(1)**	**Long-term incentives (number of options)(2)**
Ewald Kist	708	94	35,000
Michel Tilmant	1,090	177	35,000
Fred Hubbell	1,453	192	35,000
Hessel Lindenbergh	590	78	35,000
Cees Maas	590	78	35,000
Alexander Rinnooy Kan	590	78	35,000
	5,021	**697**	**210,000**

(1) Related to financial result of ING Group in reporting year, granted in following year, 13.25% over base salary; bonus of Michel Tilmant is based on his international contract.

(2) Number of (10 year) options related to financial result 2001 of ING Group. The exercise price of these options has been fixed at the Euronext Amsterdam Stock Exchange opening price of the ING Group share on March 11, 2002 of EUR 29.39.

The amount outstanding as at December 31, 2001 in respect of loans and advances to members of the Executive Board was EUR 2.6 million (2000: EUR 2.7 million) at an average interest rate of 4.9% (2000: 4.4%).

The following table provides information on the options outstanding and the movements during the financial year of options granted to the members of the Executive Board as at December 31, 2001. Following the stock split on July 2, 2001 the number of options and the exercise price have been adjusted in a 2:1 ratio. The information in the table below has been restated where necessary to reflect the impact of the stock split.

			Number of options				Amounts in euros
	Outstanding as at December 31, 2000	**Granted in 2001**	**Exercised in 2001**	**Outstanding as at December 31, 2001**	**Exercise price**	**Share price at exercise date**	**Expiry date**
Ewald Kist	54,960		54,960 (1)		11.75	36.66	May 20, 2001
	100,000			100,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		April 3,2005
		50,000		50,000	35.26		March 15, 2006
Michel Tilmant	50,000			50,000	26.10		May 28, 2004
	20,000			20,000	28.30		April 3,2005
	30,000			30,000	28.68		April 3,2005
		30,000		30,000	35.26		March 15, 2006
		20,000		20,000	35.80		March 15, 2006
Fred Hubbell (1)	50,800			50,800	31.85		May 26, 2003
	40,000			40,000	26.10		May 28, 2004
	50,000			50,000	28.68		April 3,2005
		50,000		50,000	35.26		March 15, 2006
Hessel Lindenbergh	84,960		84,960 (1)		11.75	36.66	May 20, 2001
	100,000			100,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		April 3,2005
		50,000		50,000	35.26		March 15, 2006
Cees Maas	84,960		84,960 (1)		11.75	36.66	May 20, 2001
	100,000			100,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		April 3,2005
		50,000		50,000	35.26		March 15, 2006
Alexander Rinnooy Kan	34,000			34,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		April 3,2005
		50,000		50,000	35.26		March 15, 2006

(1) Exercised at expiry date.

In 2002, to each member of the Executive Board 35,000 options were granted relating to the financial year 2001 (2000: 50,000; 1999: 50,000). The exercise price of these options has been fixed at the Euronext Amsterdam Stock Exchange opening price of the ING Group share on March 11, 2002 of EUR 29.39.

ING Group shares held by members of the Executive Board
As at December 31, 2001 Fred Hubbell held 840,000 ING Group shares (2000: 856,000) of which 405,000 (2000: 406,000) are held for his income only benefit in a trust. Other members of the Executive Board did not hold ING Group shares.

Remuneration of the members and former members of the Supervisory Board

In 2001, the remuneration of the members and former members of the Supervisory Board amounted to EUR 0.6 million (2000: EUR 0.6 million).

The remuneration of the chairman and vice-chairman amounted to EUR 68,100; other members received a remuneration of EUR 38,600. Members of a Supervisory Board Committee, not being chairman or vice-chairman of the Supervisory Board, received a remuneration of EUR 1,800 for that membership.

The amount outstanding as at December 31, 2001 in respect of loans and advances to members of the Supervisory Board was EUR 4.6 million (2000: EUR 4.8 million) at an average interest rate of 5.4% (2000: 5.7%).

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

ING Group purchases, directly or indirectly, its own shares at the time options are granted in order to fulfill the obligations with regard to the existing stock option plan and to hedge the position risk of the options concerned. The purpose of this policy is to avoid an increase in the number of shares, causing a dilution of the net profit per share. As at December 31, 2001 69.1 million own shares were held in connection to the option plan, as a result all granted option rights were hedged, taking into account the expected staff turnover.

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 make 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.

BOARD PRACTICES

Payments on Termination

Upon retirement, a member of the Supervisory Board will not become eligible to receive any employee benefits.

Audit Committee

The Audit Committee consists of four members – Mijndert Ververs (chairman), Lutgart van den Berghe, Jan Berghuis and Aad Jacobs – and meets at least two times a year. It advises the Supervisory Board in observing its responsibility for ensuring that the Group's financial systems provide accurate and up-to-date information on its financial position and that the Group's published financial statements represent a true and fair reflection of this position. It also advises the Supervisory Board in ensuring that appropriate accounting policies, internal financial controls, and compliance procedures are in place. The auditors attend its meetings, as does the head of Corporate Control & Finance and the internal auditor.

Compensation Committee

The Remuneration and Appointments Committee consists of three members – Cor Herkströter (chairman), Paul van der Heijden and Jan Timmer – and meets at least two times a year. The Committee advises the Supervisory Board on compensation policies and the composition of the Supervisory Board and Executive Board. The committee determines, on behalf of the Supervisory Board, and with the benefit of advice from external consultants, the compensation packages of the members of the Executive Board and the Supervisory Board.

SHARE OWNERSHIP

The interests of the Supervisory Board and Executive Board in the bearer receipts/ADR's of the Company at December 31, 2001 were as follows:

	Bearer receipts/ADR's
Supervisory Board	
Cor Herkströter, *Chairman*	1,616
Mijndert Ververs, *Vice-Chairman*	None
Lutgart van den Berghe	886
Jan Berghuis	None
Luella Gross Goldberg	6,000
Paul van der Heijden	None
Aad Jacobs	1,890
Jan Kamminga	9,622
Godfried van der Lugt	None
Paul Baron de Meester	4,970
Johan Stekelenburg	None
Hans Tietmeyer	None
Jan Timmer	None
Executive Board	
Ewald Kist, *Chairman*	None
Michel Tilmant, *Vice-Chairman*	None
Fred Hubbell(1),	840,000
Hessel Lindenbergh	None
Cees Maas, *Chief Financial Officer*	None
Alexander Rinnooy Kan	None

(1) See Note 3.2.3 of the Notes to the Consolidated Financial Statements.

None of the directors has a beneficial interest in the shares of any subsidiary, nor in the debenture stocks issued by the Company or any subsidiary.

EMPLOYEES

The number of staff employed on a full time equivalent basis of ING Group averaged 111,998 in 2001, of which 34,569, or 31%, were employed in the Netherlands. The geographical distribution of employees with respect to the Group's insurance operations and banking operations over the past three years was as follows (full time equivalents):

	Insurance operations			Banking operations			Totals		
	2001	2000	1999	2001	2000	1999	2001	2000	1999
The Netherlands	11,096	11,492	10,875	23,473	23,311	23,100	34,569	34,803	33,975
Belgium	1,455	1,418	1,454	12,584	12,075	11,585	14,039	13,493	13,039
Rest of Europe	3,853	3,492	3,110	19,203	18,332	16,170	23,056	21,824	19,280
North America	19,545	10,281	8,822	2,082	2,828	2,285	21,627	13,109	11,107
South America	7,261	2,201	1,945	610	658	921	7,871	2,859	2,866
Asia	5,665	1,644	1,499	2,376	2,211	1,930	8,041	3,855	3,429
Australia	2,352	2,362	2,068	363	256	175	2,715	2,618	2,243
Other			15	80	89	86	80	89	101
Total	**51,227**	**32,890**	**29,788**	**60,771**	**59,760**	**56,252**	**111,998**	**92,650**	**86,040**

In addition, the number of staff employed by joint ventures included in the Group's consolidated accounts averaged 1,019 in 2001, 973 in 2000 and 375 in 1999. The group does not employ significant numbers of temporary workers. The percentage of the Group's employees allocated to the five Executive Centers was as follows for each of the years 2001, 2000 and 1999:

	2001	2000	1999
ING Europe	65	77	78
ING Americas	23	13	12
ING Asia / Pacific	7	4	4
ING Asset Management	4	5	4
Other(1)	1	1	2
	100%	**100%**	**100%**

(1) Mainly central staff departments and for 1999 including the staff of BHF-BANK.

Substantially all of the Group's Dutch employees are subject to collective labor agreements covering the banking and insurance industries. The Group believes that its employee relations are generally good.

Item 7. Major shareholders and related party transactions

As of December 31, 2001, Stichting Administratiekantoor ING Groep (the "Trust") held 1,991,713,046 Ordinary shares of ING Groep N.V., which represents 99.9% of the Ordinary shares outstanding. These holdings give the Trust voting control of ING Groep N.V. The following is a description of the material provisions of the Articles of Association (Statuten) and the related Conditions of Administration (Administratievoorwaarden) (together the "Trust Agreement"), which governs the Trust, and the applicable provisions of Netherlands law. This description does not purport to be complete and is qualified in its entirety by reference to the Trust Agreement and the applicable provisions of Netherlands law referred to in such description. On July 2, 2001, the Trust agreement was amended to provide for the ING ordinary shares stock split referred to in "Item 9 – Offer and Listing". The amended Trust Agreement is attached as an exhibit to this Annual Report on Form 20-F for the year ended December 31, 2001.

Bearer receipts, which are negotiable instruments under Netherlands law, are issuable by the Trust pursuant to the terms of the Trust Agreement. Each Bearer receipt represents financial interests in one Ordinary share held by the Trust, as described herein. Holders of Bearer receipts (including those for which ADSs have been issued) are not entitled to exercise any voting rights with respect to the

Ordinary shares underlying the Bearer receipts owned by the Trust. Such rights are exercisable only by the Trust pursuant to the terms of the Trust Agreement. Bearer depositary receipts are also issued by the Trust for Preference shares.

The Bearer receipts are in the form of bearer 'Centrum voor Fondsenadministratie' certificates ("CF Certificates"), with a dividend sheet without coupons or talons. The Centrum voor Fondsen-administratie provides central administration for the dividend sheets of the CF Certificates. The dividend sheets of CF Certificates, which do not trade separately from the CF Certificates, must be held by an eligible custodian. Transfer of title in the Bearer receipts in the form of CF Certificates together with the dividend sheet is effected by book-entry through the facilities of the Netherlands Central Institute for Securities Book-Entry Transactions ("NECIGEF") and its participants pursuant to the Netherlands Act on book-entry transactions ("Wet giraal effectenverkeer"). Owners of Bearer receipts participate in the NECIGEF system by maintaining accounts with NECIGEF participants. There is no limitation under Netherlands law on the ability of non-Dutch citizens or residents to maintain such accounts that are obtainable through Dutch banks.

Voting of the Ordinary shares by the Trust

The Trust is required, under the terms of the Trust Agreement to make use of the voting rights associated with the Ordinary shares of ING Groep N.V. in such a manner that the interests of ING Groep N.V., the enterprises sustained by ING Groep N.V. and the companies affiliated as a group with ING Groep N.V. are served in such a way that:

- the interests of ING Groep N.V. and of those enterprises and all parties concerned are safeguarded as well as possible; and
- influences which could violate the independence, the continuity or the identity of ING Groep N.V. and those enterprises, contrary to the aforementioned interests, are barred to the greatest extent possible.

The Trust reserves the right to decide its vote without consulting the holders of Bearer receipts.

Holders of Bearer receipts are not entitled to give binding instructions to the Trust concerning the Trust's exercise of the voting rights attached to its Ordinary shares, although, whenever the Trust deems necessary or desirable, the Trust may consult holders of Bearer receipts to the degree and subject to such terms and conditions it considers appropriate.

Voting of the Ordinary shares by holders of Bearer receipts as proxy of the Trust

Holders of Bearer receipts are entitled to attend and speak at general meetings of shareholders of ING Groep N.V. but do not have any voting rights.

However, the Trust will, except for extra-ordinary circumstances and subject to certain restrictions, grant a proxy to a holder of Bearer receipts to the effect that such holder of may, in the name of the Trust, exercise the voting rights attached to the number of its Ordinary shares that corresponds to the number of Bearer receipts held by such holder of Bearer receipts. On the basis of such a proxy, the holder of Bearer receipts may vote according to his own discretion. The requirements with respect to the use of the voting rights on the Ordinary shares that apply for the Trust (set out in the paragraph above) do not apply for the holder of Bearer receipts voting on the basis of such a proxy.

The restrictions under which the Trust will grant a voting proxy to holders of Bearer receipts are:

- the relevant holder of Bearer receipts must have deposited his Bearer receipts no later than on the 2nd stock exchange day before the day of the general meeting of shareholders observing the provisions laid down in the articles of association of ING Groep N.V.;
- the number of Ordinary shares to which the voting proxy relates will not exceed one percent of the total issued ordinary share capital of ING Groep N.V. This percentage will be reduced by the percentage of the ordinary share capital of ING Groep N.V. that is held by the relevant holder of Bearer receipts himself in form of (registered) Ordinary shares;

- the relevant holder of Bearer receipts may not delegate the powers conferred upon him by means of the voting proxy.

The extra-ordinary circumstances, under which the Trust may refrain from issuing a voting proxy or may withdraw voting proxies already issued, are:

- anyone has made, has announced or is preparing, without the consent of ING Groep N.V., a public offer for all or a part of the shares or the bearer depositary receipts of ING Groep N.V.;
- anyone has deliberately violated, insofar as applicable, his legal obligation to report his voting power in ING Groep N.V.;
- anyone intends to effect a merger, as referred to in article 6 of the SER Merger Regulation 2000, by means of an acquisition of bearer depositary receipts of ING Groep N.V. in stages via any stock exchange;
- anyone (exclusive of the Trust) has acquired a number of ordinary shares or preference shares or bearer depositary receipts of such shares, respectively, which exceeds one third of the share capital issued in the form of ordinary shares or preference shares, respectively.

Administration of the Trust

Pursuant to the terms of its Articles of Association, the Trust is administered by a Management Board (the “Management Board”), that consists of seven members. Two members of the Management Board (each a “Managing Director-A”) are appointed by the ING Groep N.V.’s Supervisory Board from among its members. The other five members of the Management Board (each a “Managing Director-B”, and together with Managing Directors-A, the “Managing Directors”) are appointed by the Management Board itself, subject to the approval of the Executive Board of ING Groep N.V. Managing Directors are appointed for terms of three years.

Valid resolutions may be passed only if at least one Managing Director-B is present or represented and all Managing Directors have been duly notified, except that in a case where there is no such notification valid resolutions may nevertheless be passed by unanimous consent at a meeting at which all Managing Directors are present or represented. A Managing Director may be represented only by a fellow Managing Director who is authorized in writing. All resolutions of the Management Board shall be passed by an absolute majority of the votes.

The legal relationship between holders of Bearer receipts and the Trust is governed entirely by Netherlands law.

Termination of the Trust

Should the Trust be dissolved or wish to terminate its function under the Trust Agreement, or should ING Groep N.V. wish to have such function terminated, ING Groep N.V. shall, in consultation with the Trustee and with the approval of the meeting of holders of Bearer receipts, appoint a successor to whom the administration can be transferred. The successor shall have to take over all commitments under the Trust Agreement. Within two months of the decision to dissolve or terminate the Trust, the Trust shall have the shares which it holds for administration transferred into its successor’s name. Upon surrender of the Bearer receipts, the successor shall issue to holders of Bearer receipts new or altered Bearer receipts which shall be signed by the successor. In no case shall the administration be terminated without ING Groep N.V.’s approval.

Holders of depositary receipts with a stake of 5% or more

According to filings under the Dutch Act on the Disclosure of Significant Interests, only three shareholders held more than 5% of the Bearer receipts of ING Groep N.V. as of December 31, 2001. They were ABN AMRO, Aegon and Fortis. To the best of our knowledge, there are no other shareholders who own a more than 5% interest in Bearer receipts of ING Groep N.V.

The following table sets forth the share ownership of each 5% holder of ING shares.

Shareholder	Number of Bearer Receipts in millions[1]	% of Outstanding Bearer Receipts[1]
ABN AMRO Holding N.V.	102	5.12
AEGON N.V.	125	6.25
Fortis Utrecht N.V.	123	6.15

(1) This information is based upon filings made under the Dutch Act on the Disclosure of Significant Interests and may not be accurate as of the date hereof.

Under the Dutch Act on the Disclosure of Significant Interests, shareholders are not required to provide updated information or make regular additional filings. As a result, we are not, nor would we be likely to be, aware of any significant changes in the ownership of ING Groep N.V. Bearer receipts.

None of these major shareholders possesses voting rights different from those possessed by other shareholders. Except as provided below with respect to shareholders who are not natural persons, the voting rights of the majority of ING ordinary shares are held by the Trust. As of December 31, 2001, shareholders in the Netherlands held approximately 437 million Bearer receipts, or 25% of the total number of Bearer receipts then outstanding. As of December 31, 2001, shareholders in the United States held approximately 400 million ADSs, or 20% of the total number of Bearer receipts then outstanding.

As of December 31, 2001, other than the Trust, no other person is known to the Company to be the owner of more than 10% of the Ordinary shares or Bearer receipts. As at December 31, 2001, members of the Supervisory Board held 24,984 ING Group Bearer receipts and 457 ING Group warrants. If Supervisory Board members hold ING options that were granted in their former capacity as member of the ING Executive Board, these options are part of the ING Stock option plan described in Note 3.2.3. of the Notes to the Consolidated Financial Statements.

Related Party Transactions

As of December 31, 2001, the amount outstanding in respect of loans and advances made to members of the Supervisory Board was EUR 4.6 million, at an average interest rate of 5.4%. The amount outstanding in respect of loans and advances, mostly mortgages, to members of the Executive Board was EUR 2.6 million, at an average interest rate of 4.9%. The largest aggregate amount of such loans and advances outstanding during 2001 was EUR 1.8 million.

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. For the members of the Supervisory Board this means that the conditions have been set according to prevailing commercial conditions. For members of the Executive Board this means that the conditions have been set according to the prevailing conditions for ING personnel.

As described under "Item 6 – Directors, Senior Management and Employees," some members of the Supervisory Board are current or former senior executives of leading multi-national corporations based primarily in The Netherlands. ING Group 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 than those reached with unaffiliated parties of comparable creditworthiness.

Item 8. Financial information

Legal Proceedings, Consolidated Statements and Other Financial Information

See item 18, “Financial Statements” on pages F-1 through F-122.

ING Group companies are involved in litigation and arbitration proceedings in the Netherlands and in a number of foreign jurisdictions, including the United States, involving claims by and against them which arise in the ordinary course of their businesses, including in connection with their activities as insurers, lenders, employers, investors and taxpayers. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, management does not believe that their outcome will have a material adverse effect on the Group’s financial position or results of operations.

Over the past few years in Europe and, increasingly in the United States, considerable public attention has been directed to the full restoration of property rights to victims of the Holocaust. In August, 1998 an association of European insurers and U.S. insurance regulators, the International Commission on Holocaust Era Related Insurance Claims (the ‘Eagleburger Commission’), was established to assist in addressing Holocaust era insurance claims. The Dutch Association of Insurers (of which ING is a member) is a member of this Commission.

On August 1, 2000, the European Commission issued its Statement of Objections regarding an alleged agreement as from January 1, 1999, between several Dutch banks on banking charges for conversion of currencies participating in the Euro. ING has vigorously defended its position to the European Commission. We believe that an agreement as alleged by the Commission was never entered into and that ING can therefore not be held to have violated EU antitrust law. On June 19, 2001 The European Commission announced that it had terminated the cartel proceedings against ING Bank N.V. and Postbank N.V. regarding conversion charges for euro-zone currencies. This decision followed the reduction by the banks of their tariffs for the exchange of euro-zone currencies.

On February 20, 2002 ING subsidiary Life of Georgia (USA) reached a settlement valued at approximately US$ 45-55 million with plaintiffs in a class action lawsuit related to historical underwriting practices that took into account difference in life expectancy of different races. ING has taken adequate provisions in 1999 and 2000 to cover the financial consequences of this settlement.

DIVIDENDS

ING Groep N.V. has declared and paid dividends each year since its formation in 1991. Each year, a final dividend in respect of the prior year is generally declared at and paid after the annual General Meeting of Shareholders generally held in April or May of each year. An interim dividend is generally declared and paid in September, based upon the results for the first six months. The declaration of interim dividends is subject to the discretion of the Executive Board of ING Groep N.V., whose decision to that effect is subject to the approval of the Supervisory Board of the Company. The Executive Board decides, subject to the approval of the Supervisory Board of ING Groep N.V., which part of the annual profits (after payment of dividends on Preference shares and Cumulative Preference shares) will be added to the reserves of ING Groep N.V. The part of the annual profits that remains after this addition to the reserves and after payment of dividends on Preference shares and Cumulative Preference shares is at the disposal of the General Meeting of Shareholders, which may declare dividends therefrom and/or add additional amounts to the reserves of ING Groep N.V. A proposal of the Executive Board with respect thereto is submitted to the General Meeting of Shareholders. The declaration and payment of dividends and the amount thereof is dependent upon the Company’s results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by the Executive Board in determining the appropriate amount of reserves and there can be no assurance that the Company will declare and pay any dividends in the future.

ING Groep N.V. has historically provided shareholders with the option of receiving dividends either in cash or in the form of additional Ordinary shares. Until the final dividend for the year 1998 (paid in May 1999), if a shareholder opted to receive the dividend in cash, Ordinary shares were consequently not issued to such shareholder but were sold by ING Groep N.V. on the open market in the form of Bearer receipts. Beginning with the interim dividend for 1999, ING changed its dividend policy, and will only issue new shares for its shareholders that have opted to receive a stock dividend. It is expected that by far the largest part of the dividend will be paid in cash. As of the final dividend for 1999, shareholders had five AEX stock-exchange days, beginning with the ex-dividend date, to indicate their preference for dividend payment in cash or in (bearer receipts for) Ordinary shares. The exact value of the (interim) dividend in (bearer receipts for) Ordinary shares was established based on the weighted average price of ING shares on the AEX during this five-day period. Based on this price, ING subsequently determined the value difference between the payment in shares and the payment in cash. The payment in shares was slightly lower than the payment in cash. ING has deliberately chosen this five-day period for the value determination in order to avoid being dependent on chance price fluctuations of ING shares on one particular day.

At the end of 2000 ING announced that starting with the final 2000 dividend, dividends will be paid in cash only. This decision was based on two reasons: First, it will prevent dilution, and second, the tax benefit for individual shareholders in the Netherlands resulting from the stock dividend choice will no longer apply as a result of the Income Tax Act that is effective from January 1, 2001.

Cash distributions on ING Groep N.V.'s Ordinary shares and Bearer receipts are generally paid in euros. However, the Executive Board may decide, with the approval of the Supervisory Board, to declare dividends in the currency of a country other than the Netherlands in which the Bearer receipts are trading. Amounts payable to holders of ADSs that are paid to the Depositary in a currency other than dollars will be converted to dollars and subjected to a charge by the Depositary for any expenses incurred by it in such conversion. The right to cash dividends and distributions in respect of the Ordinary shares will lapse if such dividends or distributions are not claimed within five years following the day after the date on which they were made available.

If a distribution by ING Groep N.V. consists of a dividend in Ordinary shares, such Ordinary shares will be held by the Trust, and the Trust will distribute to the holders of the outstanding Bearer receipts, in proportion to their holdings, additional Bearer receipts issued for the Ordinary shares received by the Trust as such dividend. In the event the Trust receives any distribution with respect to Ordinary shares held by the Trust other than in the form of cash or additional shares, the Trust will adopt such method as it may deem legal, equitable and practicable to effect such distribution.

If ING Groep N.V. offers or causes to be offered to the holders of Ordinary shares the right to subscribe for additional shares, the Trust, subject to applicable law, will offer to each holder of Bearer receipts the right to subscribe for additional Bearer receipts of such shares on the same basis.

If the Trust has the option to receive such distribution either in cash or shares, the Trust will give notice of such option by advertisement and give holders of Bearer receipts the opportunity to choose between cash and shares until the fourth day before the day on which the Trust must have made such choice. Holders of Bearer receipts may receive an equal nominal amount in Ordinary shares, provided that they are natural persons, they do not hold more than 1% of issued share capital of ING Groep N.V., in the form of Ordinary shares, and they meet any other criteria set forth in the Articles of Association.

There are no legislative or other legal provisions currently in force in the Netherlands or arising under ING Groep N.V.'s Articles of Association restricting the remittance of dividends to holders of Ordinary shares, Bearer receipts or ADSs not resident in the Netherlands. Insofar as the laws of the Netherlands are concerned, cash dividends paid in Euro may be transferred from the Netherlands and converted into any other currency, except that for statistical purposes such payments and transactions must be reported by ING Groep N.V. to the Dutch Central Bank (De Nederlandsche Bank N.V.) and, further, no payments, including dividend payments, may be made to jurisdictions that are subject to certain sanctions, adopted by the Government of the Netherlands, implementing resolutions of the Security Council of the United Nations, or adopted by the European Union. Dividends are subject to withholding taxes in the Netherlands as described under Item 10 "Additional Information" – Taxation – Netherlands Taxation".

Item 9. The offer and listing

Bearer receipts representing Ordinary shares (nominal value EUR 0.24 per share) are traded on the official Market of Euronext Amsterdam N.V.'s Stock Exchange, the principal trading market for the Bearer receipts. The Bearer receipts are also listed on the stock exchanges of Euronext Brussels, Euronext Paris, Deutsche Börse as well as on the Swiss Exchange. As of December 31, 2001, ING Group was the second largest company quoted on the Euronext Amsterdam Stock Exchange, based on market capitalization. ING Bank is one of the principal market-makers for the Bearer receipts on the Euronext Amsterdam Stock Exchange.

Since June 13, 1997, American Depositary Shares ('ADS'), each representing one Bearer receipt in respect of one Ordinary share, have traded on the New York Stock Exchange under the symbol "ING", and are the principal form in which the Bearer receipts are traded in the United States. Prior to June 13, 1997, there was no active trading market for the ADSs. The ADSs are issued by Morgan Guaranty Trust Company of New York, as Depositary, pursuant to an Amended and Restated Deposit Agreement dated June 2, 1997, among the Company, such Depositary and the holders of ADSs from time to time. As of December 31, 2001, there were 82,698,026 ADSs outstanding, representing an equal number of Bearer receipts. The ADSs were held by 689 record holders. Because certain of the ADSs were held by brokers or other nominees and the Bearer Depositary receipts are held in bearer form and due to the impracticability of obtaining accurate residence information for all such shareholders, the number of holders of record or registered holders in the United States is not representative of the number of beneficial holders or of the residence of the beneficial holders. As of December 31, 2001, approximately 25% of the Bearer receipts were held by Dutch investors, approximately 23% by investors in the U.K. and approximately 20% by investors in the United States and Canada (including as represented by ADSs).

The following are the high and low sales prices of the Bearer receipts on the Euronext Amsterdam Stock Exchange, and the ADSs on the New York Stock Exchange, for the period 1997 – April 12, 2002:

Calendar period	Euronext Amsterdam Stock Exchange (NLG) High	Low	Trading volume, in millions of Bearer receipts[(1)]	New York Stock Exchange (USD) High	Low	Trading volume, in millions of ADSs[(1)]
1997	106.60	87.00	1,006.3	52½	45 5/8	18.1
1998	155.30	116.70	1,628.6	76¼	58 7/16	25.7
1999[(2)]	61.85	50.19	1,602.4	69 7/16	47 13/16	16.0
2000						
First quarter	61.41	48.21	420.8	61 5/16	47 1/16	6.9
Second quarter	71.16	55.77	421.9	67½	52 13/16	7.1
Third quarter	77.15	68.95	380.8	67 15/16	61 3/16	5.9
Fourth quarter	86.10	71.27	442.8	80 1/8	61 3/16	8.8
2001						
First quarter	87.94	64.45	572.3	83½	75½	11.1
Second quarter	78.41	72.00	420.1	69.41	62.08	7.6
Third quarter[(3)]	39.95	22.80	845.9	33.66	21.30	10.8
Fourth quarter	31.65	26.60	849.2	28.30	23.75	14.0
2001 and 2002						
August 2001	37.93	34.76	206.4	33.65	31.68	3.6
September 2001	34.27	22.80	423.7	30.55	21.30	4.1
October 2001	31.34	26.60	398.9	28.30	24.30	5.3
November 2001	31.65	28.48	244.3	28.06	25.60	4.6
December 2001	29.50	26.80	206.0	26.24	23.75	4.1
January 2002	29.90	27.02	115.2[(4)]	26.02	23.70	4.9
February 2002	28.79	25.70	120.3	24.90	22.62	4.3
March 2002	31.20	28.05	114.2	27.10	24.22	4.5
April 2002 (through April 12, 2002)	30.98	28.90	48.9	27.32	25.53	1.8

(1) Aggregate of purchases and sales.

(2) As of January 4, 1999, the Euronext Amsterdam Stock Exchange listings are quoted in euro.

(3) With effect from July 2, 2001 the stock of ING Group was split in a 2:1 ratio.

(4) Electronic Orderbook, single counted

Item 10. Additional information

Memorandum and Articles of Association

ING Groep N.V. is a holding company organized under the laws of The Netherlands. Our object and purpose, as set forth in Article 3 of our Articles of Association, is to participate in, manage, finance, provide personal or real security for the obligations of and provide services to other business enterprises and institutions of any kind whatsoever, but in particular business enterprises and institutions which are active in the field of insurance, banking, investment and/or financial services, and to do anything which is related to the foregoing or may be conducive thereto. ING Groep N.V. is registered under the number 33231073 in the Company Registry of Amsterdam and our Articles of Association are available there.

Certain Powers of Directors

The Supervisory Board determines the compensation of the members of the Executive Board and the compensation of members of the Supervisory Board is determined by the General Meeting of

Shareholders. Neither members of the Executive Board nor members of the Supervisory Board will vote on compensation for themselves or any other member of their body.

Members of the Supervisory Board are not allowed to borrow on behalf of ING Group or any of its subsidiaries. Members of the Executive Board are empowered to exercise all the powers of ING Group to borrow money, subject to regulatory restrictions (if any) and, in the case of the issuance of debt securities, to the approval of the Supervisory Board.

Our Articles of Association do not contain any age limits for retirement of the members of the Executive Board. Nevertheless, it has become standard practice for members to retire at the age of 60. Pursuant to the Articles of Association, members of the Supervisory Board must retire at the age of 70, provided, however, under certain limited circumstances it is possible to postpone retirement until such member reaches the age of 72.

Members of the Executive Board and the Supervisory Board are not required to hold any shares of ING Groep N.V. to qualify as such.

Description of Shares

A description of our securities, and other information with respect to shareholders, annual meetings, changes in capital and limitations on changes in control can be found in our registration statements filed with the Commission on Form F-1 on June 12, 1997 and in this Annual Report under the heading "Item 7 – Major Shareholders and Related Party Transactions".

Material contracts

There have been no material contracts (outside the ordinary course of business) to which ING is a party in the last two years.

Documents on Display

Our company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports and other information with the Securities and Exchange Commission. These materials, including this annual report and its exhibits, may be inspected and copied at the Commission's Public Reference Room at 450 fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661.

Copies of the materials may be obtained from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C., 20549 at prescribed rates. The public may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330.

In addition, material filed by us can be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Exchange controls

Cash distributions, if any, payable in euros on Ordinary shares, Bearer receipts and ADSs may be officially transferred from the Netherlands and converted into any other currency without violating Dutch law, except that for statistical purposes such payments and transactions must be reported by ING Groep N.V. to the Dutch Central Bank and, further, no payments, including dividend payments, may be made to jurisdictions subject to certain sanctions, adopted by the government of the Netherlands, implementing resolutions of the Security Council of the United Nations.

Restrictions on voting

The ADSs represent interests in the Bearer receipts of the Trust, which holds the Ordinary shares for which such Bearer receipts are issued. See "Item 7- Major Shareholders and Related Party

Transactions”. The Trust is the holder of all Ordinary shares underlying the Bearer receipts. Only holders of shares (including the Trust) may vote at General Meetings of Shareholders.

Holders of Bearer receipts are entitled to attend and speak at General Meetings of Shareholders of the Company; however holders of Bearer receipts (including the Depositary on behalf of the holders of ADSs) as such are not entitled to vote at such meetings. At the request of a person holding Bearer receipts (of Ordinary shares), subject to the restrictions set out in “Item 7, Major Shareholders and Related Party Transactions”, the Trust will grant a proxy to the effect that such holder of Bearer receipts may, in the name of the Trust, exercise the voting rights attached to a number of its Ordinary shares that corresponds to the number of Bearer receipts held by him. On the basis of such a proxy the holder of Bearer receipts may vote according to its own discretion.

Holders of Bearer receipts may surrender the Bearer receipts in exchange for Ordinary shares, subject to certain restrictions on transfer set forth in ING Groep N.V.’s Articles of Association and the Trust Agreement. Under ING Groep N.V.’s Articles of Association, only natural persons may hold Ordinary shares and the issuance or transfer of Ordinary shares is not permitted if the acquirer or transferee holds or would hold more than 1% of the issued share capital in the form of Ordinary shares. The Trust also charges a fee for exchanging Bearer receipts for Ordinary shares. Such fee, in each case, is a minimum of EUR 25.00, but varies based on the number of Bearer receipts so exchanged.

Obligations of shareholders to disclose holdings

The Netherlands’ Act on Disclosure of Holdings in Listed Companies (the “Major Holdings Act”) applies to any person who, directly or indirectly, acquires or disposes of an interest in the voting rights and/or the capital of a public limited company incorporated under the laws of the Netherlands with an official listing on a stock exchange within the European Economic Area, as a result of which acquisition or disposal the percentage of voting rights or capital interest acquired or disposed of reaches, exceeds or falls below 5%, 10%, 25%, 50% or 66 2/3%. With respect to ING Groep N.V., the Major Holdings Act would require any person whose interest in the voting rights and/or capital of ING Groep N.V. reached, exceeded or fell below those percentage interests, whether through ownership of Bearer receipts, Ordinary shares, ADSs, Preference shares, Options or Warrants, to notify in writing both ING Groep N.V. and the Securities Board of the Netherlands (Stichting Toezicht Effectenverkeer) immediately after the acquisition or disposal of the triggering interest in ING Groep N.V.’s share capital.

Upon ING Groep N.V.’s receipt of the notification, the information will be disclosed, as notified, forthwith to the public by means of an advertisement in a newspaper distributed throughout the Netherlands. Noncompliance with the obligations of the Major Holdings Act can lead to criminal prosecution. In addition, a civil court can issue orders against any person who fails to notify or incorrectly notifies the Securities Board or ING Groep N.V., in accordance with the Major Holdings Act, including suspension of the voting right in respect of such person’s Ordinary shares.

TAXATION

The following is a summary of the Netherlands tax consequences, and the United States Federal income tax consequences, of the ownership of Bearer receipts or ADSs by U.S. Shareholders (as defined below). For purposes of this summary a “U.S. Shareholder” is a beneficial owner of Bearer receipts or ADSs that is:

- an individual citizen or resident of the United States,
- a corporation organized under the laws of the United States or of any state of the United States,
- an estate the income of which is subject to United States Federal income tax without regard to its source or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

The summary is a general description of the present Netherlands and United States Federal income tax laws and practices as well as the relevant provisions of the present double taxation treaty between the Netherlands and the United States (the “Treaty”). It should not be read as extending to matters not specifically discussed, and investors should consult their own advisors as to the tax consequences of their ownership and disposal of Bearer receipts or ADSs. In particular, the summary does not take into account the specific circumstances of any particular investor (such as banks, insurance companies, dealers in securities, traders in securities that elect to use a mark-to-market method of accounting, investors liable for alternative minimum tax, investors that actually or constructively own 10% or more of the voting stock of ING Groep N.V., investors that hold Bearer receipts or ADSs as part of a straddle or a hedging or conversion transaction or investors whose functional currency is not the U.S. dollar), some of which may be subject to special rules. The Netherlands rules applying to holders of a "substantial interest" – in broad terms, individuals who hold or have held directly or indirectly either independently or jointly with certain close relatives at least 5% of the nominal paid-up capital or of any class of shares in ING Groep N.V. – are not addressed in this summary. This summary applies only to holders who hold Bearer receipts or ADSs as a capital asset. The summary is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

In general, for United States Federal income and Netherlands tax purposes, holders of Bearer receipts will be treated as the owners of the Ordinary shares underlying the Bearer receipts, holders of ADRs evidencing ADSs will be treated as the owners of the Ordinary shares evidenced by Bearer receipts, and exchanges of Ordinary shares for Bearer receipts and then for ADSs, and exchanges of ADSs for Bearer receipts and then for Ordinary shares, will not be subject to United States Federal or Netherlands income tax.

It is assumed for purposes of this summary that a U.S. shareholder is entitled to the benefits of the Treaty.

NETHERLANDS TAXATION

Withholding tax on dividends

The Netherlands imposes a withholding tax on a distribution of a dividend at the rate of 25%. Stock dividends paid out of ING Groep N.V.'s paid-in share premium recognized for Netherlands tax purposes as such are not subject to the above withholding tax.

Under the Treaty, dividends paid by ING Groep N.V. to a resident of the United States (other than an exempt organization or exempt pension trust, as defined in the Treaty) who is the beneficial owner of the dividends are generally eligible for a reduction of Netherlands withholding tax to 15%, provided that such resident does not have an enterprise which carries on business in the Netherlands through a permanent establishment or a permanent representative to which or to whom the Bearer receipts or ADSs are attributable. Such reduced dividend withholding rate can be applied for at source upon payment of the dividend by submitting a Form IB 92 USA prior to the dividend payment date, which form includes a banker's affidavit stating that the ADSs are in the bank's custody in the name of the applicant, or that the ADSs have been exhibited to the bank as being the property of the applicant. A U.S. Shareholder unable to claim withholding tax relief in this manner can obtain a refund of excess tax withheld by filing a Form IB 92 USA and describing the circumstances that prevented a claim for withholding tax relief at source.

The Treaty provides for a complete exemption from withholding for dividends received by exempt pension trusts and other exempt organizations, as defined in the Treaty. Qualifying exempt pension trusts may claim the benefits of a reduced withholding tax rate pursuant to the Treaty by filing a Form IB 96 USA (for dividends paid or made payable before July 1, 2000, a Form IB 92 USA may be used). As laid down in the Ministerial Decree of March 27, 2000, no. IFZ/2000/326M, for dividends paid or made payable on or after July 1, 2000, qualifying exempt pension trusts normally remain subject to withholding at the rate of 25% and are required to file for a refund of the tax withheld. Only if certain conditions are fulfilled, such pension trusts may be eligible for relief at source upon payment of the dividend. Qualifying exempt organizations (other than exempt pension trusts) always remain subject to withholding at the rate of 25% and are required to file for a refund of the tax withheld by filing a Form IB 95 USA.

There is currently an arrangement with the Netherlands Ministry of Finance under which U.S. Shareholders of outstanding ADSs (but not holders of Bearer receipts) of ING Groep N.V. may obtain the lower 15% withholding rate under the Treaty without filing the forms described above. The arrangement also applies to qualifying exempt pension trusts but not to other exempt organizations.

On August 31, 2001, the Netherlands Ministry of Finance published a legislative proposal (the “Bill”) to challenge so-called “dividend stripping” that, when enacted, will have retroactive effect as of April 27, 2001. The Bill provides that in the case of dividend stripping, the 25% dividend withholding tax cannot be reduced or refunded. Dividend stripping is deemed to be present if the recipient of a dividend is not the beneficial owner thereof and is entitled to a larger reduction or refund of dividend withholding tax than the beneficial owner of the dividends. Under the Bill, a recipient of dividends will not be considered the beneficial owner thereof if as a consequence of a combination of transactions a person other than the recipient wholly or partly benefits from the dividends, whereby such person retains, whether directly or indirectly, an interest in the shares on which the dividends were paid. The Bill will apply to the transfer of Bearer receipts, ADSs and dividend coupons and will also apply to transactions that have been entered into in the anonymity of a regulated stock market.

Taxes on income and capital gains

A U.S. Shareholder will not be subject to Netherlands income tax or corporation tax, other than the withholding tax described above, or capital gains tax, provided that:

- such shareholder is not a resident or deemed resident of the Netherlands; and
- such shareholder does not have an enterprise or an interest in an enterprise, which in its entirety or in part carries on business in the Netherlands through a permanent establishment or a permanent representative to which or to whom the Bearer receipts or ADSs are attributable.

Gift, estate or inheritance tax

No Netherlands gift, estate or inheritance tax will be imposed on the acquisition of Bearer receipts or ADSs by gift or inheritance from a holder of Bearer receipts or ADSs who is neither resident nor deemed resident in the Netherlands, provided that the ADSs or Bearer receipts are not attributable to an enterprise which in its entirety or in part is carried on through a permanent establishment or a permanent representative in the Netherlands and in which enterprise the donor or the deceased owned an interest. A non-resident Netherlands citizen, however, is still treated as a resident of the Netherlands for gift tax purposes for ten years and any other non-resident person for one year after leaving the Netherlands.

UNITED STATES TAXATION

Taxes on income

For United States Federal income tax purposes, a U.S. Shareholder will be required to include in gross income the full amount of a cash dividend (unreduced by Netherlands withholding tax) as ordinary income when the dividend is actually or constructively received by the U.S. Shareholder, in the case of Ordinary shares, or by the Trust in the case of Bearer receipts, or by the Depositary in the case of ADSs. For this purpose, a ‘dividend’ will include any distribution paid by ING Groep N.V. with respect to the Bearer receipts or ADSs, but only to the extent such distribution is not in excess of ING Groep N.V.’s current and accumulated earnings and profits as defined for United States Federal income tax purposes. Such a dividend will constitute income from sources outside the United States. A dividend will not be eligible for the dividend received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations.

Subject to the limitations provided in the United States Internal Revenue Code, a U.S. Shareholder may generally deduct from income, or credit against its United States Federal income tax liability, the amount of any Netherlands withholding taxes under the Treaty. The Netherlands withholding tax will likely not be creditable against the U.S. Shareholder’s United States tax liability, however, to the extent that ING Groep N.V. is allowed to reduce the amount of dividend withholding tax paid over to the Netherlands Tax Administration by crediting withholding tax imposed on certain dividends paid to ING Groep N.V. Currently ING Groep N.V. may, with respect to certain dividends received from qualifying non-Netherlands subsidiaries, credit taxes withheld from those dividends against the Netherlands withholding tax imposed on a dividend paid by ING Groep N.V., up to a maximum of the lesser of

- 3% of the portion of the gross amount of the dividend paid by ING Groep N.V. that is subject to withholding and
- 3% of the gross amount of the dividends received from qualifying non-Netherlands subsidiaries.

The credit reduces the amount of dividend withholding tax that ING Groep N.V. is required to pay to the Netherlands Tax Administration but does not reduce the amount of tax ING Groep N.V. is required to withhold from dividends. ING Groep N.V. will endeavor to provide to U.S. Shareholders information concerning the extent to which it has applied the reduction described above with respect to dividends paid to U.S. Shareholders.

Because payments of dividends with respect to Bearer receipts and ADSs will be made in Dutch guilders, a U.S. Shareholder will generally be required to determine the amount of dividend income by translating the guilders into United States dollars at the 'spot rate' on the date the dividend distribution is includable in the income of the U.S. Shareholder. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend distribution is includable in the income of the U.S. Shareholder to the date such payment is converted into United States dollars will be treated as ordinary income or loss. Such gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Taxes on capital gains

Gain or loss on a sale or exchange of Bearer receipts or ADSs by a U.S. Shareholder will generally be a capital gain or loss for United States Federal income tax purposes. If such U.S. Shareholder has held the Bearer receipts or ADSs for more than one year, such gain or loss will generally be long term capital gain or loss. Long term capital gain of a non-corporate U.S. Shareholder is generally subject to a maximum tax rate of 20%. In general, gain or loss from a sale or exchange of Bearer receipts or ADSs by a U.S. Shareholder will be treated as United States source income or loss for United States foreign tax credit limitation purposes.

Passive foreign investment company

ING Groep N.V. believes that it is not a passive foreign investment company (a 'PFIC') for United States Federal income tax purposes. This is a factual determination that must be made annually and thus may change.

If ING Groep N.V. were to be treated as a PFIC, unless a U.S. Shareholder makes an effective election to be taxed annually on a mark-to-market basis with respect to the Bearer receipts or ADSs, any gain from the sale or disposition of Bearer receipts or ADSs by a U.S. Shareholder would be allocated ratably to each year in the holder's holding period and would be treated as ordinary income. Tax would be imposed on the amount allocated to each year prior to the year of disposition at the highest rate in effect for that year, and interest would be charged at the rate applicable to underpayments on the tax payable in respect of the amount so allocated. The same rules would apply to 'excess distributions', defined generally as distributions exceeding 125% of the average annual distribution made by ING Groep N.V. over the shorter of the holder's holding period or the three preceding years.

A U.S. Shareholder who owns Bearer receipts or ADSs during any year that ING Groep N.V. is a PFIC must file Internal Revenue Service Form 8621.

Item 11. Risk Management

Introduction

The Executive Board places a high priority on risk management. By virtue of the Group's size and its wide diversity of activities, types of clients and geographic regions, ING seeks to maintain the highest quality of risk management and apply the most up-to-date and reliable methods available, not only to protect the Group itself but also its clients and shareholders.
ING has comprehensive risk management procedures on all levels within the Group, which enable the Group to control and monitor risks and the accumulation of risks, applying up-to-date techniques such as asset and liability management (ALM) and calculating the risk adjusted return on capital (RAROC method). The principal risks that are monitored are credit risk, market risk, liquidity risk, actuarial and

underwriting risks, operational risk and solvency risk. Risk control mechanisms have been established at different levels throughout the Group.

At the Executive Board level five committees are responsible for risk management: The Risk Policy Committee (RPC) evaluates and manages ING Group's overall risk profile, aiming for a balance between risk, return and capital. Further responsibilities are delegated to the following additional risk committees:
– Central Credit Committee (CKC): the highest credit approval committee;
– ING Group Market Risk Committee (IMRC): controls the overall Bank trading risk profile;
– Asset & Liability Committee Bank (ALCO Bank): responsible for the structure and management of all non-trading market risk of ING banking activities;
– Asset & Liability Committee Insurance (ALCO Insurance): responsible for monitoring market risks (with relevant links to insurance risks) for all ING insurance activities. This includes volatility (affecting earnings and value), exposure (required capital and market failure) and translation risk (hedging).

Recent developments

Basel II
The Basel Committee is planning to introduce a new capital adequacy framework called Basel II, which is to replace the original Basel Agreement from 1988. In January 2001, the second consultative paper from the Basel Committee was published, which incorporated the comments banks made in response to the proposals. During 2002, a further consultative paper is expected. Basel II is expected to be introduced in 2005. Within ING, various risk management units are preparing for the introduction of Basel II to make sure ING is completely compliant by 2005. The focus of ING's preparations are in the areas of credit risk, market risk, and operational risk management.

Impact of 11 September events
The 11-September attacks have prompted the ING Group to reassess its risk profile in certain specific areas of its insurance operations. 11 September altered the concept of what constitutes a catastrophe, which has potential implications for the risk profile of all ING's life, annuity, health and non-life portfolios. In response to 11 September we initiated a study of the Group's concentration risk exposure in these portfolios and also began re-examining our reinsurance policies, particularly with respect to catastrophe reinsurance.

Credit Risk

ING's policy is to maintain an internationally diversified loan portfolio, while avoiding large risk concentrations. The emphasis is on expanding business within the European region by means of topdown concentration limits in the area of country, individual borrower and industries. The focus is also on expanding our 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 our lending and investment activities, as well as in our trading activities. Risk management is supported by general information systems and debtor and counterparty internal rating methodologies we continue to convert from a ten risk class scale to a twenty-two risk class scale to provide better granularity and to meet the anticipated requirements of the new Basel II capital accord. Credit analysis is risk/reward-oriented whereby the level of credit analysis is a function of 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.

Delegated authorities – Bank All banking units of ING Group have their own procedures and bodies for the approval of credits within a system of delegated authorities. The Executive Board determines which authorities are delegated to the executive centres and business units, which in turn may delegate authority to lower levels in their respective organisations within guidelines developed by the ING Group Credit Risk Management (ICRM). The credit approval hierarchy is separate from line functions.

Risk concentration monitoring ICRM is responsible for developing and maintaining common credit and country risk policies throughout the Group. Additionally, ICRM is responsible for evaluating country, borrower and counterparty concentration risk issues by applying senior risk management level oversight to the credit review and monitoring activities of all business units. Lastly, ICRM is responsible for consolidated credit risk reporting.

Risk Standardisation and integration Following the efforts over the last several years of harmonising credit risk practicies among the major business units, ICRM and the newly created Credit Risk Management Europe (CRME) department are now actively integrating the credit risk management practices and procedures across all of the ING Europe banking units in order to create greater synergies, streamline activities and lower costs.

Delegated authorities – Insurance Within the insurance companies there are also detailed credit procedures. ING Insurance's policy is to aim at a fixed-income investment portfolio with an average credit quality comparable to a Standard & Poor's rating of AA-/A+ (Aa3/A1 of Moody's).

Debtor provisioning – Banking 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 Group identifies as impaired loans those loans for which it is probable that the principal and interest amounts contractually due will not be collected in a timely manner.

We believe that our loan loss provisions as at December 31, 2001 are adequate to absorb losses from ING's Bank lending and counterparty activities.

Additions to the provision for loan losses ING Bank

	2001	2000	1999
			amounts in millions of euros
Netherlands	113	75	209
International	637	325	371
	750	**400**	**580**

Additions to provisions in 2001 showed a significant increase after a period of annual declines since 1998. This increase is mainly the result of:

- deterioration in the economic climate in the US, which has impacted the leveraged lending portfolio;
- the economic and financial crisis in Argentina and
- several large individual exposures.

Debtor provisioning – Insurance For credit risks, a provision for loan losses is maintained that is considered adequate to absorb losses arising from the existing insurance investment portfolios. The provisions are reviewed on a quarterly basis. They amounted to EUR 165 million at the end of 2001 compared with EUR 248 million at the end of 2000. Similar to the practice in our banking activities when there is no prospect of recovering the principal, the outstanding debt and any suspense balances are written off.

Settlement risks

Settlement risk arises when there is an exchange of value (funds, instruments, or commodities) for the same or different value dates and receipt is not verified or expected until ING has paid or delivered its side of the trade. The risk is that ING delivers, but does not receive delivery from the counterparty. Settlement risk can most commonly be avoided by entering into transactions with delivery versus payment (DVP) settlement methods, as is common with most clearing houses.

For those transactions where DVP settlement is not possible, ING establishes settlement limits through the credit approval process. Settlement risk is then monitored and managed through the credit risk management units. The risk is further mitigated by operational procedures requiring the confirmations to the counterparties with all transaction details, and entering into internationally accepted documentation, such as International Swaps and Derivatives Association (ISDA) Master Agreements, for derivative transactions. Additionally, ING regularly participates in projects with other banks to improve and develop new clearing systems and clearing mechanisms to further reduce the level of settlement risk.

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

Limit setting and monitoring In countries where ING is active, ICRM regularly evaluates the risk profile of that country and produces a country rating. Country risk limits are defined and approved by the Risk Policy Committee and/or the Central Credit Committee as a function of a country's rating and the risk appetite of ING. Exposures derived from lending, trading and investment activities are then measured and reported against these country limits. Country risk limits are assigned for transfer risk. Exposure is closely monitored for economic country risk, although no formal limits are established for economic country risk.

Country risk provisioning The country provision methodology is more closely linked to the risk definitions with respect to determining where the country risk occurs. Some countries with perceptually high risk, but which have not yet defaulted, require no mandatory provisions for transfer risk. Instead of provisions, additional capital has to be allocated to transactions that incur country risk, the amount of which is a function of 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 continually monitors our policies with respect to capital allocation and provisioning for country risk.

Largest (> EUR 750 million) cross border lending exposures in emerging markets [1]
amounts in millions of euros

	Gross exposure		Risk reducing factors		Provisions on foreign currency loans [1]	
			Primary collateral	Trade finance		
Country	2001	2000	2001	2001	2001	2000
Poland	2,227	1,640	189	8	46	41
Indonesia	1,586	1,551	1,099	38	304	447
Hong Kong	1,566	2,048	216	124	37	27
Russia	1,468	884	1,013	370	8	34
South Korea	1,440	1,557	20	716	14	35
Brazil	1,214	979	286	705		
Mexico	1,095	1,628	334	89	5	5
Argentina	846	901	302	230	98	8
Turkey	830	824	468	277		

[1] Figures exclude local currency-denominated loans.

For Argentina, loan loss provisions were taken in 2001 on a preliminary basis. As the rules and regulations in the market are still subject for change there is not yet a complete overview of the impact of the situation in Argentina on our exposure.

For Poland in 2001 an additional provision for local and foreign currency loans of EUR 140.2 million was taken. The total provisions on local and foreign currency loans in Poland is EUR 427 million. Total exposure on local and foreign currency denominated loans in Poland is EUR 6,519 million.

Legal risks

In contrast to credit risks, which are caused by a borrower's insolvency, and country transfer risks, which are caused by currency inconvertibility events, legal risks are the risks that the customer is not legally obligated to make payment due (e.g. the non-enforceability or insufficiency of documentation, or ultra vires status of a given transaction). ING uses both internal and external counsel to minimise these risks. Where practical, standard documentation has been developed, including dealing room confirmations, standardised loan agreements, general terms and conditions and master documentation.

Quantitative and Qualitative Disclosure about Market Risk

Market risk

Market risk is the risk of loss due to adverse changes in the level or volatility of prices in financial markets. These risks are due to positions in foreign exchange, equities, debt instruments, commodities and other financial instruments in our trading portfolios as well as in our banking portfolios. Financial products that expose ING to market risk include loans, deposits, securities, derivatives and debt instruments. ING has no material commodity portfolios.

ING Group Market Risk Management ("IMRM") has the responsibility for the monitoring, reporting and control of market risks throughout the Bank side of the business. Each of the Executive Centers has its own market risk management function, which reports functionally to the Group Market Risk Manager.

Market risk – Bank

Trading activities

ING's policy is to maintain an internationally diversified and mainly client-related trading portfolio, while avoiding large risk concentrations. The emphasis is on expanding business in liquid markets.

The ING Bank consolidated trading risk profile is monitored by IMRM on a daily basis. Key control measurement tools are Value-at-Risk ("VaR") estimates, stress testing scenarios and daily profit and loss statements. VaR measures the maximum overnight loss that could occur due to changes in risk factors (e.g. interest rates, foreign exchange rates, equity prices) if positions remain unchanged for a time interval of one day. These calculations, in accordance with BIS guidelines, are based on market movements in the previous twelve months within a 99% one-sided statistical confidence level taking diversification and correlation into account. The VaR serves as the basis from which the capital is calculated to cover market risk. The instruments covered by the VaR methodology include financial derivative instruments such as swaps, forward rate agreements, futures, options and combinations thereof and on-balance sheet financial instruments such as foreign exchange, equity, emerging markets debt and interest rate instruments. ING monitors market risk both on a consolidated and a local level in line with the latest BIS guidelines on internal models.

The following table shows the overnight VaR as at year end 2001 and 2000 on the trading positions in our banking operations, as well as the highest, lowest and mean overnight VaR for each risk category for 2001.

amounts in millions of euros

	2001	2000	Maximum	Minimum	Average
Foreign exchange	3.1	2.3	5.1	1.8	3.1
Equities	7.7	6.6	15.0	5.6	9.7
Emerging markets	9.2	7.9	11.0	6.1	8.7
Interest	24.9	4.8	25.5	4.5	12.3
Sub-total	**44.9**	**21.6**			
Diversification effect	(12.1)	(5.4)			
Total	**32.8**	**16.2**			

ING also employs an event risk model that estimates maximum losses based on highly pessimistic scenarios for market, countries and regions. The model is based on extreme changes in market conditions. The event analyses are performed on both ING Group and business unit level.

The validation of the internal models is done through backtesting where profits and losses are compared with the Value-at-Risk figures to evaluate the quality and accuracy of the internal models.

Banking activities

The Asset & Liability Committee Bank (ALCO Bank) is responsible for the structure and management of all non-trading market risk of ING's banking activities. ALCO Bank monitors the overall banking risk profile and sets guidelines for the management of banking market risks. Executive Center or Business unit ALCO's manage banking market risk on executive center or business unit level and report on those risks to ALCO Bank. For market risk management purposes, ING makes use of on balance sheet financial instruments as well as derivative products to hedge specific risk for certain designated assets or liabilities.

Interest rate risk

For the banking activities, market risk is principally due to movements in interest rates. The structural interest mismatch of ING Bank and the changes in the maturity profile of ING Bank's assets and liabilities are reviewed every month by the Executive Center or Business Unit ALCO. ALCO Bank monitors the overall interest mismatch.
Maturity gaps are based upon the contractual maturity or interest rate re-pricing dates. The maturity gap analysis for mortgages takes into account historical prepayment rates. For the gap analysis of the current accounts and savings accounts, the “behavioral” re-pricing characteristics of these products are taken into account. The funds are invested in such a way that the interest rate margin is stable for a long historic period.

The sensitivity analysis for all banking financial assets and liabilities as of December 31, 2001, assuming an increase in interest rates of 1% (ramped scenario), results in a hypothetical loss in future earnings of EUR 79.2 million before taxation as compared to EUR 4 million at the end of 2000. This analysis is based on a static model, using re-pricing gaps up to 1 year.

The consolidated interest rate position of the ING Bank is presented below in gap format as of December 31, 2001. This condensed format outlines the net of repricing and maturing notional amounts from both the end-of-year asset and liability portfolios. The report comprises on and off balance sheet items and covers ING's trading operation as well as its banking operation (1).

This consolidated gap report is similar to the regulatory report on interest rate positions.

	31 December 2001						
	On balance assets	On balance liabilities	Gap on balance	Off balance assets	Off balance liabilities	Gap off balance	Gap ING Bank
	amounts in billions of euros						(1)
Up to 3 months	243.56	(260.98)	(17.42)	458.68	(457.55)	1.13	(16.29)
3 to 6 months	29.54	(33.10)	(3.56)	192.60	(187.87)	4.73	1.17
6 to 12 months	25.44	(27.76)	(2.32)	113.11	(111.63)	1.48	(0.84)
1 to 2 years	30.42	(24.28)	6.14	86.33	(95.54)	(9.21)	(3.07)
2 to 3 years	24.13	(23.09)	1.04	51.43	(52.63)	(1.20)	(0.16)
3 to 4 years	18.76	(17.18)	1.58	34.60	(33.06)	1.54	3.12
4 to 5 years	20.62	(18.61)	2.01	34.70	(35.08)	(0.38)	1.63
5 to 7 years	25.35	(26.06)	(0.71)	39.13	(39.01)	0.12	(0.59)
7 to 10 years	33.43	(25.54)	7.89	36.73	(33.17)	3.56	11.45
10 to 15 years	5.86	(2.75)	3.11	4.32	(5.34)	(1.02)	2.09
Over 15 years	3.58	(1.34)	2.24	5.38	(6.13)	(0.75)	1.49
Total	**460.69**	**(460.69)**	**0.00**	**1,057.01**	**(1,057.01)**	**0.00**	**0.00**

(1) The gap report also includes approximately EUR 17 billion of intercompany positions.

Foreign exchange risk

The translation risk due to foreign investments is managed by ALCO Bank. Day to day management is delegated to Treasury. To quantify these risks the same Value at Risk (VaR) approach is used as for trading activities.

At 31 December 2001, the VaR equalled EUR 12.1 million. During 2001 the average VaR was EUR 10.5 million, the highest VaR was EUR 14.1 million and the lowest VaR was EUR 6.1 million. At December 31, 2000, the VaR was EUR 14.1 million. At December 31, 2001, EUR 1,973 million was invested in USD denominated subsidiaries, resulting in EUR 445 million after hedging. Our USD denominated Tier-1 securities amounted to EUR 2,542 million and did not impact the open FX exposure. At December 31, 2001, ING's other major FX exposures were : Pound Sterling: EUR (371) million and Polish Zloty: EUR 267 million.

Market risk – Insurance

Insurance market risks are monitored through asset and liability management policies and procedures with an ALCO Insurance structure established on business unit, regional and corporate levels. The risk of loss occurring through adverse changes of prices in the financial markets is monitored through a set of preferred risk measures. Earnings-at-risk positions measure short-term volatility, whereas Embedded-Value-at-Risk measures longer-term volatility. As a number of business units are in the process of upgrading their systems to report on the at-risk market risk measures, the total market risk exposure for the insurance operations of ING is measured using scenario analyses.

Interest rate risk

The insurance operations are exposed to interest rate movements with respect to guaranteed interest rates and policyholders reasonable expectations with respect to crediting rates. Asset portfolios backing these liabilities are managed accordingly. The current product portfolio also comprises products where interest rate risks are entirely passed on to the policyholder, thereby reducing ING's exposure to interest movements. Changes in interest rates can impact the earnings of the insurance operations and can affect the levels of new sales, surrenders or withdrawals.
Through scenario-analysis the sensitivity of a 1% upward movement in interest rates and a 1% downward movement in interest rates on the forecasted 2002 net profit for the insurance operations has been estimated. A simultaneous decrease of interest rates of 1% from current levels would have a

negative effect of 1.1% on pre-tax results. A simultaneous increase of interest rates of 1% from current levels would have a positive effect of 1.3% on pre-tax results.

Equity risk

The insurance operations are exposed to movements in equity markets since they have an impact on the level of charges deducted for unit-linked and variable business. A 10% decrease in stock market prices would lower the pre-tax budgeted result for the insurance operations in 2002 by 2.7%.

Foreign exchange risk

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

Liquidity risk

Liquidity risk is the risk that ING Group or one of its entities cannot meet its financial liabilities when due. The Group's policy is to maintain an adequate cushion to meet its financial liabilities when due. Liquidity risk is managed both at Group level and local level and incorporates certain and uncertain cashflows.

Liquidity issues are currently covered by a combination of existing investment mandates, guidelines for asset & liability management, specific limits for certain business units and Treasury policies and procedures.

ING Bank has a number of important sources of liquidity such as substantial deposits from its retail business through for example Postbank and ING Direct. ING Bank also holds a substantial amount of marketable securities and other financial investments that can readily be converted to cash.

ING is currently in the process of implementing new internal guidelines for the management and reporting of liquidity risk. Internal guidelines are fully aligned with the new Dutch Central Bank requirements.

Actuarial and underwriting risks

Actuarial risks arise with respect to the adequacy of insurance premium rate levels, provisions with respect to its insurance liabilities and solvency capital, taking into consideration the supporting assets (fair and book value, currency and interest sensitivity), changes in interest rates and exchange rates and developments in mortality, morbidity, lapses and expenses as well as general market conditions. Specific attention is given to the adequacy of provisioning, considering the low interest in a number of countries in which ING operates. ING believes that at December 31, 2001, its insurance provisions are adequate.
Underwriting risks are inherent in the process whereby applications submitted for insurance coverage are reviewed. The maximum underwriting exposure is limited through exclusions, cover limits and reinsurance.
ING Insurance's actuarial and underwriting risks are controlled at ING Group level, with the Corporate Insurance Risk Management department being responsible for monitoring the adequacy of ING Insurance's premium rate levels, provisions, and solvency capital, taking into consideration the supporting assets. Insurance Risk Management provides guidelines for product design, reserving, underwriting, pricing criteria and reinsurance strategy. Its responsibilities also include the monitoring of risk profiles and the review of insurance-related risk control and asset and liability management. Consistent with other business in ING Group the current embedded value methodology is extended to a risk adjusted capital allocation and performance measurement tool.

Operational risk

ING's policy is to minimise operational risks by raising the operational risk awareness among its management and staff, setting clear governance, organising and embedding the operational risk management function, and implementing a comprehensive and periodic operational risk identification, assessment and mitigation process. This should result in a more stable business process and lower operational risk costs and prepare ING for the new Basel regulatory capital charge.

Operational risks relate to potential losses arising from failures or inadequacies of internal processes and procedures, system failures, misconduct of both employees and outsiders, as well as external threats like fires and floods.

All business units general managers are responsible for establishing specific internal policies, procedures and controls and for continuously monitoring and controlling of the operational risks. At the various organisational levels, the Operational Risk Management (ORM) departments aim at supporting general management, and leading and co-ordinating the operational risk management efforts. During 2001, an operational risk management (ORM) governance framework was set up. ORM departments were established in the business units. Furthermore, operational risk committees have been installed in EC Europe and its management committees. ORM functions are not only set up for the banking operations but also for the insurance operations.

The ORM function aims to achieve operational risk awareness through risk and control self assessments. The development of risk and control self assessment processes has been launched during 2001 to identify, assess and mitigate generic and specific uncontrolled risks within our various businesses.
Furthermore, to increase operational risk and loss transparency, monitoring processes have commenced during 2001 such as Key Risk Indicator reporting and Audit findings action-tracking. Also, ORM has co-ordinated internal incident reporting initiatives such as the Quantitative Impact Study, which has generated a significantly improved insight in the internal incidents and its costs over the last three years. A quarterly internal incident collection process is being put in place to provide insight in internal incidents on a continuous basis. Subsequently, ORM continues putting effort in creating a transparent new product review process.

The operational risk management process is further supported by various specialised departments like Corporate Security, Group Legal & Compliance and Information Security. The Group's Corporate Audit Services performs independent and periodic investigations to the quality of the system of internal controls and procedures of business units and recommends actions to solve any identified weaknesses.

Regulatory requirements and ratios

ING Group has to meet regulatory requirements with respect to solvency from both insurance and banking regulatory bodies.

Banking

For the banking activities ING has the following target values for ratios:
- Tier-1 ratio: approximately 7%;
- BIS-ratio: at least 10.0%.

The required capital in accordance with the BIS requirements amounts to 8%.
The BIS and Tier-1 ratios are calculated by dividing the total qualifying capital and the Tier-1 capital by the risk weighted assets. The Tier-1 ratio at year-end 2001 equalled 7.03% (2000: 7.22%), the BIS ratio equalled 10.57% (2000: 10.75%).

ING Bank N.V. solvency

Risk weighted assets

	2001	2000
	amounts in billions of euros	
Credit risk	231.7	210.0
Market risk	11.5	9.8
Total	**243.2**	**219.8**

Qualifying capital

	2001	2000
	amounts in billions of euros	
Tier 1	17.1	15.8
Tier 2	8.6	7.7
Tier 3	0.3	0.3
Deductible (participating interests)	(0.3)	(0.2)
Total	**25.7**	**23.6**

Solvency ratios

	2001	2000
Tier-1 ratio	7.03%	7.22%
BIS ratio	10.57%	10.75%

Insurance

European Union directives require companies established in member states of the European Union to maintain minimum solvency margins. At the end of 2001 ING's available solvency of the insurance companies is 210% of the required solvency (2000: 249%).

Solvency margin of the insurance companies

	amounts in millions of euros	
	2001	2000
Available solvency	20,650	19,897
Required solvency	9,845	7,989
Solvency margin	**10,805**	**11,908**

Item 12. Description of Securities Other Than Equity Securities

Not applicable.

PART II.

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

PART III.

Item 18. Financial Statements

See pages F-1 to F-122.

Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

Exhibit 1.1	Articles of Association of ING Groep N.V.
Exhibit 1.2	Amended and Restated Trust Agreement (English Translation)
Exhibit 7	Statement regarding Compution of Ratio of Earnings to Fixed Charges
Exhibit 8	List of Subsidiaries of ING Groep N.V.
Exhibit 10.1	Consent of Ernst & Young Accountants
Exhibit 10.2	Consent of KPMG Accountants
Exhibit 10.3	Consent of Ernst & Young Reviseurs d'Enterprises S.C.C.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Supervisory Board and the Executive Board of ING Groep N.V.

We have audited the accompanying consolidated balance sheets of ING Groep N.V. and subsidiaries (the “ING Group”) as of December 31, 2001 and 2000, and the related consolidated profit and loss accounts, consolidated statements of comprehensive net profit and consolidated statements of cash flows for each of the three years in the period ended December 31, 2001. Our audits also included the financial statement schedules listed in the Index at Item 18. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits. We did not serve as principal auditor of the consolidated financial statements of ING Bank N.V. a wholly owned subsidiary. In our position we did not audit shareholders’ equity constituting 52% in 2001 and 41% in 2000 and net profit constituting 18% in 2001, 8% in 2000 and 26% in 1999 of the related consolidated totals of ING Groep N.V. These data were reported on by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for ING Bank N.V. which we did not audit, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence supporting the amounts (including the conversion of the financial statements of ING Group to U.S. generally accepted accounting principles and the conversion of the financial statements of Bank Brussels Lambert N.V./S.A. to accounting principles generally accepted in the Netherlands) and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the ING Group as of December 31, 2001 and 2000, and the consolidated results of its operations, its comprehensive net profits and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the Netherlands. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

Accounting principles generally accepted in the Netherlands vary in certain significant respects from accounting principles generally accepted in the United States of America. Application of accounting principles generally accepted in the United States of America would have affected shareholders' equity as of December 31, 2001 and 2000 and the results of operations for each of the three years in the period ended December 31, 2001 to the extent summarized in Note 6 of the Notes to the Consolidated Financial Statements.

Amsterdam, the Netherlands
June 28, 2002

Ernst & Young

CONSOLIDATED BALANCE SHEET OF ING GROUP AS AT DECEMBER 31,

Before profit appropriation

	Amounts in millions of euros	
	2001	**2000**
ASSETS		
Tangible fixed assets (2.1)	2,032	2,129
Participating interests (2.2)	2,628	2,372
Investments (2.3)	307,446	277,176
Lending (2.4)	254,214	246,807
Banks (2.5)	54,083	44,132
Cash (2.6)	9,264	6,337
Other assets (2.7)	49,775	46,394
Accrued assets (2.8)	25,677	24,825
Total	**705,119**	**650,172**
EQUITY AND LIABILITIES		
Shareholders' equity (2.9)	21,514	25,274
Preference shares of group companies (2.10)	2,542	2,419
Third-party interests	1,461	1,288
Group equity	**25,517**	**28,981**
Subordinated loan (2.11)	600	485
Group capital base	**26,117**	**29,466**
General provisions (2.12)	4,587	5,440
Insurance provisions (2.13)	213,986	200,153
Funds entrusted to and debt securities of the banking operations (2.14)	276,367	252,816
Banks (2.15)	107,810	94,675
Other liabilities (2.16)	63,349	54,273
Accrued liabilities (2.17)	12,903	13,349
Total	**705,119**	**650,172**

The numbers against the items refer to the notes starting on page F-17.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING GROUP

For the years ended December 31,

	Amounts in millions of euros		
	2001	**2000**	**1999**
Premium income (3.1.1)	50,460	29,114	22,412
Income from investments of the insurance operations (3.1.2)	10,587	14,998	6,702
Interest result from the banking operations (3.1.3)	6,121	5,831	5,698
Commission (3.1.4)	4,196	4,497	3,260
Other income (3.1.5)	3,124	3,725	3,205
Total income	**74,488**	**58,165**	**41,277**
Underwriting expenditure (3.2.1)	50,428	29,482	23,094
Other interest expenses (3.2.2)	1,270	757	556
Salaries, pension and social security costs (3.2.3)	7,796	6,729	5,772
Additions to the provision for loan losses	750	400	580
Other expenses (3.2.4)	8,178	6,828	5,201
Total expenditure	**68,422**	**44,196**	**35,203**
Result before taxation	**6,066**	**13,969**	**6,074**
Taxation (3.3)	1,165	1,838	1,059
Result after taxation	**4,901**	**12,131**	**5,015**
Third-party interests	324	147	93
Net profit for the period	**4,577**	**11,984**	**4,922**
Operational net profit	**4,252**	**4,008**	**3,229**
Non-operational net profit (3.4)	325	7,976	1,693
Net profit for the period	**4,577**	**11,984**	**4,922**

		Amounts in euros	
Net profit per share (3.5)			
Operational profit per share	2.20	2.09	1.68
Basic profit per share	2.37	6.27	2.56
Diluted profit per share	2.35	6.18	2.52
Dividend per ordinary share (3.6)	0.97	1.13	0.82

The numbers against the items refer to the notes starting on page F-46.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET PROFIT OF ING GROUP

For the years ended December 31,

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.

Realized revaluations previously recognized 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 unrealized revaluations and are also included in net profit for the period in the year of realization, these realized results are adjusted in the comprehensive net profit for the period.

	Amounts in millions of euros		
	2001	**2000**	**1999**
Net profit for the period	**4,577**	**11,984**	**4,922**
Other components of comprehensive net profit:			
– unrealized revaluations (1)	(2,745)	651	2,765
– exchange differences (2)	212	(355)	576
Net profit not recognized in the consolidated profit and loss account	**(2,533)**	**296**	**3,341**
Realized revaluations released to the profit and loss account (3)	(1,233)	(7,816)	(484)
Comprehensive net profit for the period	**811**	**4,464**	**7,779**

(1) In 2001, deferred taxes with regard to unrealized revaluations amounted to EUR 19 million (2000: EUR 356 million).

(2) In 2001, deferred taxes with regard to exchange differences amounted to EUR 99 million (2000: EUR (129) million).

(3) In 2001, realized revaluations released to the profit and loss account in respect of the sale of investments in shares regarding the financing of acquisitions amounted to EUR 0.3 billion (2000: EUR 6.7 billion).

CONSOLIDATED STATEMENT OF CASH FLOWS OF ING GROUP

For the years ended December 31,

	Amounts in millions of euros		
	2001	**2000**	**1999**
Result before taxation	**6,066**	**13,969**	**6,074**
Adjusted for :			
– depreciation	591	608	540
– movements in deferred acquisition costs of insurance business	(510)	(693)	(567)
– increase in insurance provisions	6,637	10,130	12,913
– additions to the provision for loan losses	750	400	580
– other	(1,438)	(8,338)	(2,514)
Loans and advances granted/repaid	(8,154)	(45,404)	(23,224)
Trading portfolio purchases/sales (incl. securities and property)	(2,631)	(13,651)	888
Net investment in tangible fixed assets	(600)	(593)	(761)
Taxation	(1,129)	(973)	(854)
Movements in:			
– funds entrusted to and debt securities of the banking operations	23,356	28,028	29,351
– banks, not available on demand	(121)	9,097	2,150
– other receivables, prepayments and accrued assets	849	(4,198)	(2,952)
– other liabilities and accruals	(242)	9,340	2,512
Net cash flow from operating activities (4.1)	**23,424**	**(2,278)**	**24,136**
Investments and advances:			
– participating interests	(2,473)	(13,969)	(1,148)
– investments in shares and property	(9,136)	(11,406)	(5,569)
– investments in fixed-interest securities	(266,951)	(113,786)	(111,212)
– other investments	(18)	(780)	(114)
Disposals and redemptions:			
– participating interests	527	1,957	810
– investments in shares and property	7,566	9,285	3,482
– investments in shares regarding financing of acquisitions	583	9,618	
– investments in fixed-interest securities	240,039	109,319	100,039
– other investments	48	393	36
Net investment for risk of policyholders	2,663	(4,844)	(8,642)
Net cash flow from investing activities (4.2)	**(27,152)**	**(14,213)**	**(22,318)**
Subordinated loans of group companies	3,257	1,590	653
Bonds, loans contracted and deposits by reinsurers	4,266	4,992	2,825
Private placements of ordinary shares	623	203	890
Private placements of preference shares of group companies		1,889	469
Purchase of shares ING Groep N.V.	(563)	(1,227)	(551)
Cash dividends	(2,300)	(900)	(723)
Net cash flow from financing activities	**5,283**	**6,547**	**3,563**
Net cash flow	**1,555**	**(9,944)**	**5,381**
Cash at beginning of year	3,486	14,827	10,839
Exchange differences	(360)	(1,397)	(1,393)
Cash at year-end	**4,681**	**3,486**	**14,827**
Cash comprises the following items:			
Short-dated government paper	4,653	3,055	7,669
Bank deposits available on demand	(9,236)	(5,906)	2,180
Cash and bank balances and call money of the insurance operations	9,264	6,337	4,978
Cash at year-end	**4,681**	**3,486**	**14,827**

The numbers against the items refer to the notes starting on page F-77.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in millions of euros, unless otherwise stated

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF ING GROUP

1.1. Consolidation principles

ING Group comprises ING Groep N.V., ING Verzekeringen N.V., ING Bank N.V. and their group companies. The consolidated financial statements of ING Group include the financial statements of all companies that form an organizational and economic entity and which are controlled by ING Group. Control is presumed to exist when ING Group 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 the group's interest where it is relevant to the understanding of ING Group's shareholders' equity and results. Intercompany financial relationships between the insurance and the banking operations ensuing from financing commitments are eliminated.

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.

1.2. Changes in presentation

Allocated income from investments
To be more in line with international practices, Insurance Operational result - General is no longer reported separately, as from 2001.The items previously classified under this heading are now included in either the life result or the non-life result. The comparative figures have accordingly been adjusted.

Investment income for risk of policyholders
As from 2001, investment income for risk of policyholders has been netted with the related underwriting expenditure. This results in a presentation of investment income of the insurance operations, which is in line with international practice. The comparative figures have accordingly been adjusted.

Impairments
Certain information concerning the U.S. GAAP treatment of unrealized losses on equity securities presented in Note 6.2 differs from that presented in the supplemental U.S. GAAP information we previously provided in connection with our Dutch GAAP annual report for the year 2001, and is noted on pages F-90 and F-95 hereof.

1.3. Changes in the composition of the group

The impact of the most significant changes in the composition of the group on assets, liabilities, shareholders' equity and net profit is as follows:

Amounts in million of Euros	Before acquisition/ disposal	After acquisition/ disposal	2001 Impact	Before acquisition/ disposal	After acquisition/ disposal	2000 Impact
Assets	703,733	705,119	1,386	572,230	650,172	77,942
Liabilities	681,115	683,605	2,490	536,513	624,898	88,385
Shareholders' equity	22,618	21,514	(1,104)	35,717	25,274	(10,443)
Net profit for the period	4,587	4,577	(10)	11,718	11,984	266

The impact of a change in the composition of the group is defined as the change in assets, liabilities, shareholders' equity or net profit resulting from the acquisition or disposal of a group company, compared to the situation where no acquisition or disposal took place. The impact is included in the financial year in which the acquisition or disposal took place.
In 2001, ING Group increased its shareholding in Seguros Comercial América, an insurance company based in Mexico, by 45% to almost 100%. SCA was de-listed from the Mexican stock exchange effective November 9, 2001. The total purchase price of the additional acquisition amounted to EUR 1,134 million, including EUR 584 million assumed debt. The acquisition was partly financed by the sale of shares. The goodwill amounted to EUR 1,015 million and is charged to *Shareholders' equity.* As from July 1, 2001, the results of Seguros Comercial América have been fully consolidated in the financial statements of ING Group. All retail operations of ING in Mexico now operate under the name ING Comercial América.

In 2001, ING Group increased its shareholding in Bank Slaski from 55.0% to 82.8% for an amount of EUR 187 million. Bank Slaski has been merged with ING Bank Warsaw as from September 1, 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.*

In 2000, ING Group acquired a 100% interest in ReliaStar Financial Corp., a life-insurance company based in Minneapolis, United States of America. The total purchase price of the acquisition amounted to EUR 6.7 billion, including EUR 1.1 billion assumed debt, and was paid in cash (except for the assumed debt). The goodwill amounted to EUR 4.6 billion and is charged to *Shareholders' equity*. As from September 1, 2000, the results of ReliaStar have been included in the consolidated financial statements of ING Group. Goodwill related to ReliaStar has been adjusted in 2001 by EUR 180 million (after tax) as a result of recording a catastrophe provision in the opening balance sheet.

In 2000, ING Group acquired Aetna Financial Services and Aetna International, divisions of the insurance company Aetna Inc. based in Hartford, United States of America. The total purchase price of the acquisition amounted to EUR 8.3 billion, including EUR 3.0 billion assumed debt, and was paid in cash (except for the assumed debt). The goodwill amounted to EUR 6.1 billion and is charged to *Shareholders' equity.* As from January 1, 2001, the results of Aetna Financial Services and Aetna International have been included in the consolidated financial statements of ING Group for the financial year 2001.

In 2000, ING Group sold its 100% interest in Tiel Utrecht Schadeverzekering N.V., Tiel Utrecht Levensverzekering N.V. and Tiel Utrecht Verzekerd Sparen N.V., insurance companies based in Utrecht, The Netherlands. The proceeds on disposal comprised a cash consideration and a 20% interest in De Goudse. The result on disposal is recognized in the profit and loss account over the financial year 2000, as part of *Income from investments of the insurance operations.* The results of Tiel Utrecht have been included in the consolidated financial statements of ING Group up to and including December 31, 2000. As at December 31, 2000, Tiel Utrecht is excluded from consolidation in the consolidated balance sheet of ING Group.

1.4. Principles of valuation and determination of results

1.4.1. General principles

1.4.1.1. Recognition

An asset is recognized 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 recognized 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 derecognized.

Income is recognized 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 recognized in the profit and loss account when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

1.4.1.2. Valuation

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

1.4.1.3. 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.

1.4.1.4. Foreign currencies

General
The euro is the reporting currency of ING Group. 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, investments and liabilities assumed in connection with their financing;
– exchange differences on insurance provisions and on investments serving to cover these liabilities;
– exchange differences on loans serving to hedge exchange rate risks on foreign interests and investments.

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

Forward foreign exchange contracts
Forward foreign exchange contracts connected to borrowing and lending positions are translated at the spot mid-rates prevailing on the balance sheet date. 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 amortized 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 and investments 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.*

1.4.1.5. Geographical analyses and analysis of insurance business

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. Where amounts in respect of insurance business are analyzed into ”life” and ”non-life”, health and disability insurance business is included in ”non-life”.

1.4.1.6. 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 recognized in accordance with the accounting principles of the hedged items.

1.4.1.7. 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.

1.4.1.8. Impairments

The carrying value of *Tangible fixed assets, Participating interests* and *Investments* 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. However, impairments of assets carried at revalued amounts are first charged directly to any revaluation reserve for these assets.

1.4.1.9. Receivables

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

1.4.1.10. 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 cover the insurance provisions and to manage interest rate, solvency and liquidity risks.
The trading portfolio comprises those assets and liabilities which are held to obtain short-term transaction results, to facilitate transactions on behalf of clients or to hedge other positions in the trading portfolio.
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.

1.4.1.11. 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 recognized in the profit and loss account over the lease term in proportion to the funds invested.
Income from an operating lease is recognized over the lease term in the profit and loss account. Lease payments under an operating lease are recognized as an expense in the profit and loss account over the lease term.

1.4.1.12. Reinsurance

Reinsurance premiums, commissions and claim settlements, as well as provisions relating to reinsurance, are accounted for in the same way as the original contracts for which the reinsurance was concluded. Receivables as a consequence of reinsurance are deducted from the liabilities relating to the original insurance contracts.

1.4.2. Specific principles

1.4.2.1. Tangible fixed assets

Tangible fixed 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 capitalized and depreciated.
On disposal of these assets, the difference between the proceeds on disposal and net book value is recognized in the profit and loss account.

1.4.2.2. Participating interests

ING Group's acquisitions are accounted for under the purchase method of accounting, whereby the cost of the acquisitions is allocated to the fair value of the assets and liabilities acquired. Goodwill, being the difference between the cost of the acquisition (including assumed debt) and ING Group'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.

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 Group's share in the results of these investments in associates is recognized in the profit and loss account.

Investments in other participating interests
Investments in other participating interests 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.* On disposal of participating interests, the difference between the sale proceeds and cost is included in the profit and loss account.

1.4.2.3. Investments

Land and buildings and shares and convertible debentures
Investments in land and buildings as well as shares and convertible debentures held for the group's own risk, are stated at fair value as at balance sheet date. Changes in the carrying amount resulting from revaluations of these investments 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 recognized in the profit and loss account.

Valuations of investments in land and buildings 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 existing properties made since the last valuation are capitalized at the cost of the investment until the next valuation. Land and buildings are not depreciated.
Land and buildings under construction are stated at the 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 expected diminution in value on completion.

Fixed-interest securities
Fixed-interest securities are stated at redemption value. The difference between redemption value and purchase price is amortized over the weighted average remaining term of the investments concerned, either credited or debited to the profit and loss account.
Fixed-interest 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 ‘climbing’ loans, 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.

Investments in interest-only securities are initially included at purchase price. Each year, the interest income decreases in proportion to the decline in the net book value of the interest-only security over its remaining term.

Yield differences
The results on disposal of fixed-interest securities, i.e. the differences between the proceeds on disposal and the carrying amount of the investments sold, are shown as yield differences. Results on disposal of derivatives related to the investments 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 investments are included directly in the profit and loss account, including the results on disposal of the related derivatives.

Realized gains and losses on investments
Realized gains and losses on investments are determined as the difference between the sale proceeds and the cost based on a weighted average basis.

Interests in investment pools
Interests in investment pools are stated in accordance with the valuation principles of the pools concerned.

Investments for risk of policyholders and investments of annual life funds
In the valuation of these investments, the same principles are generally applied as those pertaining to the valuation of investments held for the group's own risk. However, fixed-interest securities directly linked to life policy liabilities and the annual funds of the annual life fund operations are stated at fair value plus accrued interest where relevant.

Life insurance products
In the case of life insurance products, where there is a relationship between the value of the investments and the level of the insurance provisions, differences resulting from revaluations, realized or unrealized, are initially taken to the profit and loss account. Subsequently, these revaluations are included either in Provision for life policy liabilities or Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds.

Repurchase transactions and reverse repurchase transactions
Fixed-interest securities, shares and convertible debentures, which have been sold with an agreement to repurchase (repurchase transactions), are included as assets in the balance sheet.
Fixed-interest securities, shares and convertible debentures, which have been acquired in reverse sale and repurchase transactions, are not recognized in the balance sheet.

Securities borrowing and lending
Fixed-interest securities, shares and convertible debentures, which are lent out, are included in the balance sheet. Fixed-interest securities, shares and convertible debentures, which are borrowed, are not recognized in the balance sheet.

1.4.2.4. Lending and Banks

Lending and *Banks* refer to receivables from non-banks and banks that 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 this impairment (provision for loan losses), the degree of risk of uncollectibility is assessed:

– 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;
– per group of loans subdivided by country, taking into account country-specific risk percentages;
– 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.

1.4.2.5. Other assets

Assets that are part of the trading portfolio are stated at fair value, which generally means quoted prices. Changes in the fair value, both realized and unrealized, on these assets are included in the profit and loss account.
Fixed-interest securities in the trading portfolio repurchased after issue by group companies and equity participations are stated at the lower of cost and fair value. Unrealized losses and results on disposal of equity participations are included in the profit and loss account.

Computer software that has been purchased or generated internally for internal use is capitalized and amortized on a straight-line basis over its useful life. This period will generally not exceed three years.

Property under development is held with the intention to sell to third parties and is valued at direct construction cost incurred up to the balance sheet date, including interest during construction and the group's own development and supervision expenses. Rented property and infrastructure works are valued at the estimated proceeds on private sale or the contractually agreed selling price. The difference between the net proceeds on disposal and cost of property under development, rented property and infrastructure works and any downward value adjustments are reflected in the profit and loss account.

Amounts are in millions of euros, unless otherwise stated

1.4.2.6. Accrued assets

Direct variable costs for the acquisition of life insurance policies, for which periodic premiums will be receivable, are deferred and amortized over the average period for which these premiums will be received, with allocation to such periods being made on an annuity basis. Costs of acquiring non-life insurance business which vary with and are primarily related to the production of such business are deferred and amortized equally over the period of the insurance.

1.4.2.7. 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 realized or the liabilities are settled. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. A deferred tax asset is recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profits will be available for compensation.
The effect of dividend withholding tax is not taken into account in respect of the valuation of retained earnings of participating interests.

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 expenses 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 recognized in the profit and loss account, unless the accumulated differences and changes exceed 10% of the greater of the defined benefit obligation and the fair value of the plan assets. The excess is amortized and charged to the profit and loss account over employees remaining working lives.
The rates used for salary developments, interest discount factors and other adjustments reflect specific country conditions.

As at December 31 the weighted averages of basic actuarial assumptions used for valuation purposes were:

			annual %
	2001	**2000**	**1999**
Discount rates	6.25	6.25	5.75
Expected rates of salary increases (excluding promotional increase)	3.00	3.00	2.75
Medical cost trend rates	3.75	2.50	2.50
Consumer price inflation	2.25	2.25	2.00

The expected rate of return for 2001 on plan assets was 7.75% (2000: 7.75%; 1999: 6.75%).

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.

1.4.2.8. Insurance provisions

Provision for life policy liabilities
The Provision for life policy liabilities is calculated on the basis of a prudent prospective actuarial method, taking into account the conditions for current insurance contracts.
The as yet unamortized interest-rate rebates on periodic and single premium contracts are deducted from the Provision for life policy liabilities. Interest-rate rebates granted during the year are capitalized and amortized in conformity with the anticipated recovery pattern and are debited to the profit and loss account.
The adequacy of the Provision for life policy liabilities is evaluated each year and adjusted if necessary with a provision for any shortfall due to the applied principles. The adequacy test takes into account future developments and allows for remaining unamortized interest-rate rebates and deferred acquisition costs.

Provision for unearned premiums and unexpired insurance risks
The provision is calculated in proportion to the unexpired periods of risk. For insurance policies covering a risk increasing during the term of the policy at premium rates independent of age, this risk is taken into account in determining the provision. Further provisions are made to cover claims under unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Claims provision
The Claims provision is calculated either on a case-by-case basis or by approximation on the basis of experience. Provisions have also been made for claims incurred but not reported and for future claims handling expenses. The adequacy of the Claims provision is evaluated each year using standard actuarial techniques.

Other insurance provisions
These include the provisions to cover the risk of possible catastrophes.

Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds
The Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds are for the segregated investment deposits calculated on the same basis as the Provision for life policy liabilities.
For insurances for which policyholders bear the investment risk and for annual life funds, the insurance provisions are generally shown at the balance sheet value of the associated investments.

1.4.2.9. 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 realized and unrealized, on these liabilities are included in the profit and loss account.

1.4.2.10. Contingent liabilities

Contingent liabilities are commitments or risks of which it is more likely than not that no outflow from ING Group 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.

1.4.2.11. Revenue recognition

Interest income
Interest income is recognized in the profit and loss account for all interest bearing instruments on an accrual basis. Interest income includes coupons earned on fixed income investment and trading securities and amortization of accrued discounts and premiums and yield differences.

Fee and commission income
Fees and commissions from banking and asset management services are recognized 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 amortized on a time proportionate basis that takes into account the effective yield on the related asset.

Insurance premium income
Premiums from life insurance policies are recognized as revenue when due from the policyholder. For non-life insurance policies, premium income is recognized on a pro rata basis over the term of the related policy coverage.

1.4.2.12. Taxation

Taxation is calculated on the result before taxation shown in the annual accounts, taking into account tax-allowable deductions, charges and exemptions.

1.5. Accounting principles for the consolidated statement of cash flows of ING Group

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 Lending only relates to transactions involving actual payments or receipts. The *Additions to the provision for loan losses* which is deducted from the item *Lending* in the balance sheet has been adjusted accordingly for the result before taxation and is shown separately in the 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.

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 are in millions of euros, unless otherwise stated

2. NOTES TO THE CONSOLIDATED BALANCE SHEET OF ING GROUP

ASSETS

2.1. Tangible fixed assets

	2001	2000
Data-processing equipment	396	415
Other movable fixed assets	1,636	1,714
	2,032	**2,129**
Opening balance	2,129	1,937
Additions	897	736
Changes in the composition of the group	8	270
Disposals	(504)	(233)
Depreciation	(527)	(605)
Exchange differences	29	24
Closing balance	**2,032**	**2,129**
Gross carrying amount as at December 31	4,593	5,349
Accumulated depreciation as at December 31	2,561	3,220
	2,032	**2,129**

2.2. Participating interests

			2001			2000
	Ownership (%)	Balance sheet value	Estimated fair value	Ownership (%)	Balance sheet value	Estimated fair value
Name of investee						
Investments in associates:						
Valores Consolidados, S.A. de C.V. (holding company of Seguros Comercial América)				49	233	233
Allgemeine Deutsche Direktbank A.G.	49	69	69	49	70	70
Atlas Investeringsgroep N.V.	33	27	27	33	33	33
Postkantoren B.V.	50	48	48	50	49	49
De Goudse Verzekeringen N.V.	20	34	34			
Q-Park N.V.	22	52	52			
Other investments in associates		1,028	1,012		632	618
		1,258	**1,242**		**1,017**	**1,003**
Investments in other participating interests		1,202	1,202		1,249	1,249
Total investments in participating interests		**2,460**	**2,444**		**2,266**	**2,252**
Receivables from participating interests		168	168		106	106
		2,628	**2,612**		**2,372**	**2,358**

Amounts are in millions of euros, unless otherwise stated

The balance sheet value of *Participating interests* as at December 31, 2001 included revaluations of EUR 288 million (2000: EUR (309) million). The cost of these *Participating interests* amounted to EUR 2,172 million (2000: EUR 3,128 million).

	2001	2000 Associates	2001	2000 Other participating interests	2001	2000 Receivables from participating interests
Opening balance	1,017	606	1,249	2,622	106	37
Additions and advances	1,568	1,163	217	155	64	89
Changes in the composition of the group	51	320	13	62	5	(6)
Transfer from investments	95	(67)	(80)	639		(3)
Revaluations	(1,313)	(398)	358	310		
Movements in provision for credit risk exposure					(1)	
Results from participating interests	54	(11)				
Dividends received	(46)	(40)				
Disposals and redemptions	(192)	(582)	(586)	(2,540)	(6)	(10)
Exchange differences	24	26	31	1		(1)
Closing balance	**1,258**	**1,017**	**1,202**	**1,249**	**168**	**106**

2.3. Investments

	2001	2000
Land and buildings, including commuted ground rents	10,541	10,890
Shares and convertible debentures	19,502	22,152
Fixed-interest securities	194,543	162,062
Investments for risk of policyholders and investments of annual life funds	82,743	81,947
Other investments	117	125
	307,446	**277,176**

Amounts are in millions of euros, unless otherwise stated

The movements in investments except for Other investments were as follows:

	2001	2000	2001	2000	2001	2000	2001	2000
	Land and buildings		Shares and convertible debentures		Fixed-interest securities		Investments for risk of policy-holders and investments of annual life funds	
Opening balance	10,890	7,690	22,152	29,364	162,062	125,058	81,947	33,522
Additions and advances	729	1,927	8,485	10,363	259,450	112,422	71,054	34,999
Changes in the composition of the group	91	115	317	619	5,205	33,512	3	43,841
Transfer from other assets		944						
Yield differences					52	(250)		
Revaluations	438	1,015	(3,463)	674				
Impairments	(33)		(3)	(344)				
Disposals and redemptions	(1,647)	(836)	(8,118)	(18,664)	(235,537)	(111,859)	(67,857)	(28,014)
Exchange differences	63	30	132	140	3,311	3,179	2,682	65
Other movements	10	5					(5,086)	(2,466)
Closing balance	**10,541**	**10,890**	**19,502**	**22,152**	**194,543**	**162,062**	**82,743**	**81,947**

Non-income-producing investments

Investments in connection with the insurance operations with a combined carrying value of EUR 24 million (2000: EUR 84 million) were non-income-producing for the year ended December 31, 2001.

Concentrations

As at December 31, 2001, ING Group had investments in shares and fixed-interest securities of ABN AMRO Holding N.V. (2000: ABN AMRO Holding N.V.) with a carrying value that exceeded 10% of *Shareholders' equity*. The total investment amounted to EUR 3,378 million (2000: EUR 4,196 million) and comprised EUR 3,187 million in shares (2000: EUR 3,909 million) and EUR 191 million (2000: EUR 287 million) in fixed-interest securities.

2.3.1. Land and buildings

	2001	2000	2001	2000	2001	2000
		Insurance operations		Banking operations		Total
Land and buildings wholly or partially in use by group companies	1,092	848	2,302	3,124	3,394	3,972
Other land and buildings	7,147	6,918			7,147	6,918
	8,239	**7,766**	**2,302**	**3,124**	**10,541**	**10,890**

The balance sheet value as at December 31, 2001 included revaluations of EUR 1,118 million (2000: EUR 879 million). The cost or purchase price amounted to EUR 9,423 million (2000: EUR 10,011 million).

Amounts are in millions of euros, unless otherwise stated

The appraisal of land and buildings during the last five years in relation to the balance sheet value as at December 31, 2001 was as follows (in percentages):

Years of appraisal	
2001	54
2000	27
1999	4
1998	8
1997	7
	100

2.3.2. Shares and convertible debentures

	2001	2000 Insurance operations	2001	2000 Banking operations	2001	2000 Total
Listed	15,046	17,030	2,877	3,495	17,923	20,525
Unlisted	1,579	1,627			1,579	1,627
	16,625	**18,657**	**2,877**	**3,495**	**19,502**	**22,152**

Shares and convertible debentures can be analyzed as follows:

	2001	2000
Purchase price	14,167	12,363
Revaluation: – Gross unrealized gains	6,501	10,402
– Gross unrealized losses	1,166	613
	19,502	**22,152**

As at December 31, 2001, the balance sheet value included shares and convertible debentures which were lent or sold in repurchase transactions amounting to EUR 76 million (2000: EUR 647 million) and EUR 17 million (2000: EUR 4 million), respectively.

Borrowed shares and convertible debentures are not recognized in the balance sheet and amounted to EUR 319 million as at December 31, 2001 (2000: EUR 15 million).

Amounts are in millions of euros, unless otherwise stated

2.3.3. Fixed-interest securities

	2001	2000	2001	2000
	Balance sheet value		Estimated fair value	
Insurance operations				
Debentures and fixed-interest securities	90,204	74,014	92,360	74,129
Private loans	9,233	8,790	9,715	9,075
Mortgage loans	26,812	22,692	27,156	22,590
Other fixed-interest securities	6,936	5,377	6,923	5,218
	133,185	**110,873**	**136,154**	**111,012**
Banking operations				
Debentures and options	63,110	52,176	64,322	52,574
Other fixed-interest securities	158	338	158	338
	63,268	**52,514**	**64,480**	**52,912**
Eliminations	1,910	1,325	1,900	961
	194,543	**162,062**	**198,734**	**162,963**

The cost of investments in Fixed-interest securities amounted to EUR 194,044 million as at December 31, 2001 (2000: EUR 161,877 million).

As at December 31, 2001, an amount of EUR 176,937 million (2000: EUR 142,403 million) was expected to be recovered or settled after more than one year from the balance sheet date.

The balance sheet value of Debentures and options in connection with the banking operations as at December 31, 2001 included EUR 2,544 million (2000: EUR 2,059 million) in respect of short-dated government paper.

The balance sheet value as at December 31, 2001 included EUR 572 million (2000: EUR 547 million) in respect of listed securities issued by the group.

As at December 31, 2001, the balance sheet value included fixed-interest securities which were lent or sold in repurchase transactions amounting to EUR 528 million (2000: EUR 1,354 million) and EUR 1,410 million (2000: EUR 1,417 million), respectively.

Borrowed fixed-interest securities are not recognized in the balance sheet and amounted to EUR 56 million as at December 31, 2001 (2000: EUR 26 million).

2.3.4. Investments for risk of policyholders and investments of annual life funds

	2001	2000
Land and buildings	85	109
Shares and convertible debentures	73,576	66,525
Fixed-interest securities	7,898	13,626
Other investments	1,184	1,687
	82,743	**81,947**

The cost of Investments for risk of policyholders and investments of annual life funds as at December 31, 2001 was EUR 84,781 million (2000: EUR 82,979 million).

2.4. Lending

Lending 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 Group's total exposure. Although ING Group'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.

Analyzed by security:

			2001			2000
	Nether-lands	Inter-national	Total	Nether-lands	Inter-national	Total
Loans guaranteed by public authorities	8,949	13,398	22,347	8,306	13,019	21,325
Loans secured by mortgages	78,789	19,502	98,291	65,585	14,048	79,633
Loans guaranteed by credit institutions	940	6,286	7,226	1,652	5,878	7,530
Other personal lending	3,738	3,259	6,997	3,532	2,790	6,322
Other corporate loans	33,997	89,787	123,784	33,715	102,484	136,199
	126,413	**132,232**	**258,645**	**112,790**	**138,219**	**251,009**
Provision for loan losses	(909)	(3,522)	(4,431)	(959)	(3,243)	(4,202)
	125,504	**128,710**	**254,214**	**111,831**	**134,976**	**246,807**

Analyzed by non-subordinated and subordinated receivables:

	2001	2000
Non-subordinated	253,714	246,232
Subordinated	500	575
	254,214	**246,807**

Analyzed by industry:

	2001	2000
Private sector:		
– agriculture, horticulture, forestry and fisheries	1,967	2,551
– manufacturing	25,975	25,574
– service industry	54,768	50,143
– financial institutions	55,298	64,873
– other	106,726	95,053
	244,734	**238,194**
Public authorities	9,480	8,613
	254,214	**246,807**

As at December 31, 2001, assets held under finance lease contracts amounted to EUR 6,094 million (2000: EUR 5,063 million) and assets held under operating lease contracts amounted to EUR 2,661 million (2000: EUR 2,223 million).

As at December 31, 2001, the balance sheet value of receivables included in *Lending*, of which interest income was not recognized in the profit and loss account because realization of the interest income is almost certainly not to be expected, amounted to EUR 317 million (2000: EUR 328 million).

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2001, *Lending* included receivables with regard to securities which have been acquired in reverse sale and repurchase transactions related to the banking operations amounting to EUR 26,377 million (2000: EUR 36,840 million).

Provision for loan losses
The provision for loan losses is allocated to *Lending, Banks* and other assets.

Allocation of the provision for loan losses to the various lending categories:

			2001			2000
	Netherlands	International	Total	Netherlands	International	Total
Loans secured by public authorities		68	68			
Loans secured by mortgages	113	41	154	105	103	208
Other personal lending	107	170	277	88	82	170
Other corporate loans	689	3,243	3,932	766	3,058	3,824
Allocated to *Lending*	909	3,522	4,431	959	3,243	4,202
Allocated to *Banks*		43	43		70	70
Allocated to other assets	39	250	289	37	192	229
	948	**3,815**	**4,763**	**996**	**3,505**	**4,501**

The movements in the provision for loan losses included in *Lending, Banks* and other assets were as follows:

	2001	2000
Opening balance	4,501	4,756
Write-offs	(669)	(900)
Recoveries	39	52
Additions from:		
– value adjustments to receivables	750	400
– interest income	122	95
Other movements	20	98
Closing balance	**4,763**	**4,501**

2.5. Banks

			2001			2000
	Netherlands	International	Total	Netherlands	International	Total
Loans and advances to banks	7,416	15,575	22,991	1,991	13,757	15,748
Cash advances, overdrafts and other balances due on demand	2,566	28,569	31,135	2,027	26,427	28,454
	9,982	**44,144**	**54,126**	**4,018**	**40,184**	**44,202**
Provision for loan losses			(43)			(70)
			54,083			**44,132**

As at December 31, 2001, *Banks* included receivables with regard to securities, which have been acquired in reverse sale and repurchase transactions amounting to EUR 13,265 million (2000: EUR 7,506 million).

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2001, the non-subordinated receivables amounted to EUR 53,972 million (2000: EUR 44,070 million) and the subordinated receivables amounted to EUR 111 million (2000: EUR 62 million).

As at December 31, 2001, assets held under finance lease contracts amounted to EUR 137 million (2000: EUR 76 million) and assets held under operating lease contracts amounted to EUR 12 million (2000: EUR 3 million).

2.6. Cash

	2001	2000
Cash and bank balances	9,141	6,205
Call money of the insurance operations	123	132
	9,264	**6,337**

As at December 31, 2001, Cash and bank balances included cash and balances with central banks of EUR 6,846 million (2000: EUR 2,465 million).

2.7. Other assets

	2001	2000
Trading portfolio	32,672	26,961
Equity participations	1,229	1,312
Property	1,901	721
Deferred tax assets	1,475	1,705
Receivables on account of direct insurance from:		
– policyholders	2,924	5,519
– intermediaries	514	325
Reinsurance receivables	669	611
Other receivables	8,391	9,240
	49,775	**46,394**

As at December 31, 2001, an amount of EUR 28,316 million (2000: EUR 24,284 million) was expected to be recovered or settled after more than one year from the balance sheet date.

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2001, the deferred tax assets analyzed by its origin were as follows:

	2001	2000
Deferred tax assets relating to:		
– insurance provisions	1,618	2,735
– other provisions	369	929
– unused tax losses carried forward	748	240
– other	452	645
	3,187	**4,549**
Deferred tax liabilities (offset by deferred tax assets) relating to:		
– investments	19	133
– deferred acquisition costs	580	1,071
– general provisions	994	1,482
– other	119	158
	1,712	**2,844**
	1,475	**1,705**

The deferred tax assets in connection with unused tax losses carried forward were arrived at as follows:

	2001	2000
Total unused tax losses carried forward	4,139	2,422
Unused tax losses carried forward not recognized as a deferred tax asset	2,024	1,861
Unused tax losses carried forward recognized as a deferred tax asset	**2,115**	**561**
Average tax rate	35.4%	42.8%
Deferred tax asset	**748**	**240**

Total unused tax losses carried forward as at December 31, 2001 analyzed by expiration terms:

	2001	2000
– up to five years	663	587
– five to ten years	567	110
– ten to twenty years	788	522
– unlimited	2,121	1,203
	4,139	**2,422**

2.8. Accrued assets

	2001	2000
Accrued interest and rents	8,508	7,879
Deferred acquisition costs of insurance business	11,355	10,653
Other accrued assets	5,814	6,293
	25,677	**24,825**

As at December 31, 2001, Other accrued assets included options held by the group for the account and risk of customers amounting to EUR 134 million (2000: EUR 326 million). These are customers' 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.*

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2001, an amount of EUR 12,047 million (2000: EUR 11,535 million) was expected to be recovered or settled after more than one year from balance sheet date.

The movements in Deferred acquisition costs of insurance business were as follows:

	2001	2000	2001	2000	2001	2000
	Life insurance		Non-life insurance			Total
Opening balance	10,393	4,027	260	247	10,653	4,274
Capitalized	2,478	1,601	83	12	2,561	1,613
Amortization	(1,444)	(914)	(82)	(3)	(1,526)	(917)
Changes in the composition of the group	(182)	5,625	55	(1)	(127)	5,624
Exchange differences	344	57	1	5	345	62
Transfer of portfolios	(554)	(3)	3		(551)	(3)
Closing balance	**11,035**	**10,393**	**320**	**260**	**11,355**	**10,653**

EQUITY AND LIABILITIES

2.9. Shareholders' equity

	2001	2000
Opening balance	25,274	34,556
Unrealized revaluations after taxation	(2,745)	651
Exchange differences	212	(355)
Net profit not recognized in the profit and loss account	(2,533)	296
Realized revaluations released to the profit and loss account	(1,233)	(7,816)
Write-off of goodwill	(1,908)	(11,774)
Net profit for the period	4,577	11,984
Dividend paid	(2,300)	(900)
Exercise of warrants and options	163	81
	22,040	**26,427**
Changes in ING Groep N.V. shares held by group companies	(526)	(1,153)
Closing balance	**21,514**	**25,274**

Shareholders' equity was employed in the various activities as follows:

	2001	2000
Group equity employed in the insurance operations	15,401	17,884
Group equity employed in the banking operations	15,398	14,899
Own shares held by the parent company, subordinated loans, third-party interests, debenture loans and other elimination entries	(9,285)	(7,509)
	21,514	**25,274**

2.10. Preference shares of group companies

Preference shares of group companies consists of noncumulative guaranteed trust preference shares which are issued by wholly owned companies of ING Groep N.V. These shares have a liquidation preference of a certain amount plus any accrued interest and unpaid dividend. Dividends with regard to these preference shares are accounted for, after taxation, in *Third-party interests* in the profit and loss account. These trust preference shares generally have no voting rights.

Preference shares of group companies can be analyzed as follows:

Number of shares (in millions)	Interest rate	Year of issue	Liquidation preference per share (in USD)	2001 Balance sheet value	2000 Balance sheet value
1.5	8.439	2000	1,000	1,695	1,612
10	9.2	2000	25	282	269
20	7.7	1999	25	565	538
				2,542	**2,419**

2.11. Subordinated loan

In September 2001 ING Groep N.V. issued ING Perpetuals. This is a perpetual subordinated loan, amounting to EUR 600 million, with a fixed interest rate of 6.5%.
The 10% subordinated debentures issued by ING Groep N.V. on March 15, 1991, due on March 15, 2001, have been redeemed fully.

2.12. General provisions

	2001	2000
Deferred tax liabilities	2,443	2,983
Pension liabilities and other staff-related liabilities	1,045	912
Reorganizations and relocations	259	450
Other	840	1,095
	4,587	**5,440**

As at December 31, 2001, an amount of EUR 4,342 million (2000: EUR 3,707 million) was expected to be settled after more than one year from balance sheet date.

The movements in *General provisions,* other than Pension liabilities and other staff-related liabilities, can be analyzed as follows:

	2001	2000	2001	2000	2001	2000
	Deferred tax liabilities		Reorganizations and relocations		Other	
Opening balance	2,983	2,602	450	212	1,095	827
Changes in the composition of the group	(216)	(592)	43	(13)	(85)	318
Additions/releases	233	984	(222)	509	19	253
Transfer to deferred tax assets						
Charges	(536)		(14)	(260)	(214)	(321)
Exchange differences	(21)	(11)	2	2	25	18
Closing balance	**2,443**	**2,983**	**259**	**450**	**840**	**1,095**

Amounts are in millions of euros, unless otherwise stated

2.12.1. Deferred tax liabilities

The provision for deferred tax liabilities analyzed by its origin was as follows:

	2001	2000
Deferred tax assets (offset by deferred tax liabilities) relating to:		
– insurance provisions	125	631
– other provisions	15	137
– unused tax losses carried forward	98	6
– equalization reserve	921	
– other	273	325
	1,432	**1,099**
Deferred tax liabilities relating to:		
– investments	1,819	2,044
– deferred acquisition costs	1,100	618
– equalization reserve	191	188
– depreciation	64	38
– general provisions	202	667
– receivables	14	20
– other	485	507
	3,875	**4,082**
	2,443	**2,983**

The deferred tax asset (offset by deferred tax liabilities) in connection with unused tax losses carried forward is arrived at as follows:

	2001	2000
Total unused tax losses carried forward	2,139	1,290
Unused tax losses carried forward not recognized as a deferred tax asset	1,800	1,269
Unused tax losses carried forward recognized as a deferred tax asset	**339**	**21**
Average tax rate	28.9%	28.6%
Deferred tax asset	**98**	**6**

Total unused tax losses carried forward as at December 31 analyzed by expiration terms:

	2001	2000
– up to five years	289	99
– five to ten years	41	1
– ten to twenty years	1,520	988
– unlimited	289	202
	2,139	**1,290**

2.12.2. Pension liabilities and other staff-related liabilities

ING Group 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.

Amounts are in millions of euros, unless otherwise stated

Plans in other countries comply with applicable local regulations concerning investments and funding levels.

ING Group 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.

Pension liabilities and other staff-related liabilities can be summarized as follows:

	2001	2000	2001	2000	2001	2000	2001	2000
	Pension liabilities		Healthcare		Other		Total	
Defined benefit obligation	9,233	8,206	576	557	1,467	1,231	11,276	9,994
Fair value of plan assets	8,859	9,015			243	260	9,102	9,275
Funded status	**374**	**(809)**	**576**	**557**	**1,224**	**971**	**2,174**	**719**
Unrecognized past service costs	3		(6)	(1)			(3)	(1)
Unrecognized gains/(losses)	(1,028)	203	39	(2)	(137)	(7)	(1,126)	194
	(651)	**(606)**	**609**	**554**	**1,087**	**964**	**1,045**	**912**

The movements in Pension liabilities and other staff-related liabilities can be analyzed as follows:

	2001	2000	2001	2000	2001	2000	2001	2000
	Pension liabilities		Healthcare		Other		Total	
Opening balance	(606)	(474)	554	438	964	920	912	884
Benefit costs	193	67	50	80	108	97	351	244
Employer's contribution	(429)	(187)	5	(3)	(51)	(53)	(475)	(243)
Changes in the composition of the group	208	(7)	1	27	66		275	20
Effect of curtailment or settlement	(7)	2	(8)				(15)	2
Exchange differences	(10)	(7)	7	12			(3)	5
Closing balance	**(651)**	**(606)**	**609**	**554**	**1,087**	**964**	**1,045**	**912**

As at December 31, 2001, the defined benefit obligation consisted of funded plans amounting to EUR 8,975 million (2000: 7,716 million) and unfunded plans amounting to EUR 2,301 million (2000: EUR 2,278 million).

The assets of funded plans primarily consist of debt securities, equity and real estate funds, of which as at December 31, 2001 EUR 98 million (2000: EUR 202 million) was invested in securities issued by the employer and related parties, including shares of ING Groep N.V.

2.12.3. Reorganizations and relocations

The provision for reorganizations and relocations at December 31, 2001 includes an amount of EUR 136 million for the restructuring of the US operations.

Amounts are in millions of euros, unless otherwise stated

2.13. Insurance provisions

	2001	2000 Gross	2001	2000 Reinsurance element	2001	2000 Own account
Provision for life policy liabilities	129,420	117,226	8,511	6,760	120,909	110,466
Provision for profit sharing and rebates	745	685	2	1	743	684
Provision for unearned premiums and unexpired insurance risks	4,351	1,634	969	52	3,382	1,582
Claims provision	7,016	5,363	1,124	277	5,892	5,086
Other insurance provisions	292	388			292	388
	141,824	**125,296**	**10,606**	**7,090**	**131,218**	**118,206**
Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds	83,739	83,823	971	1,876	82,768	81,947
	225,563	**209,119**	**11,577**	**8,966**	**213,986**	**200,153**

The insurance provisions are generally of a long-term nature.

The movements in the Claims provision for own account were as follows:

	2001	2000
Opening balance	5,086	4,760
Changes in the composition of the group	194	86
	5,280	**4,846**
Additions:		
– for the current year	3,669	2,698
– for prior years	(24)	(51)
– interest accrual of provision for disability losses	36	22
	3,681	**2,669**
Claim settlements and claim settlement costs:		
– for the current year	2,041	1,362
– for prior years	1,369	991
	3,410	**2,353**
Exchange differences	(8)	34
Other movements	349	(110)
Closing balance	**5,892**	**5,086**

Other insurance provisions includes the catastrophe provision. The most important movements in 2001 are a release of EUR 85 million in the first quarter, following a change in ING's reinsurance strategy, and the net impact in the third quarter of the September 11 events in the US:
An amount of EUR 275 million was added by recording a catastrophe provision in the opening balance sheet of ReliaStar. Because of the expected claims, EUR 350 million was used in 2001.

Amounts are in millions of euros, unless otherwise stated

2.14. Funds entrusted to and debt securities of the banking operations

	2001	2000
Savings accounts	69,562	52,431
Other funds entrusted	132,397	134,133
Funds entrusted to the banking operations	**201,959**	**186,564**
Debt securities	74,408	66,252
	276,367	**252,816**

Analyzed by type:

	Netherlands	International	2001 Total	Netherlands	International	2000 Total
Non-interest bearing	9,069	1,856	10,925	10,102	9,488	19,590
Interest-bearing	85,483	105,551	191,034	74,723	92,251	166,974
	94,552	**107,407**	**201,959**	**84,825**	**101,739**	**186,564**

No funds have been entrusted to ING Group by customers on terms other than those prevailing in the normal course of business. As at December 31, 2001, *Funds entrusted to and debt securities of the banking operations* included liabilities with regard to securities sold in repurchase transactions amounting to EUR 7,250 million (2000: EUR 9,723 million).

Savings accounts

Savings accounts relates to the balances on savings accounts, savings books, savings 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

	2001	2000
Private loans	1,322	132
Mortgage loan	189	246
Corporate time deposits	60,098	55,539
Credit balances on customer accounts	70,788	78,216
	132,397	**134,133**

Funds entrusted to the banking operations

Funds entrusted to the banking operations relates to non-subordinated debts to non-banks, other than in the form of debt securities.

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.

Amounts are in millions of euros, unless otherwise stated

2.15. Banks

Banks includes non-subordinated debt to banks, other than in the form of debt securities. As at December 31, 2001, liabilities with regard to securities sold in repurchase transactions amounted to EUR 17,493 million (2000: EUR 10,877 million).

Analyzed by type:

	Netherlands	International	2001 Total	Netherlands	International	2000 Total
Non-interest bearing	175	942	1,117	50	1,094	1,144
Interest-bearing	33,233	73,460	106,693	22,668	70,863	93,531
	33,408	**74,402**	**107,810**	**22,718**	**71,957**	**94,675**

2.16. Other liabilities

Analyzed by type:

	2001	2000
Subordinated loans of group companies	12,378	9,235
Debenture loans	11,470	10,286
Loans contracted	8,425	4,946
Loans from credit institutions	3,490	3,296
Deposits from reinsurers	269	197
Taxation and social security contributions	1,825	1,865
Trading portfolio	9,675	8,865
Other	15,817	15,583
	63,349	**54,273**

Analyzed by remaining term:

	2001			2000		
	up to 1 year	1 to 5 years	over 5 years	up to 1 year	1 to 5 years	over 5 years
Subordinated loans of group companies	967	3,622	7,789	257	3,596	5,382
Debenture loans	114	7,295	4,061	122	4,276	5,888
Loans contracted	5,297	1,018	2,110	2,581	1,160	1,205
Loans from credit institutions	2,849	355	286	2,677	210	409
Deposits from reinsurers	184	14	71	115	10	72
Taxation and social security contributions	1,683	116	26	1,192	679	(6)
Trading portfolio	9,675			8,865		
Other	9,580	3,744	2,493	10,421	2,798	2,364
	30,349	**16,164**	**16,836**	**26,230**	**12,729**	**15,314**

Other liabilities includes:

	2001	2000
Liabilities relating to direct insurance	2,905	2,466
Liabilities relating to reinsurance	371	297

Amounts are in millions of euros, unless otherwise stated

Non-subordinated debenture loans, loans contracted and deposits of the banking operations are included in *Funds entrusted to and debt securities of the banking operations* and in *Banks.*

Subordinated loans of group companies relates to capital debentures and private loans, which are subordinated to all current and future liabilities of ING Bank N.V., Postbank N.V. or Westland/Utrecht Hypotheekbank N.V. The average interest rate on the subordinated loans is 6.1% (2000: 6.4%).

Debenture loans have been issued with an average interest rate of 5.8% (2000: 6.2%) and are repayable in the years 2002 to 2027. The loans are denominated in various currencies. Some of the loans have been converted into U.S. dollars by means of currency swaps. Others have been converted into loans with a variable-interest rate by means of interest-rate swaps. As at December 31, 2001, loans amounting to EUR 9,983 million (2000: EUR 9,179 million) bore an average fixed-interest rate of 6.0% (2000: 6.3%). The remaining EUR 1,487 million (2000: EUR 1,107 million) bore an average variable-interest rate of 4.7% (2000: 5.6%).

The average interest rate of Loans contracted with fixed-interest rates, with a remaining principal amount of EUR 2,931 million (2000: EUR 4,515 million), was 7.0% (2000: 6.6%). The remaining EUR 5,494 million (2000: EUR 431 million) bore an average variable-interest rate of 2.2% (2000: 6.8%). These loans are repayable in the years 2002 to 2036.

The average interest rate of Loans from credit institutions with fixed-interest rates, with a remaining principal amount of EUR 3,297 million (2000: EUR 2,889 million), was 4.1% (2000: 5.6%). The remaining EUR 193 million (2000: EUR 407 million) bore an average variable-interest rate of 4.9% (2000: 5.7%). As at December 31, 2001, loans totaling EUR 64 million (2000: EUR 107 million) were secured by mortgages.

As at December 31, 2001, the current corporation tax payable amounted to EUR 1,611 million (2000: EUR 1,767 million).

2.17. Accrued liabilities

	2001	2000
Accrued interest	10,313	10,804
Costs payable	902	897
Yield differences on fixed-interest investments	1,688	1,648
	12,903	**13,349**

As at December 31, 2001, an amount of EUR 2,030 million (2000: EUR 1,843 million) was expected to be settled after more than one year from the balance sheet date.

Amounts are in millions of euros, unless otherwise stated

2.18. Additional information relating to the consolidated balance sheet of ING Group

2.18.1. Maturity

In the table below, the remaining maturities of a number of assets or liabilities with varying maturities are analyzed.

2001	On demand	Up to three months	Three months to one year	One year to five years	Over five years	Total
Assets						
Lending	23,879	69,122	19,571	40,904	100,738	254,214
Banks	11,365	29,401	7,295	3,087	2,935	54,083
Liabilities						
Funds entrusted to and debt securities of the banking operations:						
– Savings accounts	61,971	3,500	1,388	2,291	412	69,562
– Other funds entrusted	67,223	46,404	5,179	6,707	6,884	132,397
– Debt securities		25,560	14,261	23,070	11,517	74,408
Banks	20,601	72,025	11,527	1,513	2,144	107,810

2000	On demand	Up to three months	Three months to one year	One year to five years	Over five years	Total
Assets						
Lending	32,370	70,693	18,206	37,345	88,193	246,807
Banks	9,876	23,430	5,173	2,920	2,733	44,132
Liabilities						
Funds entrusted to and debt securities of the banking operations:						
– Savings accounts	43,163	3,538	3,089	2,025	616	52,431
– Other funds entrusted	55,942	61,868	5,427	4,995	5,901	134,133
– Debt securities		27,390	12,595	15,451	10,816	66,252
Banks	15,807	64,625	10,448	1,683	2,112	94,675

Amounts are in millions of euros, unless otherwise stated

2.18.2. 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 2,229 million (2000: EUR 2,752 million) relates to guarantees provided for certain liabilities included in the balance sheet as well as off-balance sheet contingent liabilities.

Analyzed as follows:

	Funds entrusted and debt securities	Banks	Contingent liabilities	Guarantees for off-balance sheet items	Total
2001					
Investments	272	947		367	1,586
Lending	618				618
Banks			11		11
Other assets	60	307	14		381
	950	**1,254**	**25**	**367**	**2,596**
2000					
Investments	708	102		115	925
Lending	741				741
Banks	9	249			258
Other assets	448	487	8		943
	1,906	**838**	**8**	**115**	**2,867**

2.18.3. Contingent liabilities

Contingent liabilities can be analyzed as follows:

	2001	2000
Insurance operations		
Commitments concerning investments in land and buildings	619	612
Commitments concerning fixed-interest securities	941	1,656
Guarantees	5,002	5,079
Other	1,363	1,297
Banking operations		
Contingent liabilities in respect of:		
– discounted bills	6	12
– guarantees	20,037	15,419
– irrevocable letters of credit	5,776	4,435
– other	189	148
	33,933	**28,658**
Irrevocable facilities	63,269	57,939
	97,202	**86,597**

Amounts are in millions of euros, unless otherwise stated

In response to the needs of its customers, ING Group 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 Group 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 Group 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. ING Group's 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. 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 solvency directives. Irrevocable facilities also include commitments made to purchase securities to be issued by governments and private issuers.

2.18.4. Future rental commitments

Future rental commitments for lease contracts as at December 31, 2001, can be analyzed as follows:

2002	2,795
2003	1,812
2004	1,548
2005	1,347
2006	804
years after 2006	1,828

2.18.5. Legal proceedings

ING Group 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 insurer, 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 Group.

Amounts are in millions of euros, unless otherwise stated

2.18.6. Derivatives

Use of derivatives
ING Group 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 Group's principal objective in holding or issuing derivatives for non-trading purposes is risk management. To achieve its risk management objective, ING Group 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.

The following table reflects the notional amounts and the positive and negative fair values of derivative financial instruments used for non-trading purposes.

	2001	2000	2001	2000	2001	2000
	Notional amount		Positive year-end fair value		Negative year-end fair value	
Interest-rate contracts	257,961	219,669	3,877	3,491	3,795	3,318
Currency contracts	28,608	34,631	289	534	480	774
Equity contracts	3,092	5,435	77	333	121	477
Other contracts		108				
	289,661	**259,843**	**4,243**	**4,358**	**4,396**	**4,569**

ING Group'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 Group 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.

The following table reflects the 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
2001					
Interest-rate contracts	675,037	5,486	4,970	8,762	8,481
Currency contracts	368,717	6,255	5,911	7,126	7,205
Equity contracts	28,401	1,292	833	1,231	862
	1,072,155	**13,033**	**11,714**	**17,119**	**16,548**
2000					
Interest-rate contracts	566,431	6,303	5,737	8,894	7,700
Currency contracts	288,570	5,446	5,033	8,689	9,010
Equity contracts	23,128	1,367	1,129	2,092	2,344
	878,129	**13,116**	**11,899**	**19,675**	**19,054**

Numerical information about derivatives activities

The following tables 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 2001 and year-end 2000. 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 derivatives transactions.

Listed derivatives are standardized 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 Group 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 year-end positive fair value represents the maximum loss that ING Group 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.

Amounts are in millions of euros, unless otherwise stated

As at year-end the following contracts were open:

	2001 Notional amount	2001 Positive fair value	2001 Un-weighted credit equivalent	2001 Weighted credit equivalent	2000 Notional amount	2000 Positive fair value	2000 Un-weighted credit equivalent	2000 Weighted credit equivalent
Interest-rate contracts								
Over-the-counter:								
– swaps	758,585	12,003	15,578	3,847	631,672	9,068	12,019	2,895
– forwards	52,001	98	141	31	66,915	94	124	26
– options purchased	46,190	532	773	206	41,859	3,216	3,411	734
– options written	36,276	5			26,532	5		
Listed:								
– options purchased	3,020	1			3,811	2		
– options written	1,756				3,007			
– futures	35,170				12,304			
Currency contracts								
Over-the-counter:								
– swaps	36,943	1,384	2,989	903	32,533	1,674	2,879	779
– forwards	315,642	5,758	9,335	2,486	263,425	5,380	8,021	2,095
– options purchased	19,884	273	502	130	12,749	2,169	2,152	573
– options written	21,582				13,767			
Listed:								
– futures	3,274				727			
Equity contracts								
Over-the-counter:								
– swaps	3,091	331	525	248	1,807	56	188	64
– forwards	67	9	13	2	61	18	23	7
– options purchased	8,786	536	1,127	286	7,429	907	1,463	407
– options written	8,620	1			6,425			
Listed:								
– options purchased	5,233	431			5,775	1,444		
– options written	5,552				6,667			
– futures	144				399			
Other contracts								
Over-the-counter				108				
	1,361,816	**21,362**	**30,983**	**8,139**	**1,137,972**	**24,033**	**30,280**	**7,580**
Effect of contractual netting		(9,759)	(12,499)	(2,951)		(11,214)	(13,011)	(3,025)
		11,603	**18,484**	**5,188**		**12,819**	**17,269**	**4,555**

Collateral held, which does not meet the criteria for contractual netting, would additionally reduce the total weighted credit equivalent as at December 31, 2001 with an amount of EUR 112 million (2000: EUR 34 million).

Amounts are in millions of euros, unless otherwise stated

The analysis by remaining term, based on the notional amounts, as at December 31 was as follows:

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	315,927	119,175	77,816	54,091	52,743	138,833	758,585
– forwards	45,901	4,575			276	1,249	52,001
– options purchased	13,795	8,928	8,142	4,953	2,404	7,968	46,190
– 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	23,285	9,652	675		498	1,060	35,170
Currency contracts							
Over-the-counter:							
– swaps	11,133	5,984	5,076	3,509	2,724	8,517	36,943
– forwards	302,687	5,737	973	1,859	4,020	366	315,642
– options purchased	18,942	810	79	30	23		19,884
– options written	20,945	572	22	20	23		21,582
Listed:							
– futures	3,185	38	5	31	15		3,274
Equity contracts							
Over-the-counter:							
– swaps	2,778	105	100			108	3,091
– 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	4,138	697	280	110	8		5,233
– options written	4,319	770	338	116	9		5,552
– futures	144						144
	795,007	**167,496**	**100,061**	**70,128**	**65,352**	**163,772**	**1,361,816**

Amounts are in millions of euros, unless otherwise stated

2000	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	266,412	93,728	62,120	54,276	40,455	114,681	631,672
– forwards	63,950	1,513				1,452	66,915
– options purchased	14,836	9,561	4,024	4,639	2,846	5,953	41,859
– options written	9,655	5,792	2,469	2,742	1,960	3,914	26,532
Listed:							
– options purchased	3,470				3	338	3,811
– options written	2,612		10		20	365	3,007
– futures	8,717	1,939	768		113	767	12,304
Currency contracts							
Over-the-counter:							
– swaps	13,414	3,656	4,494	2,666	2,590	5,713	32,533
– forwards	257,183	4,301	1,438	185	76	242	263,425
– options purchased	12,246	112	371		20		12,749
– options written	13,432	125	188		22		13,767
Listed:							
– futures	715	12					727
Equity contracts							
Over-the-counter:							
– swaps	734	802	63	100		108	1,807
– forwards		61					61
– options purchased	2,090	3,319	991	560	272	197	7,429
– options written	1,913	3,040	743	426	204	99	6,425
Listed:							
– options purchased	4,584	664	305	163	59		5,775
– options written	4,750	1,291	258	332	36		6,667
– futures	399						399
Other contracts							
Over-the-counter	108						108
	681,220	**129,916**	**78,242**	**66,089**	**48,676**	**133,829**	**1,137,972**

Analysis by counterparty:

	Notional amount	Unweighted credit equivalent	2001 Weighted credit equivalent	Notional amount	Unweighted credit equivalent	2000 Weighted credit equivalent
Public sector	61,192	172		38,910	165	
Banks	1,078,238	24,223	4,845	918,563	24,921	4,984
Other	222,386	6,588	3,294	180,499	5,194	2,596
	1,361,816	**30,983**	**8,139**	**1,137,972**	**30,280**	**7,580**

2.18.7. Fair value of financial assets and liabilities

The following table presents the estimated fair values of ING Group'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 does not represent, and should not be construed as representing, the underlying value of ING Group.

Amounts are in millions of euros, unless otherwise stated

		2001		2000
	Estimated fair value	Balance sheet value	Estimated fair value	Balance sheet value
Financial assets				
Participating interests	2,612	2,628	2,358	2,372
Investments				
– shares and convertible debentures	19,502	19,502	22,152	22,152
– fixed-interest securities	198,734	194,543	162,963	162,062
Lending (1)	249,524	245,459	241,794	239,521
Banks (1)	53,934	53,934	44,090	44,053
Cash	9,264	9,264	6,337	6,337
Other assets				
– trading portfolio	32,672	32,672	26,874	26,961
– equity participations	1,373	1,229	1,627	1,312
– other receivables	13,973	13,973	17,400	17,400
Accrued assets (2)	14,322	14,322	14,172	14,172
Derivatives held for non-trading purposes	4,243	2,096	4,358	2,589
	600,153	**589,622**	**544,125**	**538,931**
Financial liabilities				
Subordinated loans	615	600	488	485
Insurance provisions related to investment-type contracts	84,701	85,722	30,897	33,969
Funds entrusted to and debt securities of the banking operations	276,555	276,367	254,107	252,816
Banks	108,901	107,810	95,029	94,675
Other liabilities	63,841	63,349	55,515	54,273
Accrued liabilities	12,903	12,903	13,349	13,349
Derivatives held for non-trading purposes	4,396	1,846	4,569	2,657
	551,912	**548,597**	**453,954**	**452,224**

(1) Lending and Banks do not include receivables from leases.

(2) Accrued assets does not include deferred acquisition costs of insurance business.

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 realizable 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 Group to estimate the fair value of the financial instruments.

Financial assets

Participating interests
The fair values of the shares of 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 participating interests are determined using the same methods as described below for Fixed-interest securities.

Investments
The fair values of Shares and convertible debentures are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. Fair values for Fixed-interest securities other than mortgage and policy loans 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. 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. The fair values of fixed-rate policy loans are estimated by discounting cash flows at the interest rates charged on policy loans of similar policies currently being issued. Loans with similar characteristics are aggregated for purposes of the calculations. The fair values of variable-rate policy loans approximate their carrying values.

Lending
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 nonperforming loans are estimated by discounting the expected cash flows of recoveries.

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.

Cash
The carrying amount of cash approximates its fair value.

Other assets
The fair values of securities in the trading portfolio and equity participations are based on quoted market prices, where available. For those securities not actively traded, fair values are estimated based on internal discounted cash flow pricing models taking into account current cash flow assumptions and the counterparties' credit standings. The carrying amount of Other receivables approximates its fair value.

Accrued assets
The carrying amount of accrued assets approximates its fair value.

Financial liabilities

Subordinated loan
The fair value of the subordinated loan is estimated using discounted cash flows based on interest rates that apply to similar instruments.

Insurance provisions related to investment-type contracts (included in insurance provisions)
For guaranteed investment contracts the fair values have been estimated using a discounted cash flow approach based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For other investment-type contracts, fair values are estimated based on the cash surrender values.

Amounts are in millions of euros, unless otherwise stated

Funds entrusted to and debt securities of the banking operations

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.

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.

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.

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 Group would receive or pay to terminate the contracts at the balance sheet date.

The fair value of other off-balance sheet financial instruments can be summarized as follows:

		2001		2000
	Estimated fair value	Contract amount	Estimated fair value	Contract amount
Insurance operations				
Commitments concerning investments in land and buildings	619	619	612	612
Commitments concerning investments in fixed-interest securities	941	941	1,656	1,656
Guarantees		5,002		5,079
Others		1,363		1,297
	1,560	**7,925**	**2,268**	**8,644**

		2001		2000
	Risk-weighted value	Contract amount	Risk-weighted value	Contract amount
Banking operations				
Guarantees	9,938	20,037	7,221	15,419
Irrevocable letters of credit	1,327	5,776	1,403	4,435
Irrevocable facilities	9,723	63,269	9,794	57,939
Other	146	195	159	160
	21,134	**89,277**	**18,577**	**77,953**

For the other off-balance sheet financial instruments the following methods are used in order to determine the fair value.

Amounts are in millions of euros, unless otherwise stated

Insurance operations
The fair values of the commitments for investments in land and buildings and commitments concerning investments in fixed-interest securities are the same as their contract amounts on account of their short-term nature. The fair value of guarantees is estimated based on fees charged for similar agreements or the estimated cost to terminate them or otherwise settle the obligations with the counterparties.

Banking operations
Risk-weighted amounts of the banking operations have been calculated in accordance with the Dutch central bank guidelines which are based on the solvency ratio directives 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.

2.18.8. Regulatory requirements with regard to solvency

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 standard'). As at December 31, 2001, the required capital amounted to EUR 19,454 million (2000: EUR 17,589 million).

	2001	2000
Core capital (Tier 1)	17,083	15,882
Supplementary capital (Tier 2)	8,588	7,709
Available Tier-3 funds	290	283
Deductible (participating interests)	(250)	(237)
Qualifying capital	**25,711**	**23,637**
Tier-1 ratio	7.03%	7.22%
BIS ratio	10.57%	10.75%

European Union directives require insurance companies established in member states of the European Union to maintain minimum solvency margins. As at December 31, 2001, the actual solvency of the ING insurance companies is 210% of the required solvency (2000: 249%), as shown in the following table:

	2001	2000
Actual solvency	20,650	19,897
Required solvency	9,845	7,989
Solvency margin	**10,805**	**11,908**

Amounts are in millions of euros, unless otherwise stated

3. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING GROUP

To provide more insight in the results of ING Group, a distinction is made between operational results and non-operational results. The non-operational results are disclosed separately.

The profit and loss account can be analyzed by operational and non-operational results as follows:

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Operational results			Non-operational results (3.4)			Total		
Premium income (3.1.1)	50,460	29,114	22,412				50,460	29,114	22,412
Income from investments of the insurance operations (3.1.2)	10,262	7,981	6,702	325	7,017		10,587	14,998	6,702
Interest result from the banking operations (3.1.3)	6,121	5,831	5,698				6,121	5,831	5,698
Commission (3.1.4)	4,196	4,497	3,260				4,196	4,497	3,260
Other income (3.1.5)	3,124	2,145	1,512		1,580	1,693	3,124	3,725	3,205
Total income	**74,163**	**49,568**	**39,584**	**325**	**8,597**	**1,693**	**74,488**	**58,165**	**41,277**
Underwriting expenditure (3.2.1)	50,428	29,482	23,094				50,428	29,482	23,094
Other interest expenses (3.2.2)	1,270	757	556				1,270	757	556
Salaries, pension and social security costs (3.2.3)	7,796	6,729	5,772				7,796	6,729	5,772
Additions to the provision for loan losses	750	400	580				750	400	580
Other expenses (3.2.4)	8,178	6,433	5,201		395		8,178	6,828	5,201
Total expenditure	**68,422**	**43,801**	**35,203**		**395**		**68,422**	**44,196**	**35,203**
Result before taxation	**5,741**	**5,767**	**4,381**	**325**	**8,202**	**1,693**	**6,066**	**13,969**	**6,074**
Taxation (3.3)	1,165	1,612	1,059		226		1,165	1,838	1,059
Result after taxation	**4,576**	**4,155**	**3,322**	**325**	**7,976**	**1,693**	**4,901**	**12,131**	**5,015**
Third-party interests	324	147	93				324	147	93
Net profit for the period	**4,252**	**4,008**	**3,229**	**325**	**7,976**	**1,693**	**4,577**	**11,984**	**4,922**

Amounts are in millions of euros, unless otherwise stated

Operational results can be analyzed by insurance operations and banking operations as follows:

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations					Total (1)
Premium income (3.1.1)	50,460	29,114	22,412				50,460	29,114	22,412
Income from investments of the insurance operations (3.1.2)	10,336	8,067	6,760				10,262	7,981	6,702
Interest result from the banking operations (3.1.3)				6,072	5,786	5,652	6,121	5,831	5,698
Commission (3.1.4)	1,431	867	404	2,765	3,630	2,856	4,196	4,497	3,260
Other income (3.1.5)	850	259	144	2,274	1,886	1,368	3,124	2,145	1,512
Total income	**63,077**	**38,307**	**29,720**	**11,111**	**11,302**	**9,876**	**74,163**	**49,568**	**39,584**
Underwriting expenditure (3.2.1)	50,428	29,482	23,094				50,428	29,482	23,094
Other interest expenses (3.2.2)	1,290	774	544	5	24	24	1,270	757	556
Salaries, pension and social security costs (3.2.3)	2,732	1,784	1,370	5,064	4,945	4,402	7,796	6,729	5,772
Additions to the provision for loan losses				750	400	580	750	400	580
Other expenses (3.2.4)	5,056	3,105	2,312	3,122	3,328	2,889	8,178	6,433	5,201
Total expenditure	**59,506**	**35,145**	**27,320**	**8,941**	**8,697**	**7,895**	**68,422**	**43,801**	**35,203**
Operational result before taxation	**3,571**	**3,162**	**2,400**	**2,170**	**2,605**	**1,981**	**5,741**	**5,767**	**4,381**
Taxation (3.3)	688	775	413	477	837	646	1,165	1,612	1,059
Operational result after taxation	**2,883**	**2,387**	**1,987**	**1,693**	**1,768**	**1,335**	**4,576**	**4,155**	**3,322**
Third-party interests	73	39	34	251	108	59	324	147	93
Operational net profit for the period	**2,810**	**2,348**	**1,953**	**1,442**	**1,660**	**1,276**	**4,252**	**4,008**	**3,229**

(1) The column Total includes eliminations with regard to Income from investments of the insurance operations of EUR 74 million (2000: EUR 86 million; 1999: EUR 58 million), Interest result from the banking operations of EUR (49) million (2000: EUR(45) million; 1999: EUR (46) million) and Other interest expenses of EUR 25 million (2000: EUR 41 million; 1999: EUR 12 million).

3.1. Income

3.1.1. Premium income

	2001	2000	1999
Premium income from life insurance policies	44,557	25,019	18,902
Premium income from non-life insurance policies	5,903	4,095	3,510
	50,460	**29,114**	**22,412**

Premium income has been included before deduction of reinsurance and retrocession premiums granted.

Amounts are in millions of euros, unless otherwise stated

Premium income includes EUR 23,738 million (2000: EUR 12,483 million; 1999: EUR 8,865 million) relating to investment type policies of the US, Latin America and Asia-Pacific operations. These policies mainly consist of individual and group fixed and variable annuities, universal life contracts and guaranteed investment contracts.

3.1.2. Income from investments of the insurance operations

	2001	2000	1999
Income from disposal of group companies	17	61	2
Income from land and buildings	665	505	453
Income from investments in shares and convertible debentures	1,430	1,497	1,257
Income from investments in fixed-interest securities:			
– debentures	5,610	3,429	2,672
– private loans	158	346	486
– mortgage loans	1,800	1,339	1,155
– policy loans	218	106	86
– deposits with credit institutions	104	53	40
– professional loans	16	16	15
– other	318	715	536
Deposits with insurers			58
Operational result	**10,336**	**8,067**	**6,760**
Non-operational results (3.4)	325	7,017	
	10,661	**15,084**	**6,760**

Income from land and buildings includes an amount in respect of rental income allocated to business units of ING Group (the same amount is included in Other expenses) of EUR 51 million (2000: EUR 45 million; 1999: EUR 42 million).

Income from investments in land and buildings and shares and convertibles includes realized results on disposal of EUR 1,005 million (2000: EUR 892 million; 1999: EUR 643 million).

Analysis of income from investments by counterparty:

	2001	2000	1999
ING Group	1	1	
Group companies	73	85	58
Third parties	10,587	14,998	6,702
	10,661	**15,084**	**6,760**

Income from investments for risk of policyholders of EUR (7,864) million (2000: EUR 419 million; 1999: EUR 4,449 million) is not included in Income from investments of the insurance operations.

3.1.3. Interest result from the banking operations

In 2001, interest income includes an amount of EUR 4,116 million (2000: EUR 3,742 million; 1999: EUR 3,486 million) in respect of interest-bearing securities. Interest expense includes an amount of EUR 3,458 million (2000: EUR 3,410 million; 1999: EUR 2,301 million) in respect of interest-bearing securities.

Despite the existence of a legal claim, interest income of EUR 122 million (2000: EUR 95 million; 1999: EUR 84 million) is not recognized in the profit and loss account because the realisation of the interest income is almost certainly not to be expected.

Amounts are in millions of euros, unless otherwise stated

Analysis of interest income and expenses:

	2001	2000	1999
Interest income on loans	18,273	18,783	14,336
Interest income suspended	(122)	(95)	(84)
Net interest income on loans	18,151	18,688	14,252
Origination fees and loan-servicing fees	167	222	160
Interest income on investment securities	3,478	3,328	3,171
Interest income on trading portfolio	638	414	315
Other interest income	1,884	1,633	660
Total interest income	**24,318**	**24,285**	**18,558**
Interest on deposits by banks	3,372	3,967	3,160
Interest on funds entrusted	6,230	5,429	4,000
Interest on debt securities	4,152	4,247	2,848
Interest on subordinated loans	699	565	421
Other interest expense	3,793	4,291	2,477
Total interest expense	**18,246**	**18,499**	**12,906**
Net interest result	**6,072**	**5,786**	**5,652**

The interest margin, analyzed on a percentage basis of the Netherlands and international operations, is as follows:

	2001	2000	1999
Netherlands	1.71	1.89	2.03
International	0.75	0.79	1.22
	1.39	**1.44**	**1.79**

The change in the interest result compared with 2000 is due to a decrease of the interest margin by EUR 220 million (2000 compared with 1999: EUR 1,140 million; 1999 compared with 1998: EUR 64 million) and a growth in the average total assets of EUR 506 million (2000 compared with 1999: EUR 1,239 million; 1999 compared with 1998: EUR 403 million).

3.1.4. Commission

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations			Total		
Funds transfer				526	503	466	526	503	466
Securities business				884	1,571	1,150	884	1,571	1,150
Insurance broking	131	100	78	88	94	89	219	194	167
Management fees	662	251	142	751	853	572	1,413	1,104	714
Brokerage and advisory fees				203	266	202	203	266	202
Other	638	516	184	313	343	377	951	859	561
	1,431	**867**	**404**	**2,765**	**3,630**	**2,856**	**4,196**	**4,497**	**3,260**

In 2001, the banking operations received EUR 3,308 million (2000: EUR 4,167 million; 1999: EUR 3,300 million) and paid EUR 543 million (2000: EUR 537 million; 1999: EUR 444 million) in respect of commission.

Amounts are in millions of euros, unless otherwise stated

3.1.5. Other income

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations			Total		
Income from participating interests and equity participations	346	65	75	530	322	239	876	387	314
Results from financial transactions	16	33	(15)	1,080	1,154	749	1,096	1,187	734
Other results	488	161	84	664	410	380	1,152	571	464
Operational result	**850**	**259**	**144**	**2,274**	**1,886**	**1,368**	**3,124**	**2,145**	**1,512**
Non-operational results (3.4)		351	1,232		1,229	461		1,580	1,693
	850	**610**	**1,376**	**2,274**	**3,115**	**1,829**	**3,124**	**3,725**	**3,205**

Income from participating interests and equity participations

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations			Total		
Shares				324			324		
Investments in associates	62	49	57	47	2	(2)	109	51	55
Other participating interests	117	5	9	155	331	241	272	336	250
Equity participations	167	11	9	4	(11)		171		9
	346	**65**	**75**	**530**	**322**	**239**	**876**	**387**	**314**

Results from financial transactions

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations			Total		
Results from securities trading portfolio	(11)	(9)	5	617	674	784	606	665	789
Results from currency trading portfolio				465	379	228	465	379	228
Other	27	42	(20)	(2)	101	(263)	25	143	(283)
	16	**33**	**(15)**	**1,080**	**1,154**	**749**	**1,096**	**1,187**	**734**

Included in Other is an aggregate (profit)/loss on foreign currency translation amounting to EUR 4 million in 2001 (2000: EUR (1) million; 1999: EUR 50 million).

Other results

Other results includes income which cannot be classified with any of the above items, including rental income, results on the sale of property and leasing income which is not classified as interest.

Amounts are in millions of euros, unless otherwise stated

3.2. Expenditure

3.2.1. Underwriting expenditure

	2001	2000	1999
Expenditure from life underwriting			
Reinsurance and retrocession premiums	1,400	1,013	622
Benefits for own account	25,290	15,197	8,992
Movements in other insurance provisions for own account	18,451	9,400	9,795
Profit sharing and rebates	720	758	1,002
Expenditure from non-life underwriting			
Reinsurance and retrocession premiums	614	187	153
Claims for own account	3,669	2,574	2,231
Movements in the provision for unearned premiums	6	41	22
Movements in the claims provision	278	312	277
	50,428	**29,482**	**23,094**

Profit sharing and rebates can be analyzed as follows:

	2001	2000	1999
Distributions on account of interest or underwriting results	254	317	549
Bonuses added to policies	466	441	453
	720	**758**	**1,002**

Underwriting expenditure regarding investment income for risk of policyholders of EUR (7,864) million (2000: EUR 419 million; 1999: EUR 4,449 million) is not included in Underwriting expenditure.

3.2.2. Other interest expenses

Other interest expenses mainly consist of interest in connection with the insurance operations, including interest on the subordinated debenture issued by ING Groep N.V. in 1991, which has been fully redeemed on March 15, 2001 and interest on the perpetual subordinated loan issued by ING Groep N.V. in September 2001.

3.2.3. Salaries, pension and social security costs

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations			Total		
Salaries	2,114	1,324	1,017	3,345	3,399	2,959	5,459	4,723	3,976
Pension, healthcare and early-retirement costs	123	69	64	323	211	247	446	280	311
Social security costs	188	143	135	438	509	427	626	652	562
Other staff costs	307	248	154	958	826	769	1,265	1,074	923
	2,732	**1,784**	**1,370**	**5,064**	**4,945**	**4,402**	**7,796**	**6,729**	**5,772**

Amounts are in millions of euros, unless otherwise stated

Pension and early-retirement costs can be analyzed as follows:

	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
			Pension			**Healthcare**			**Other**			**Total**
Current service cost	343	284	260	17	16	13	42	43	43	402	343	316
Past service cost	10	(18)			43					10	25	
Interest expenses	530	427	333	34	23	18	78	64	56	642	514	407
Expected return on assets	(693)	(612)	(485)				(15)	(11)	(12)	(708)	(623)	(497)
Amortization of unrecognized past service costs						(6)						(6)
Amortization of unrecognized net (gains)/losses	3	(12)	1	(1)	(2)	3	3	1	1	5	(13)	5
Effect of curtailment or settlement	(7)	(2)		(8)						(15)	(2)	
Defined benefit post-employment plans	**186**	**67**	**109**	**42**	**80**	**28**	**108**	**97**	**88**	**336**	**244**	**225**
Defined contribution plans										110	36	86
										446	**280**	**311**

Contributions to defined contribution plans are generally determined as a percentage of pay.

The actual return on the plan assets amounted to EUR (372) million (2000: EUR 346 million; 1999: EUR 875 million).

Remuneration of the members of the Executive Board

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

Base salary
The base salaries are reviewed every two years against developments in the market. It was decided not to change the base salaries for 2001 as compared to 2000. The base salaries of the non-Dutch Executive Board members are related to their respective home-country practices.

Short-term performance-related bonus
In addition to the base salary, each year a performance-related bonus can be earned up to a maximum of 45% of the annual base salary. The performance criteria for members of the Executive Board are determined by the Supervisory Board on the basis of a proposal of its Remuneration and Appointments Committee. These criteria are related to the financial results of ING Group.

Long-term incentive

Long-term incentives for members of the Executive Board are provided through ING's stock option plan. This plan aligns the interests of shareholders and the members of the Executive Board. Acting on the advice of the Remuneration and Appointments Committee, the Supervisory Board each year has the discretionary power to grant ING Group stock options to members of the Executive Board. The number of stock options to be granted is related to the financial results of ING Group.

Pensions

The pensions of the Dutch members of the Executive Board are based on defined benefit plans, which are insured through a contract with Nationale-Nederlanden N.V. Employment of members of the Executive Board ends on June 1 of the calendar year in which they turn 60. By mutual agreement the retirement date can be extended June 1 of the calendar year in which they turn 61 or 62. Their prospective pensions amount to a maximum of 60% of their base salaries. Just as for the other ING employees in the Netherlands, the pension rights of the members of the Executive Board are free of premium. The non-Dutch members of the Executive Board have a pension plan related to their home-country practices.

The total remuneration of the members of the Executive Board was as follows:

	Amounts in thousands of euros	
	2001	**2000**
Base salary	5,021[(1)]	4,504
Short-term performance-related bonus	697	1,229
Pension costs	1,107	1,489
	6,825	**7,222**
Long-term incentives (number of options)	210,000[(2)]	300,000[(3)]

(1) Increase in 2001 due to full year of Executive-Board membership of Fred Hubbell.

(2) Number of options related to financial result 2001 of ING Group. The exercise price of these options will be fixed at the Euronext Amsterdam Stock Exchange opening price of the ING Group share on March 11, 2002.

(3) Number of options related to financial result 2000 of ING Group. Total market value EUR 2.4 million.

The remuneration of the members of the Executive Board was as follows:

	Amounts in thousands of euros 2001		
	Base salary	Short-term performance-related bonus(1)	Long-term incentives Number of options(2)
Ewald Kist	708	94	35,000
Michel Tilmant	1,090	177	35,000
Fred Hubbell	1,453	192	35,000
Hessel Lindenbergh	590	78	35,000
Cees Maas	590	78	35,000
Alexander Rinnooy Kan	590	78	35,000
	5,021	**697**	**210,000**

	2000			
	Base salary	Short-term performance-related bonus(3)	Long-term incentives Market value options	Number of options(4)
Ewald Kist	708	212	396	50,000
Michel Tilmant	1,090	195	392	50,000
Fred Hubbell (5)	936	291	396	50,000
Hessel Lindenbergh	590	177	396	50,000
Cees Maas	590	177	396	50,000
Alexander Rinnooy Kan	590	177	396	50,000
	4,504	**1,229**	**2,372**	**300,000**

(1) Based on 2001 results, 13.25% over base salary; bonus of Michel Tilmant is based on his international contract.

(2) Number of (10 year) options related to financial result 2001 of ING Group. The exercise price of these options will be fixed at the Euronext Amsterdam Stock Exchange opening price of the ING Group share on March 11, 2002.

(3) Based on 2000 results, 30% over base salary; bonus of Michel Tilmant is based on his international contract.

(4) Number of (5 year) options related to financial result 2000 of ING Group. Adjustment is made for the 2:1 stock split.

(5) Fred Hubbell joined the Executive Board on May 2, 2000.

The amount outstanding as at December 31, 2001 in respect of loans and advances to members of the Executive Board was EUR 2.6 million (2000: EUR 2.7 million) at an average interest rate of 4.9% (2000: 4.4%).

Amounts are in millions of euros, unless otherwise stated

The following table provides information on the options outstanding and the movements during the financial year of options granted to the members of the Executive Board as at December 31, 2001. Following the stock split on July 2, 2001, the number of options and the exercise price have been adjusted in a 2:1 ratio. The information in the table below has been restated where necessary to reflect the impact of the stock split.

	Number of options				Amounts in euros		
	Outstanding as at December 31, 2000	Granted in 2001	Exercised in 2001[1]	Outstanding as at December 31, 2001	Exercise price	Share price at exercise date	Expiry date
Ewald Kist	54,960		54,960		11.75	36.66	May 20, 2001
	100,000			100,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		Apr 3, 2005
		50,000		50,000	35.26		Mar 15, 2006
Michel Tilmant	50,000			50,000	26.10		May 28, 2004
	20,000			20,000	28.30		Apr 3, 2005
	30,000			30,000	28.68		Apr 3, 2005
		30,000		30,000	35.26		Mar 15, 2006
		20,000		20,000	35.80		Mar 15, 2006
Fred Hubbell	50,800			50,800	31.85		May 26, 2003
	40,000			40,000	26.10		May 28, 2004
	50,000			50,000	28.68		Apr 3, 2005
		50,000		50,000	35.26		Mar 15, 2006
Hessel Lindenbergh	84,960		84,960		11.75	36.66	May 20, 2001
	100,000			100,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		Apr 3, 2005
		50,000		50,000	35.26		Mar 15, 2006
Cees Maas	84,960		84,960		11.75	36.66	May 20, 2001
	100,000			100,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		Apr 3, 2005
		50,000		50,000	35.26		Mar 15, 2006
Alexander Rinnooy Kan	34,000			34,000	17.72		May 1, 2002
	50,000			50,000	31.85		May 26, 2003
	50,000			50,000	25.87		May 28, 2004
	50,000			50,000	28.68		Apr 3, 2005
		50,000		50,000	35.26		Mar 15, 2006

(1) Exercised at expiry date.

In 2002, to each member of the Executive Board 35,000 options were granted relating to the financial year 2001 (2000: 50,000; 1999: 50,000). The exercise price of these options will be fixed at the Euronext Amsterdam Stock Exchange opening price of the ING Group share on March 11, 2002.

ING Group shares held by members of the Executive Board

As at December 31, 2001, Fred Hubbell held 840,000 ING Group shares (2000: 856,000) of which 405,000 (2000: 406,000) are held for his income only benefit in a trust. Other members of the Executive Board did not hold ING Group shares.

Remuneration of the members and former members of the Supervisory Board
The remuneration of the members and the former members of the Supervisory Board was as follows:

	Amounts in thousands of euros	
	2001	**2000**
Members of the Supervisory Board		
Cor Herkströter	68	68
Mijndert Ververs	68	68
Lutgart van den Berghe	40	40
Jan Berghuis	40	40
Luella Gross Goldberg (1)	29	
Paul van der Heijden	40	40
Aad Jacobs	40	40
Jan Kamminga	39	39
Godfried van der Lugt (1)	29	
Paul Baron de Meester	39	39
Johan Stekelenburg	39	39
Hans Tietmeyer	39	26
Jan Timmer	40	40
	550	**479**
Former Members of the Supervisory Board		
Ger Verhagen	23	68
Olivier van Royen		16
	573	**563**

(1) Member as of April 18, 2001.

The amount outstanding as at December 31, 2001 in respect of loans and advances to member of the Supervisory Board was EUR 4.6 million (2000: EUR 4.8 million) at an average interest rate of 5.4% (2000: 5.7%).

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

ING Group purchases direct or indirect its own shares at the time options are granted in order to fulfil the obligations with regard to the existing stock option plan and to hedge the position risk of the options concerned. The purpose of this policy is to avoid an increase in the number of shares, causing a dilution of the net profit per share. As at December 31, 2001, 69,088,290 own shares were held in connection to the option plan (2000: 54,787,462); as a result all granted option rights were hedged, taking into account the expected staff turnover.

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.

Amounts are in millions of euros, unless otherwise stated

The following table shows the number of options outstanding and exercisable, analyzed in accordance with year of issue and exercise price. Following the stock split on July 2, 2001, the number of options and the exercise price have been adjusted in a 2:1 ratio. The information in the tables below has been restated where necessary to reflect the impact of the stock split.

Financial year	Original number of options	Options outstanding as at January 1, 2001	Options outstanding as at December 31, 2001	Exercise price in euros
1996	1,777,566	364,934		11.75
1997	3,328,700	813,312	365,710	17.33
	860,000	641,500	610,000	17.72
	11,821,324	2,401,518	1,755,664	19.31
	26,000	3,000	3,000	20.08
	7,330	7,330	7,330	20.65
	487,200	108,800	79,200	20.69
	168,800	51,400	37,000	20.90
1998	101,400	74,900	68,800	18.15
	57,000	50,000	30,000	19.67
	51,200	39,200	39,200	25.41
	5,409,500	3,256,232	1,910,628	26.82
	481,000	276,700	242,400	30.29
	14,740,830	10,012,010	8,860,012	31.85
1999	4,962,540	4,132,040	3,255,238	25.25
	48,000	48,000	44,000	25.50
	576,626	547,444	504,146	25.67
	8,733,946	8,444,946	8,025,656	25.87
	1,412,200	1,405,200	1,373,200	26.10
	201,500	185,200	176,200	26.62
	1,408,438	1,160,488	1,009,646	26.92
2000	1,528,300	1,528,300	1,506,300	28.30
	17,853,130	17,423,530	15,669,488	28.68
	210,800	205,100	195,404	30.16
	1,872,376	1,822,776	1,766,912	35.26
	477,900	474,400	452,900	37.55
	865,580	865,580	768,320	37.74
2001	4,000		4,000	28.50
	341,103		341,103	28.60
	621,312		621,312	33.26
	900		900	33.33
	19,631,082		19,217,882	35.26
	1,555,720		1,553,720	35.80
	561,844		550,644	36.95
	102,185,147	**56,343,840**	**71,045,915**	

Amounts are in millions of euros, unless otherwise stated

The movements in the option rights were as follows:

	2001	2000	1999	2001	2000	1999
		Options outstanding			Weighted average exercise price	
Executive Board						
Opening balance	1,399,680	1,431,342	1,508,034	23.34	19.55	16.90
Granted	300,000	300,000	350,000	35.30	28.66	25.91
Exercised	224,880	121,776	66,732	11.75	5.62	5.58
Transferred to Employees (1)		209,886	359,960			
Closing balance	**1,474,800**	**1,399,680**	**1,431,342**	**27.54**	**23.34**	**19.55**
Employees						
Opening balance	54,944,160	44,739,610	32,232,256	28.02	26.11	25.93
Granted	22,415,961	22,508,086	17,074,050	35.18	29.76	25.78
Exercised	3,687,126	9,461,758	1,173,268	25.30	23.20	18.32
Expired	4,101,880	3,051,664	3,753,388	28.38	26.53	24.66
Transferred from the Executive Board (1)		209,886	359,960			
Closing balance	**69,571,115**	**54,944,160**	**44,739,610**	**30.45**	**28.02**	**26.11**

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

The weighted average fair value of options granted in 2001 was EUR 8.71 (2000: EUR 8.67; 1999: EUR 7.34).

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2001:

Range of exercise price in euros	Options outstanding as at December 31, 2001	Weighted average remaining contractual life	Weighted average exercise price	Options exercisable as at December 31, 2001	Weighted average exercise price
15.00 – 20.00	2,830,174	0.41	18.69	2,830,174	18.69
20.00 – 25.00	126,530	0.73	20.73	126,530	20.73
25.00 – 30.00	33,858,805	4.80	27.34	6,050,730	26.71
30.00 – 35.00	9,920,028	1.80	31.87	9,141,998	31.80
35.00 – 40.00	24,310,378	6.87	35.45	882,442	35.78

In the following table a distinction is made between options in the money and options out of the money:

	2001	2000	1999
In the money	21,146,021	56,343,840	31,549,894
Out of the money	49,899,894		14,621,058

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

If the fair values of the stock options at the time they were granted had been recognized in the profit and loss account, the total net profit, the basic profit per share and the diluted profit per share would have been as follows:

		2001		2000		1999
	As reported	Pro forma	As reported	Pro forma	As reported	Pro forma
Net profit (in millions of euros)	4,577	4,427	11,984	11,834	4,922	4,839
Basic profit per share (in euros)	2.37	2.30	6.27	6.21	2.56	2.52
Diluted profit per share (in euros)	2.35	2.29	6.18	6.12	2.52	2.48

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

3.2.4. Other expenses

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations					Total
Costs of acquiring insurance business	2,107	1,230	1,115				2,107	1,230	1,115
Depreciation of tangible fixed assets	136	102	75	392	503	436	528	605	511
Computer costs	298	152	102	537	508	289	835	660	391
Office equipment and accommodation	644	447	378	104	104	99	748	551	477
Travel and accommodation expenses	133	96	77	165	183	138	298	279	215
Advertising and public relations	193	155	117	299	273	179	492	428	296
External advisory fees	193	197	191	342	306	203	535	503	394
Investment expenses	45	24	62				45	24	62
Other	1,307	702	195	1,283	1,451	1,545	2,590	2,153	1,740
Operational result	**5,056**	**3,105**	**2,312**	**3,122**	**3,328**	**2,889**	**8,178**	**6,433**	**5,201**
Non-operational additions/ (releases) provisions (3.4)		(91)			486			395	
	5,056	**3,014**	**2,312**	**3,122**	**3,814**	**2,889**	**8,178**	**6,828**	**5,201**

Other expenses includes an amount of EUR 3,705 million in 2001 (2000: EUR 2,472 million; 1999: EUR 1,900 million) in respect of commission paid and payable with regard to the insurance operations. Amortization of deferred costs of acquiring new business amounted to EUR 1,526 million in 2001 (2000: EUR 917 million; 1999: EUR 669 million).

Amounts are in millions of euros, unless otherwise stated

In 2000, Non-operational additions/(releases) provisions includes the restructuring costs of the investment banking activities amounting to EUR 486 million. These include EUR 281 million for employee related costs. The remaining part relates to the write down of operating assets, termination of lease contracts and other exit costs.

3.3. Taxation

Taxation analyzed by type:

			2001			2000			1999
	Netherlands	International	Total	Netherlands	International	Total	Netherlands	International	Total
Current taxation	792	143	935	751	560	1,311	565	543	1,108
Deferred taxation	(82)	312	230	228	299	527	(49)		(49)
	710	**455**	**1,165**	**979**	**859**	**1,838**	**516**	**543**	**1,059**

Reconciliation of the statutory income tax rate to ING Group's effective income tax rate:

	2001	2000	1999
Result before taxation	6,066	13,969	6,074
Statutory tax rate	35%	35%	35%
Statutory tax amount	2,123	4,889	2,126
Participating interests exemption	(588)	(3,337)	(1,125)
Differences caused by different foreign tax rates	(85)	56	(30)
Other	(285)	230	88
Effective tax amount	**1,165**	**1,838**	**1,059**
Effective tax rate	**19.2%**	**13.2%**	**17.4%**

Amounts are in millions of euros, unless otherwise stated

3.4. Non-operational net profit

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations					Total
Results on sale of:									
– investments in shares regarding financing of acquisitions	325	7,017					325	7,017	
Income from investments of the insurance operations	**325**	**7,017**					**325**	**7,017**	
Results on (sale of):									
– investments in shares regarding financing of acquisitions		351						351	
– Crédit Commercial de France					853			853	
– Libertel N.V.			924		376	461		376	1,385
– De Nationale Investeringsbank N.V.			308						308
Other income		**351**	**1,232**		**1,229**	**461**		**1,580**	**1,693**
Addition/(release) of:									
– provision for reorganization and relocation					486			486	
– provision for the calamity fund for the year 2000		(91)						(91)	
Other expenses		**(91)**			**486**			**395**	
Non-operational results before taxation	**325**	**7,459**	**1,232**		**743**	**461**	**325**	**8,202**	**1,693**
Taxation								226	
Non-operational net profit							**325**	**7,976**	**1,693**

3.5. Net profit per share

Basic net profit per ordinary share is calculated on the basis of the weighted average number of ordinary shares in issue. The following has been taken into consideration in calculating the weighted average number of ordinary shares in issue:

– own shares held by group companies are deducted from the total number of ordinary shares in issue;
– the computation is based on daily averages;
– in case of exercised warrants, the day of exercise is taken into consideration.

Diluted profit per share data are computed as if the stock options and warrants outstanding at year-end were exercised at the beginning of the period. It is also assumed that ING Group uses the cash thus received for stock options and warrants exercised to buy its own shares against the average market price in the financial year. The net increase in the number of shares resulting from the exercise of warrants and stock options is added to the average number of shares used for the calculation of diluted net profit per share.

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Net profit (in millions of euros)			Weighted average number of ordinary shares outstanding during the period (in millions)			Net profit per share (in euros)		
Operational net profit	4,252	4,008	3,229						
Dividend on preference shares	(21)	(21)	(21)						
Operational profit	4,231	3,987	3,208	1,923.1	1,907.8	1,915.6	**2.20**	**2.09**	**1.68**
Non-operational profit	325	7,976	1,693						
Basic profit	4,556	11,963	4,901	1,923.1	1,907.8	1,915.6	**2.37**	**6.27**	**2.56**
Effect of dilutive securities:									
Warrants				9.8	26.4	27.8			
Stock option plan				9.6					
				19.4	26.4	27.8			
Diluted profit	**4,556**	**11,963**	**4,901**	**1,942.5**	**1,934.2**	**1,943.4**	**2.35**	**6.18**	**2.52**

3.6. Dividend per ordinary share

Dividends per ordinary share for the years 2001, 2000 and 1999 were as follows:

	Per ordinary share (in euros)	Total amount of dividend paid (in millions of euros)
2001(1)	0.97	1,914
2000	1.13	2,173
1999	0.82	1,573

(1) The Executive Board, with the approval of the Supervisory Board, has proposed, subject to the ratification by the General Meeting of Shareholders, a dividend of EUR 0.97 per share for the year 2001. Following the decision of the General Meeting of Shareholders with regard to the profit appropriation, the final dividend will become payable from April 26, 2002.

Amounts are in millions of euros, unless otherwise stated

3.7. Additional information relating to the consolidated profit and loss account of ING Group

3.7.1. Result from investments in shares and convertible debentures and land and buildings

	Direct investment income	Realized and unrealized revaluations and exchange differences	Operating and management expenses (1)	Before taxation	After taxation	Investment result in % (2)
Shares and convertible debentures						
2001	707	(3,351)	(14)	(2,658)	(2,241)	(9.9)
2000	717	480	(27)	1,170	960	3.8
1999	698	2,973	(1)	3,670	3,194	12.9
1998	500	3,918	(2)	4,416	4,305	23.4
1997	436	4,405	(1)	4,840	4,467	35.6
1996	406	3,277	(3)	3,680	3,418	38.5
1995	331	1,186	(6)	1,511	1,383	18.4
1994	281	(522)	(4)	(245)	(223)	(2.9)
Average	**510**	**1,545**	**(7)**	**2,048**	**1,908**	**11.9**
Land and buildings						
2001	770	453	(146)	1,077	718	7.2
2000	782	1,007	(160)	1,629	1,075	12.2
1999	623	314	(107)	830	545	7.7
1998	579	98	(141)	536	355	6.1
1997	520	114	(128)	506	335	6.4
1996	451	74	(106)	419	289	6.2
1995	429	(103)	(106)	220	153	3.4
1994	412	(104)	(107)	201	128	2.7
Average	**570**	**232**	**(125)**	**677**	**450**	**7.1**
Total						
2001	1,477	(2,898)	(160)	(1,581)	(1,523)	(4.7)
2000	1,499	1,487	(187)	2,799	2,035	6.0
1999	1,321	3,287	(108)	4,500	3,739	11.7
1998	1,079	4,016	(143)	4,952	4,660	19.2
1997	956	4,519	(129)	5,346	4,802	27.0
1996	857	3,351	(109)	4,099	3,707	27.4
1995	760	1,083	(112)	1,731	1,536	12.7
1994	693	(626)	(111)	(44)	(95)	(0.8)
Average	**1,080**	**1,777**	**(132)**	**2,725**	**2,358**	**10.6**

(1) In the profit and loss account, operating costs relating to investments in land and buildings are netted off against the income from these investments.

(2) Investment result after taxation as a percentage of the average amount invested.

The result from investments in shares and convertible debentures and land and buildings (excluding investments for risk of policyholders and investments of annual life funds) includes all the income and expenses associated with this category of investments except financing charges. In the annual accounts these income and expenses are partly included in the profit and loss account (dividends, interest, rental income, realized revaluations and exchange differences, operating and management expenses) and partly reflected directly as changes in Shareholders' equity (unrealized revaluations and exchange differences). Taxation is allocated on the basis of the standard rate, making allowance for tax exemptions.

Amounts are in millions of euros, unless otherwise stated

3.7.2. Segmented operational net profit of the insurance operations

	2001	2000	1999
Operational result from life underwriting			
Premiums for own account:			
– gross premiums	44,557	25,019	18,902
– outward reinsurance premiums	1,400	1,013	622
	43,157	**24,006**	**18,280**
Allocated income and expenses	9,069	6,817	5,522
Other underwriting income for own account	155	63	38
Benefits for own account :			
– gross	27,443	15,647	9,334
– reinsurers' share	2,153	450	342
	25,290	**15,197**	**8,992**
Changes in other insurance provisions for own account:			
Provision for life policy liabilities :			
– gross	19,285	10,387	10,084
– reinsurers' share	834	987	289
	18,451	**9,400**	**9,795**
Profit sharing and rebates	720	758	1,002
Operating expenses	4,900	2,718	1,980
Other insurance expenses for own account	27	90	9
	2,993	**2,723**	**2,062**
Operational result from non-life underwriting			
Premiums written for own account:			
– gross premiums	5,903	4,095	3,510
– outward reinsurance premiums	614	187	153
	5,289	**3,908**	**3,357**
Changes in provision for unearned premiums and unexpired non-life underwriting risks:			
– gross	28	(48)	(28)
– reinsurers' share	34	(7)	(6)
	(6)	**(41)**	**(22)**
Premiums earned for own account	**5,283**	**3,867**	**3,335**
Allocated income and expenses	770	601	563
Other underwriting income for own account	13	6	1
Claims for own account:			
– gross	4,080	2,702	2,366
– reinsurers' share	411	128	135
	3,669	**2,574**	**2,231**

Amounts are in millions of euros, unless otherwise stated

	2001	2000	1999
Changes in the claims provision:			
– gross	581	305	266
– reinsurers' share	303	(7)	(11)
	278	**312**	**277**
	3,947	**2,886**	**2,508**
Operating expenses	1,539	1,149	1,053
Other insurance expenses for own account	2		
	578	**439**	**338**
Total operational result from insurance operations			
Operational result from life underwriting	2,993	2,723	2,062
Operational result from non-life underwriting	578	439	338
Technical operational result	**3,571**	**3,162**	**2,400**
Income from investments	10,336	8,067	6,760
Investment expenses	2,652	1,732	1,142
Other income	2,113	1,057	509
Other expenses	(42)	(26)	42
Allocated income and expenses transferred to result from underwriting	(9,839)	(7,418)	(6,085)
Operational result before taxation	**3,571**	**3,162**	**2,400**
Taxation	688	775	413
Operational result after taxation	**2,883**	**2,387**	**1,987**
Third-party interests	73	39	34
Operational net profit for the period	**2,810**	**2,348**	**1,953**

Allocated income and expenses

Income and expenses that are not directly recorded in operational result from insurance operations, are allocated to the Result from life underwriting and Result from non-life underwriting on the basis of life insurance provisions and non-life insurance provisions of the insurance companies.

3.7.3. Geographical analysis of claims ratio, cost ratio and combined ratio for non-life insurance policies

	2001	2000	1999	2001	2000	1999	2001	2000	1999
		Claims ratio			Cost ratio			Combined ratio	
Netherlands	77.1	75.6	73.3	30.4	29.9	31.4	107.5	105.5	104.7
Belgium	76.9	72.0	86.1	35.0	36.1	37.1	111.9	108.1	123.2
Rest of Europe	50.1	55.3	56.3	51.4	50.0	44.5	101.5	105.3	100.8
North America	73.3	74.0	72.3	29.1	26.0	29.8	102.4	100.0	102.1
South America	77.2	51.4	59.5	21.6	50.2	45.4	98.8	101.6	104.9
Asia	58.6	51.5	45.3	44.6	49.1	51.4	103.2	100.6	96.7
Australia	70.7	80.2	85.8	32.5	32.9	30.6	103.2	113.1	116.4
Other (1)	63.9	80.2	156.6	11.4	22.5	22.8	75.3	102.7	179.4
Total	**74.8**	**74.6**	**75.2**	**29.1**	**29.4**	**31.4**	**103.9**	**104.0**	**106.6**

(1) The high claims ratio of Other in 1999 resulted from claims from inter-office reinsurance contracts regarding wind and hail storms in Canada and Australia and the earthquake in Greece.

Amounts are in millions of euros, unless otherwise stated

The claims ratio is the claims, including claims handling expenses, expressed as a percentage of net earned premiums. The cost ratio is the costs expressed as a percentage of net premiums written. The claims ratio and the cost ratio together form the combined ratio. A combined ratio of more than 100% does not necessarily mean that there is a loss on non-life insurance policies, because the result also includes the allocated investment income.

3.7.4. Analysis of premium income of the insurance operations

Reinsurance
ING Group is involved in both ceded and assumed reinsurance for the purpose of spreading risk and limiting exposure on large risks. Reinsurance premiums are recognized in Underwriting expenditure.

The effects of reinsurance on premiums written and earned are illustrated below.

Premiums written

			2001			**2000**			**1999**
	Non-life	**Life**	**Total**	**Non-life**	**Life**	**Total**	**Non-life**	**Life**	**Total**
Direct premiums written, gross	5,858	43,045	48,903	4,066	24,424	28,490	3,480	18,381	21,861
Reinsurance assumed premiums written, gross	45	1,512	1,557	29	595	624	30	521	551
Total gross premiums written	**5,903**	**44,557**	**50,460**	**4,095**	**25,019**	**29,114**	**3,510**	**18,902**	**22,412**
Reinsurance ceded	614	1,400	2,014	187	1,013	1,200	153	622	775
	5,289	**43,157**	**48,446**	**3,908**	**24,006**	**27,914**	**3,357**	**18,280**	**21,637**

Non-life premiums earned

	2001	**2000**	**1999**
Direct premiums earned, gross	5,888	4,014	3,453
Reinsurance assumed premiums earned, gross	43	33	29
Total gross premiums earned	**5,931**	**4,047**	**3,482**
Reinsurance ceded	648	180	147
	5,283	**3,867**	**3,335**

For the non-life insurance business, part of the insurance risk is ceded to third parties through reinsurance on both a proportional and non-proportional basis. The retention per catastrophic event differs by class of business. In 2001, the expected maximum risk exposure on behalf of natural catastrophic events amounted to EUR 155 million (2000: EUR 155 million; 1999: EUR 136 million). Assumed non-life reinsurance is largely limited to ING Group's compulsory participation in pools and industry associations.
In managing the life risk exposure, ING Group has set limits for acceptance of mortality risk on life insurance policies up to approximately USD 20 million in 2001 (2000 and 1999: USD 10 million). Assumed life reinsurance is largely related to group life, health and pensions and to individual term insurance (annually renewable term and co-insurance) in the United States.

To the extent that the assuming reinsurers are unable to meet their obligations under these contracts, ING Group remains liable to its policyholders for the portion reinsured. Consequently, provisions are made for receivables on reinsurance contracts which are deemed uncollectible. To minimize its exposure to significant losses from reinsurer insolvencies, ING Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographical regions, activities or economic characteristics of the reinsurer. As at December 31, 2001, the receivables from reinsurers amounted to EUR 669 million (2000: EUR 611 million; 1999: EUR 279 million), against which EUR 4 million (2000 and 1999: EUR 5 million) was provided for as uncollectible reinsurance.

Amounts are in millions of euros, unless otherwise stated

Analysis of premium income on life insurance policies

	2001 Gross	2001 Reinsurers' share	2001 Own account	2000 Gross	2000 Reinsurers' share	2000 Own account	1999 Gross	1999 Reinsurers' share	1999 Own account
Policies for which the insurer bears the investment risk	26,334	911	25,423	13,276	652	12,624	8,814	1,819	6,995
Policies for which the policyholder bears the investment risk	16,711	512	16,199	11,148	345	10,803	9,567	298	9,269
Total direct business	**43,045**	**1,423**	**41,622**	**24,424**	**997**	**23,427**	**18,381**	**2,117**	**16,264**
Indirect business	1,539	4	1,535	582	3	579	2,059	43	2,016
	44,584	**1,427**	**43,157**	**25,006**	**1,000**	**24,006**	**20,440**	**2,160**	**18,280**
Eliminations	27	27		(13)	(13)		1,538	1,538	
	44,557	**1,400**	**43,157**	**25,019**	**1,013**	**24,006**	**18,902**	**622**	**18,280**

Premiums written from direct life business

2001	Policies for which the insurer bears the investment risk			Policies for which the policyholder bears the investment risk		
	Gross	Reinsurers' share	Own account	Gross	Reinsurers' share	Own account
Periodic premiums						
Individual policies:						
– without profit sharing	8,866	699	8,167	2,329	377	1,952
– with profit sharing	4,482	117	4,365			
Total	**13,348**	**816**	**12,532**	**2,329**	**377**	**1,952**
Group policies:						
– without profit sharing	1,019	64	955	7,012	88	6,924
– with profit sharing	730	19	711			
Total	**1,749**	**83**	**1,666**	**7,012**	**88**	**6,924**
Total periodic premiums	**15,097**	**899**	**14,198**	**9,341**	**465**	**8,876**
Single premiums						
Individual policies:						
– without profit sharing	1,837		1,837	5,529		5,529
– with profit sharing	1,675	9	1,666			
Total	**3,512**	**9**	**3,503**	**5,529**		**5,529**
Group policies:						
– without profit sharing	7,408	(1)	7,409	1,841	47	1,794
– with profit sharing	317	4	313			
Total	**7,725**	**3**	**7,722**	**1,841**	**47**	**1,794**
Total single premiums	**11,237**	**12**	**11,225**	**7,370**	**47**	**7,323**
Total life business premiums	**26,334**	**911**	**25,423**	**16,711**	**512**	**16,199**

The total single premiums includes EUR 567 million in 2001 from profit sharing.

Amounts are in millions of euros, unless otherwise stated

2000	Policies for which the insurer bears the investment risk			Policies for which the policyholder bears the investment risk		
	Gross	Rein-surers' share	Own account	Gross	Rein-surers' share	Own account
Periodic premiums						
Individual policies:						
– without profit sharing	4,869	570	4,299	942	1	941
– with profit sharing	2,281	102	2,179			
Total	**7,150**	**672**	**6,478**	**942**	**1**	**941**
Group policies:						
– without profit sharing	127	(20)	147	698	29	669
– with profit sharing	611	11	600			
Total	**738**	**(9)**	**747**	**698**	**29**	**669**
Total periodic premiums	**7,888**	**663**	**7,225**	**1,640**	**30**	**1,610**
Single premiums						
Individual policies:						
– without profit sharing	340	1	339	8,436	294	8,142
– with profit sharing	1,652	(14)	1,666			
Total	**1,992**	**(13)**	**2,005**	**8,436**	**294**	**8,142**
Group policies:						
– without profit sharing	3,035		3,035	1,072	21	1,051
– with profit sharing	361	2	359			
Total	**3,396**	**2**	**3,394**	**1,072**	**21**	**1,051**
Total single premiums	**5,388**	**(11)**	**5,399**	**9,508**	**315**	**9,193**
Total life business premiums	**13,276**	**652**	**12,624**	**11,148**	**345**	**10,803**

The total single premiums includes EUR 472 million in 2000 from profit sharing.

Amounts are in millions of euros, unless otherwise stated

1999	Policies for which the insurer bears the investment risk			Policies for which the policyholder bears the investment risk		
	Gross	Reinsurers' share	Own account	Gross	Reinsurers' share	Own account
Periodic premiums						
Individual policies:						
– without profit sharing	2,533	320	2,213	930	40	890
– with profit sharing	1,972	193	1,779			
Total	**4,505**	**513**	**3,992**	**930**	**40**	**890**
Group policies:						
– without profit sharing	71	20	51	599	28	571
– with profit sharing	564	13	551			
Total	**635**	**33**	**602**	**599**	**28**	**571**
Total periodic premiums	**5,140**	**546**	**4,594**	**1,529**	**68**	**1,461**
Single premiums						
Individual policies:						
– without profit sharing	353	14	339	6,788	212	6,576
– with profit sharing	1,128	6	1,122			
Total	**1,481**	**20**	**1,461**	**6,788**	**212**	**6,576**
Group policies:						
– without profit sharing	1,711	1,249	462	1,250	18	1,232
– with profit sharing	482	4	478			
Total	**2,193**	**1,253**	**940**	**1,250**	**18**	**1,232**
Total single premiums	**3,674**	**1,273**	**2,401**	**8,038**	**230**	**7,808**
Total life business premiums	**8,814**	**1,819**	**6,995**	**9,567**	**298**	**9,269**

The total single premiums includes EUR 379 million in 1999 from profit sharing.

Amounts are in millions of euros, unless otherwise stated

Analysis of premium income on non-life insurance policies by class of business

	Gross premiums written	Gross premiums earned(2)	Gross claims expenses	Operating expenses(3)	Net reinsurance income/ expenses	Operational result
2001						
Health	1,317	1,322	1,067	263	(4)	97
Accident (1)	840	852	704	217	3	143
Third-party liability motor	638	639	530	193	10	57
Other motor	1,171	1,128	919	293	79	80
Marine and aviation	128	135	85	45	(3)	10
Fire and other property losses	1,214	1,247	865	435	35	61
General liability	344	334	272	118	42	62
Credit and suretyship	26	26	10	6	(1)	12
Legal assistance	24	24	17	10		(1)
Miscellaneous financial losses	156	181	167	61	33	13
Indirect business	45	43	25	34	5	44
	5,903	**5,931**	**4,661**	**1,675**	**199**	**578**

	Gross premiums written	Gross premiums earned(2)	Gross claims expenses	Operating expenses(3)	Net reinsurance income/ expenses	Operational result
2000						
Health	350	342	299	53	3	16
Accident (1)	824	837	676	203	(1)	135
Third-party liability motor	674	654	562	176	2	71
Other motor	679	667	501	179	11	41
Marine and aviation	62	60	49	21	1	(6)
Fire and other property losses	1,108	1,093	662	405	(23)	99
General liability	301	294	238	105	20	97
Credit and suretyship	21	19		6	(6)	8
Legal assistance	23	23	15	9		2
Miscellaneous financial losses	24	25	14	11	(1)	(37)
Indirect business	29	33	(9)	38	(8)	13
	4,095	**4,047**	**3,007**	**1,206**	**(2)**	**439**

Amounts are in millions of euros, unless otherwise stated

	Gross premiums written	Gross premiums earned(2)	Gross claims expenses	Operating expenses(3)	Net reinsurance income/ expenses	Operational result
1999						
Health	368	342	299	79	9	(2)
Accident (1)	634	641	550	161	7	125
Third-party liability motor	575	577	465	173	(2)	53
Other motor	591	583	467	168	9	
Marine and aviation	55	55	35	20	(1)	3
Fire and other property losses	953	963	579	364	(15)	74
General liability	251	238	183	91	10	36
Credit and suretyship	16	16	14	5	4	2
Legal assistance	20	20	14	9		(1)
Miscellaneous financial losses	17	18	9	7	(2)	27
Indirect business	30	29	17	35	17	21
	3,510	**3,482**	**2,632**	**1,112**	**36**	**338**

(1) Including disability insurance products.

(2) Excluding reinsurance.

(3) Including other underwriting income.

3.7.5. Segment reporting

Analysis by executive centre

ING Group's operating segments relate to the internal business segmentation by executive centres. These include the geographical areas ING Europe (including ING Direct activities worldwide and corporate and investment banking activities worldwide), ING Americas (including the Group's reinsurance activities) and ING Asia/Pacific and ING Asset Management. Other mainly includes items not directly attributable to the executive centres.

Operating segments are defined as components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker or decision making group in deciding how to allocate resources and in assessing performance. ING Group's chief operating decision making group is the Executive Board. Each executive centre is headed by an Executive Committee, most members of which are either members of the Executive Board or general managers of business units belonging to that executive centre. The chairman of each Executive Committee is a member of the Executive Board. The Executive Board sets the performance targets and approves and monitors the budgets prepared by the Executive Committees. The Executive Committees formulate the strategic, commercial and financial policy of the executive centres in conformity with the strategy and performance targets set by the Executive Board. Operating segments have not been aggregated.

The accounting policies of the operating segments are the same as those described under Accounting principles for the consolidated balance sheet and profit and loss account (see page F-7). Transfer prices for inter-segment transactions are set at arm's length. Geographical distribution of income is based on the origin of sales. The corporate expenses are allocated to the operating segments and geographical areas based on time spend by head office personnel, the relative number of staff or on the basis of income and/or assets of the operating segment.

Amounts are in millions of euros, unless otherwise stated

The following tables present information regarding ING Group's operating segments.

2001	Europe	Americas	Asia/ Pacific	Asset Mana- gement	Other	Total seg- ments	Recon- ciliation	Total group
Total operational income:[1]								
Income - external	25,852	39,277	7,513	1,452	69	74,163		74,163
Income - inter-segment	711	126	(3)	(209)	(159)	466	(466)	
	26,563	**39,403**	**7,510**	**1,243**	**(90)**	**74,629**	**(466)**	**74,163**
Segment operational results before taxation[1]	**4,188**	**899**	**313**	**264**	**77**	**5,741**		**5,741**
Segment assets	543,583	154,540	24,041	10,601	9,039	741,804	(36,685)	705,119
Segment liabilities	524,464	153,331	22,364	9,543	(5,342)	704,360	(24,758)	679,602
Average number of employees[2]	72,205	26,139	7,800	4,978	876	111,998		111,998

2000	Europe	Americas	Asia/ Pacific	Asset Mana- gement	Other	Total seg- ments	Recon- ciliation	Total group
Total operational income:[1]								
Income - external	25,259	18,645	4,437	1,364	(137)	49,568		49,568
Income - inter-segment	502	135	(7)	(166)	(43)	421	(421)	
	25,761	**18,780**	**4,430**	**1,198**	**(180)**	**49,989**	**(421)**	**49,568**
Segment operational results before taxation[1]	**4,544**	**612**	**225**	**325**	**61**	**5,767**		**5,767**
Segment assets	502,698	141,216	21,713	10,031	8,992	684,650	(34,478)	650,172
Segment liabilities	478,180	141,839	20,438	9,030	(4,431)	645,056	(23,865)	621,191
Average number of employees[2]	71,780	11,988	3,804	4,193	885	92,650		92,650

Amounts are in millions of euros, unless otherwise stated

1999	Europe	Americas	Asia/ Pacific	Asset Mana- gement	Other	Total seg- ments	Recon- ciliation	Total group
Total operational income:(1)								
Income - external	22,331	12,176	4,109	1,158	(190)	39,584		39,584
Income - inter-segment	251	110	(2)	(158)	(38)	163	(163)	
	22,582	**12,286**	**4,107**	**1,000**	**(228)**	**39,747**	**(163)**	**39,584**
Segment operational results before taxation(1)	**3,636**	**425**	**75**	**343**	**(98)**	**4,381**		**4,381**
Segment assets	441,657	49,237	14,358	8,479	11,732	525,463	(32,648)	492,815
Segment liabilities	414,235	46,166	13,637	7,526	(1,445)	480,119	(23,329)	456,790
Average number of employees(2)	67,415	10,535	3,564	3,760	766	86,040		86,040

(1) For a reconciliation of Total operational income (Total Group) and Segment operational results before taxation (Total Group) to the Consolidated Financial Statements reference is made to pages F-46 and F-47.

(2) The average numbers of employees of joint ventures are included proportionally.

Interest income (external) and interest expense (external) breakdown per EC:

	Europe	Americas	Asia/ Pacific	Asset Mana- gement	Other	Total group
2001						
Interest income	26,495	4,971	552	417	107	32,542
Interest expense	18,701	604	33	139	64	19,541
	7,794	**4,367**	**519**	**278**	**43**	**13,001**
2000						
Interest income	26,885	3,021	220	343	(180)	30,289
Interest expense	18,826	291	27	127	26	19,297
	8,059	**2,730**	**193**	**216**	**(206)**	**10,992**
1999						
Interest income	21,242	2,091	166	270	(163)	23,606
Interest expense	13,102	217	27	73	55	13,474
	8,140	**1,874**	**139**	**197**	**(218)**	**10,132**

Amounts are in millions of euros, unless otherwise stated

3.7.6. Geographical analysis of the insurance and banking operations

Operational income by geographical area

	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations			Eliminations			Total		
Netherlands	12,173	12,105	10,742	4,821	4,541	4,158	23	46	10	16,971	16,600	14,890
Belgium	2,179	1,498	1,366	1,957	2,069	1,837				4,136	3,567	3,203
Rest of Europe	2,111	1,781	1,378	3,018	2,791	2,269				5,129	4,572	3,647
North America	37,938	18,390	11,910	537	1,039	791		(5)	2	38,475	19,434	12,699
South America	1,496	329	241	238	271	320				1,734	600	561
Asia	5,364	2,064	1,284	476	538	463				5,840	2,602	1,747
Australia	2,179	2,413	2,845	55	37	25				2,234	2,450	2,870
Other	285	155	140	9	16	13				294	171	153
	63,725	**38,735**	**29,906**	**11,111**	**11,302**	**9,876**	**23**	**41**	**12**	**74,813**	**49,996**	**39,770**
Income between geographical areas(1)	(648)	(428)	(186)				2			(650)	(428)	(186)
	63,077	**38,307**	**29,720**	**11,111**	**11,302**	**9,876**	**25**	**41**	**12**	**74,163**	**49,568**	**39,584**

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

Amounts are in millions of euros, unless otherwise stated

Operational income from the insurance operations by geographical area

	2001	2000	1999	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Life premiums written			Non-life premiums written			Investment income (1)					Total
Netherlands	5,353	5,551	4,886	1,811	1,817	1,603	5,009	4,737	4,253	12,173	12,105	10,742
Belgium	1,625	964	821	253	230	217	301	304	328	2,179	1,498	1,366
Rest of Europe	1,623	1,299	1,008	34	31	28	454	451	342	2,111	1,781	1,378
North America	28,963	13,348	8,468	2,933	1,595	1,314	6,042	3,447	2,128	37,938	18,390	11,910
South America	493	194	135	618	46	43	385	89	63	1,496	329	241
Asia	4,718	1,766	1,121	64	48	39	582	250	124	5,364	2,064	1,284
Australia	1,779	1,894	2,461	250	328	263	150	191	121	2,179	2,413	2,845
Other	5	4	17	211	106	98	69	45	25	285	155	140
	44,559	**25,020**	**18,917**	**6,174**	**4,201**	**3,605**	**12,992**	**9,514**	**7,384**	**63,725**	**38,735**	**29,906**
Income between geographical areas(2)	(2)	(1)	(15)	(271)	(106)	(95)	(375)	(321)	(76)	(648)	(428)	(186)
	44,557	**25,019**	**18,902**	**5,903**	**4,095**	**3,510**	**12,617**	**9,193**	**7,308**	**63,077**	**38,307**	**29,720**

(1) Including commission and other income.

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

Operational result before taxation by geographical area

	2001	2000	1999	2001	2000	1999	2001	2000	1999
	Insurance operations			Banking operations					Total
Netherlands	2,074	2,017	1,697	1,523	1,441	1,062	3,597	3,458	2,759
Belgium	94	113	96	521	517	341	615	630	437
Rest of Europe	178	190	124	364	593	448	542	783	572
North America	762	579	437	(446)	(235)	(74)	316	344	363
South America	79	(6)	(9)	24	171	119	103	165	110
Asia	230	82	(2)	193	128	99	423	210	97
Australia	85	150	81	(7)	(9)	(1)	78	141	80
Other	69	37	(24)	(2)	(1)	(13)	67	36	(37)
	3,571	**3,162**	**2,400**	**2,170**	**2,605**	**1,981**	**5,741**	**5,767**	**4,381**

Operational result before taxation from the insurance operations by geographical area

	2001	2000	1999	2001	2000	1999	2001	2000	1999
			Life			Non-life			Total
Netherlands	1,836	1,810	1,443	238	207	254	2,074	2,017	1,697
Belgium	85	89	84	9	24	12	94	113	96
Rest of Europe	176	188	97	2	2	27	178	190	124
North America	572	438	366	190	141	71	762	579	437
South America	29	(9)	(7)	50	3	(2)	79	(6)	(9)
Asia	228	79	(5)	2	3	3	230	82	(2)
Australia	64	144	87	21	6	(6)	85	150	81
Other	3	(16)	(3)	66	53	(21)	69	37	(24)
	2,993	**2,723**	**2,062**	**578**	**439**	**338**	**3,571**	**3,162**	**2,400**

Amounts are in millions of euros, unless otherwise stated

Operational net profit for the period by geographical area

	2001	2000	1999
Netherlands	2,612	2,668	2,207
Belgium	444	382	272
Rest of Europe	496	449	334
North America	163	42	200
South America	77	153	91
Asia	318	178	65
Australia	88	114	75
Other	54	22	(15)
	4,252	**4,008**	**3,229**

4. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS OF ING GROUP

4.1. Net cash flow from operating activities

The net cash flow shown in respect of Lending only relates to transactions involving actual payments or receipts. The Additions to the provision for loan losses which is deducted from the item Lending in the balance sheet has been adjusted for the result before taxation and is shown separately in the cash flow statement.

In 1999, ING Group reduced its 30% interest in Libertel N.V., a company active in the mobile telephone market based in Maastricht, the Netherlands to an interest of 7.5%. The proceeds amounted to EUR 1.4 billion and this amount has been included in the cash flow statement under Trading portfolio purchases/sales.

4.2. Net cash flow from investing activities

General and numerical information (at the moment of acquisition) for the most significant companies, acquired in 2001, 2000 and 1999, is shown in the table below:

				Amounts in billions of euros
	Seguros Comercial América	**ReliaStar Financial Corporation**	**Aetna Financial Services and Aetna International**	**BHF–BANK A.G.**
General				
Year of acquisition	2001	2000	2000	1999
Primary line of business	Non-life insurance	Life insurance	Life insurance	Corporate and investment banking
Purchase price				
Purchase price	1.1	6.7	8.3	3.6
Assumed debt in purchase price	0.6	1.1	3.0	
Assets				
Cash assets				3.0
Investments	1.3	23.8	58.4	8.1
Lending				25.4
Banks				8.1
Securities in the trading portfolio				3.2
Miscellaneous other assets	1.2	4.9	9.3	1.0
Liabilities				
Insurance provisions	1.7	22.3	61.3	
Banks				12.3
Funds entrusted to and debt securities of the banking operations				31.6
Miscellaneous other liabilities	0.6	3.5	6.6	3.6

To finance the acquisitions of ReliaStar Financial Corporation, Aetna Financial Services and Aetna International, investments in shares have been sold in the financial year 2000. The proceeds of the sales amounted to EUR 9.6 billion.

In 2000, ING Group sold its 19.05% interest in Crédit Commercial de France, a French-based banking company. The proceeds of the sale amounted to EUR 2,111 million.

5. PARENT COMPANY BALANCE SHEET OF ING GROUP AS AT DECEMBER 31

before profit appropriation

	Amounts in millions of euros	
	2001	**2000**
ASSETS		
Participating interests (5.2.1)	30,798	32,782
Other assets (5.2.2)	641	733
Total	**31,439**	**33,515**
EQUITY AND LIABILITIES		
Shareholders' equity (5.2.3)		
Share capital	583	577
Share premium	7,188	7,031
Revaluation reserve	6,287	9,877
Reserve for participating interests	466	430
Exchange differences reserve	(155)	(30)
Other reserves	2,568	(4,595)
Net profit for the period	4,577	11,984
	21,514	**25,274**
Subordinated loans (5.2.4)	3,142	2,904
Capital base	**24,656**	**28,178**
Other liabilities (5.2.5)	6,783	5,337
Total	**31,439**	**33,515**

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

	Amounts in millions of euros		
	2001	**2000**	**1999**
Result of group companies after taxation	4,596	12,051	4,949
Other results after taxation	(19)	(67)	(27)
Net profit for the period	**4,577**	**11,984**	**4,922**

The numbers against the items refer to the notes starting on page F-79.

5.1. Accounting principles for the parent company balance sheet and profit and loss account of ING Group

The principles of valuation and determination of results stated in connection with the consolidated balance sheet and profit and loss account are also applicable to the valuation of directly held participating interests. Amounts receivable from and owed to group companies in connection with ordinary interbank transactions are included in *Other assets* and *Other liabilities,* respectively.

Changes in balance sheet values due to changes in the revaluation reserve of the participating interests are reflected in the Revaluation reserve, which forms part of *Shareholders' equity.* Changes in balance sheet values due to the results of these *Participating interests,* accounted for in accordance with ING Group accounting principles, are included in the profit and loss account. Other changes in the balance sheet value of these *Participating interests,* other than those due to changes in share capital, are included in Other reserves, which forms part of *Shareholders' equity.*

Amounts are in millions of euros, unless otherwise stated

A statutory reserve is carried at an amount equal to the share in the results of *Participating interests* 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.*

5.2. Notes to the parent company balance sheet of ING Group

ASSETS

5.2.1. Participating interests

	Ownership (%)	2001 Balance sheet value	Ownership (%)	2000 Balance sheet value
Name of investee				
ING Bank N.V.	100	15,462	100	15,051
ING Verzekeringen N.V.	100	15,396	100	17,824
Other		(60)		(93)
		30,798		**32,782**

In 2000, ING Groep N.V. issued guarantees in respect of group companies in the United States with regard to the issue of 1.5 million 8.439% noncumulative preference shares and of 10 million 9.2% noncumulative preference shares.

The movements in *Participating interests* were as follows:

	2001	2000
Opening balance	32,782	40,148
Investments in group companies	632	3,285
Write-off of goodwill	(1,908)	(11,774)
Revaluations	(3,585)	(8,047)
Result of group companies	4,596	12,051
Dividend	(1,499)	(1,319)
	31,018	**34,344**
Changes in ING Groep N.V. shares held by group companies	(220)	(1,562)
Closing balance	**30,798**	**32,782**

5.2.2. Other assets

	2001	2000
Receivables from group companies	539	652
Other receivables, prepayments and accruals	102	81
	641	**733**

Amounts are in millions of euros, unless otherwise stated

EQUITY AND LIABILITIES

5.2.3. Shareholders' equity

Share capital	Ordinary shares (par value EUR 0.24)		Preference shares (par value EUR 1.20)		Cumulative preference shares (par value EUR 1.20)	
	number x 1,000	amount	number x 1,000	amount	number x 1,000	amount
2001						
Authorized share capital	3,000,000	720	300,000	360	900,000	1,080
Unissued share capital	1,007,328	241	212,920	256	900,000	1,080
Issued share capital	**1,992,672**	**479**	**87,080**	**104**	**0**	**0**
2000						
Authorized share capital	3,000,000	720	300,000	360	900,000	1,080
Unissued share capital	1,029,488	247	212,920	256	900,000	1,080
Issued share capital	**1,970,512**	**473**	**87,080**	**104**	**0**	**0**
1999						
Authorized share capital	3,000,000	681	300,000	340	900,000	1,021
Unissued share capital	1,066,050	242	212,920	241	900,000	1,021
Issued share capital	**1,933,950**	**439**	**87,080**	**99**	**0**	**0**

The movements in issued share capital were as follows:

	Ordinary shares		Preference shares	
	number × 1,000	amount	number × 1,000	amount
Issued share capital as at January 1, 1999	**1,892,320**	**429**	**87,080**	**99**
From exchange of ING Groep N.V. A warrants and B warrants	9,732	2		
From 1998 final dividend	19,810	5		
From 1999 interim dividend	10,846	3		
Stock options	1,242			
Issued share capital as at December 31, 1999	**1,933,950**	**439**	**87,080**	**99**
From exchange of ING Groep N.V. A warrants and B warrants	12,242	3		
From 1999 final dividend	14,164	3		
From 2000 interim dividend	10,074	2		
Stock options	82			
From premium reserve due to conversion of share capital into euros		26		5
Issued share capital as at December 31, 2000	**1,970,512**	**473**	**87,080**	**104**
From exchange of ING Groep N.V. A warrants and B warrants	22,160	6		
Issued share capital as at December 31, 2001(1)	**1,992,672**	**479**	**87,080**	**104**

(1) 69 million own shares were held by Group companies (December 31, 2000: 55 million and December 31, 1999: 20 million) as disclosed on page F-83

Shares
All shares are in registered form. No share certificates will be issued. Shares may be transferred by means of a deed of transfer, subject to the approval of the Executive Board of ING Group.

Ordinary shares
In October 2000, the par value of the ordinary shares was converted from NLG 1.00 into EUR 0.48. As part of the conversion, the issued share capital with regard to ordinary shares was increased. This increase was charged to the share premium reserve. Ordinary shares may only be issued if at least the nominal value is paid up. On July 2, 2001 the (depositary receipts for) ING Group ordinary shares have been split in a 2:1 ratio. Therefore, the par value of the ordinary shares is currently EUR 0.24.

Preference shares
The par value of the preference shares is EUR 1.20. Preference shares are divided into two categories: “A” preference shares and “B” preference shares. The authorized share capital of ING Group consists of 100 million “A” preference shares, of which as at December 31, 2001 87 million have been issued and 200 million “B” preference shares, none of which have yet been issued. In October 2000, the par value of the preference shares was converted from NLG 2.50 into EUR 1.20. As part of the conversion, the issued share capital with regard to “A” preference shares was increased. This increase was charged to the share premium reserve.

Preference shares may only be issued if at least the nominal value is paid up.

Preference shares rank before ordinary shares in entitlement to dividends and distributions upon liquidation of ING Group, but are subordinated to cumulative preference shares. Holders of “A” and “B” preference shares rank pari passu among themselves. If the profit or amount available for distribution to the holders of preference shares is not sufficient to make such distribution in full, the holders will receive a distribution in proportion to the amount they would have received if the distribution could have been made in full. The “A” preference shares and “B” preference shares are not cumulative and their holders will not be compensated in subsequent years for a shortfall in a prior year.

The ING Group's Articles of Association make provision for cancellation of preference shares.

“A” preference shares
The dividend on the “A” preference shares is equal to a percentage of the amount (including share premium) for which the “A” preference shares were originally issued.

This percentage is calculated by taking the arithmetic mean of the average effective yield on the five longest-dated Dutch government loans, as prepared by the Dutch Central Bureau of Statistics and published in the Official Price List of Euronext Amsterdam N.V. for the last twenty stock exchange days preceding the day on which the first “A” preference shares are issued, or, as the case may be, preceding the day on which the dividend percentage is adjusted. The percentage thus established may be increased or decreased by not more than a half percentage point, depending on the market conditions then prevailing, as the Executive Board may decide with the approval of the Supervisory Board.

The dividend percentage will be readjusted on January 1, 2004 in keeping with the average effective yield at that time on the five longest-dated Dutch government loans and thereafter every ten years. The dividend on the “A” preference shares will be EUR 0.24 per year until January 1, 2004.

“A” preference shares may only be cancelled if a distribution of the amount (including share premium) for which the “A” preference shares were originally issued reduced by the par value of the shares can be made on each “A” preference share. Upon liquidation of ING Group, a distribution of the amount (including share premium) for which the “A” preference shares were originally issued will, insofar as possible, be made on each “A” preference share.

Depositary receipts for ordinary shares and for preference shares
The issue and transfer of ordinary shares and preference shares is restricted, pursuant to the Articles of Association of ING Group. Each shareholder (natural persons and legal entities) may acquire ordinary shares and/or preference shares up to a limit of 1% of the issued ordinary share capital or the issued preference share capital, respectively.

However, there are some exceptions to this rule, including the Trust especially appointed for that purpose.

The Trust holds more than 99% of the ordinary and preference shares issued by ING Group. In exchange for these shares, the Trust has issued depositary receipts for ordinary shares and preference shares. The depositary receipts are freely transferable.

Amounts are in millions of euros, unless otherwise stated

The holder of a depositary receipt is entitled to receive from the Trust payment of dividends and distributions corresponding with the dividends and distributions received by the Trust on a share of the relevant category. Moreover, the holder of a depositary receipt is entitled to attend and to speak at the General Meeting of Shareholders of ING Group. For the exercise of voting rights in the Annual General Meeting of Shareholders, the Trust will, except in special circumstances, grant holders of depositary receipts a voting proxy up to the exchangeability limit of their depositary receipts, i.e. up to a maximum of 1% of the issued share capital per depositary receipt holder (including the voting rights that are attached to shares held by the relevant depositary receipt holder).

Concentration of holders of depository receipts for ordinary shares
As at December 31, 2001, ABN AMRO Holding N.V., AEGON N.V. and Fortis Utrecht N.V. had an interest in depositary receipts of ING Group between 5% and 10%.

Depositary receipts for ordinary shares held by ING Group
With reference to Section 98 (5), Book 2, of the Dutch Civil Code, as at December 31, 2001, a number of 69 million of depository receipts for ordinary shares ING Groep N.V. with a par value of EUR 0.24 was held by ING Group or its subsidiaries. The shares were purchased to hedge option rights granted to the Executive Board and other employees. In 2001, a total of 18,690,000 transactions were executed with an average purchase price of EUR 35.83 per share. The cost of the shares is deducted from the Other reserves.

In 2001, the movements in depositary receipts for ordinary shares held by ING Groep N.V. and its subsidiaries to hedge the option rights granted to the Executive Board and other employees were as follows:

	Number × 1,000	Amount
Opening balance	54,788	1,704
Purchases	18,690	669
Secondary placements	(4,390)	(106)
Differences between purchase and secondary placement prices		(37)
Depositary receipts as at December 31, 2001	**69,088**	**2,230**

Cumulative preference shares
The par value of the cumulative preference shares is EUR 1.20. In October 2000, the par value of the preference shares was converted from NLG 2.50 into EUR 1.20. Cumulative preference shares may only be issued if at least one fourth of the nominal value is paid up.

The cumulative preference shares rank before the preference shares and the ordinary shares in entitlement to dividend and to distributions upon liquidation of ING Group.

The dividend on the cumulative preference shares will be equal to a percentage, calculated on the amount compulsorily paid up or yet to be paid up. This percentage shall be equal to the average of the Euro OverNight Index Average (EONIA) as calculated by the European Central Bank. During the financial year for which the distribution is made, this percentage is weighted on the basis of the number of days for which it applies, increased by two and a half percentage points.

If and to the extent that the profit available for distribution is not sufficient to pay the dividend referred to above in full, the shortfall will be made up from the reserves insofar as possible. If and to the extent that the dividend distribution cannot be made from the reserves, the profits achieved in subsequent years shall first be used to make up the shortfall before any distribution may be made on shares of any other category.

ING Group's Articles of Association make provision for the cancellation of cumulative preference shares. Upon cancellation of cumulative preference shares and upon liquidation of ING Group, the amount paid up on the cumulative preference shares will be repaid together with the dividend shortfall in preceding years, insofar as this shortfall has not yet been made up.

A warrants and B warrants

In 1991, ING Group authorized the issue of 261,070,062 warrants (hereafter A warrants), of which 253,297,808 were issued. As at December 31, 2001 no A warrants were outstanding (2000: 29,897,127). A warrant holders have been able to exercise their rights at their own discretion up to March 15, 2001.

In 1998, ING Group authorized the issue of a maximum of 17,317,132 B warrants, of which 17,186,310 have been issued. As at December 31, 2001, 17,159,643 B warrants were outstanding (2000: 17,114,081). B warrant holders are entitled to obtain from ING Group, for a fixed price, depositary receipts for ordinary shares in the proportion of 1 B warrant to 2 depositary receipts. B warrant holders may exercise their rights at their own discretion but no later than January 5, 2008. As at December 31, 2001, no B warrants (2000: nil) were held by group companies of ING Group.

The current exercise price of B warrants is EUR 49.92 for 2 depositary receipts. The exercise price of B warrants will be adjusted by ING Group if one or more of the following circumstances occur:

1. ING Group issues ordinary shares with pre-emptive rights for existing holders thereof at a price lower than the average price over the 20 business days preceding the relevant announcement of the median price between the highest and lowest prices of the depositary receipts of EUR 0.24 par value as stated in the Official Price List of Euronext Amsterdam N.V.;

2. ING Group issues ordinary shares to existing holders thereof, such shares being paid from a reserve of the company at a price lower than the average price over the 20 business days preceding the relevant announcement of the median price between the highest and lowest prices of the depositary receipts of EUR 0.24 par value as stated in the Official Price List of Euronext Amsterdam N.V.;

3. ING Group issues ordinary shares to existing holders thereof by way of paying a dividend at a price lower than the average price over the 20 business days preceding the relevant announcement of the median price between the highest and lowest prices of the depositary receipts of EUR 0.24 par value as stated in the Official Price List of Euronext Amsterdam N.V.;

4. ING Group grants to existing holders of ordinary shares pre-emptive rights to obtain securities other than ordinary shares;

5. Any company grants to existing holders of ordinary shares of ING Group a right of subscription for securities which may be converted into or exchanged for ordinary shares of ING Group, provided that the price for which such ordinary shares of ING Group may (initially) be obtained is lower than the then applicable exercise price;

6. ING Group makes a distribution in cash out of its share premium reserve(s) to holders of ordinary shares.

In case of a split or consolidation of the shares of ING Group, a warrant holder shall remain entitled to a number of shares, the aggregate par value of which shall be equal to the aggregate par value of the number of shares to which he was entitled before the split or consolidation.

In case of a restructuring of the share capital of ING Group or a merger of ING Group with any other company or a transfer of the assets of ING Group (or a substantial part thereof) to any other company, the exercise price of the B warrants will not be adjusted. In that event, a warrant holder will be entitled to obtain the securities of the kind and number a holder of ordinary shares would have been entitled to if the B warrants had been exchanged for ordinary shares immediately before that event.

Amounts are in millions of euros, unless otherwise stated

Reserves

The composition of and movements in the reserves were as follows:

	Total	Share premium	Revaluation reserve	Reserve for partici- pating interests	Exchange differences reserve	Other reserves
Balance as at December 31, 1998	**25,880**	**6,602**	**14,454**	**417**	**(2)**	**4,409**
Unrealized revaluations after taxation	2,864		2,821	63		(20)
Exchange differences	(7)				(7)	
Net profit not recognized in the profit and loss account	2,857		2,821	63	(7)	(20)
Write-off of goodwill	(1,427)					(1,427)
Profit appropriation previous year	2,669					2,669
1998 final dividend and 1999 interim dividend1)	(729)	(5)				(724)
Exercise of optional dividend	301	301				
Exercise of warrants and options	76	76				
Private placements	20	20				
Changes in ING Groep N.V. shares held by group companies	(551)					(551)
Balance as at December 31, 1999	**29,096**	**6,994**	**17,275**	**480**	**(9)**	**4,356**
Unrealized revaluations after taxation	(7,499)		(7,398)	(50)		(51)
Exchange differences	(21)				(21)	
Net profit not recognized in the profit and loss account	(7,520)		(7,398)	(50)	(21)	(51)
Write-off of goodwill	(11,774)					(11,774)
Profit appropriation previous year	4,922					4,922
1999 final dividend and 2000 interim dividend2)	(900)	(5)				(895)
To share capital due to conversion of par value of shares into euros	(31)	(31)				
Exercise of warrants and options	73	73				
Changes in ING Groep N.V. shares held by group companies	(1,153)					(1,153)
Balance as at December 31, 2000	**12,713**	**7,031**	**9,877**	**430**	**(30)**	**(4,595)**

1) 1998 final dividend (EUR 0.63 per share) and 1999 interim dividend (EUR 0.32 per share)

2) 1999 final dividend (EUR 0.82 per share) and 2000 interim dividend (EUR 0.41 per share)

Amounts are in millions of euros, unless otherwise stated

The composition of and movements in the reserves were as follows:

	Total	Share premium	Revaluation reserve	Reserve for partici-pating interests	Exchange differences reserve	Other reserves
Balance as at December 31, 2000	**12,713**	**7,031**	**9,877**	**430**	**(30)**	**(4,595)**
Unrealized revaluations after taxation	(3,641)		(3,590)	36		(87)
Exchange differences	(125)				(125)	
Net profit not recognized in the profit and loss account	(3,766)		(3,590)	36	(125)	(87)
Write-off of goodwill	(1,908)					(1,908)
Profit appropriation previous year	11,984					11,984
2000 final dividend and 2001 interim dividend[3)]	(2,300)					(2,300)
Exercise of warrants and options	157	157				
Changes in ING Groep N.V. shares held by group companies	(526)					(526)
Balance as at December 31, 2001	**16,354**	**7,188**	**6,287**	**466**	**(155)**	**2,568**

3) 2000 final dividend (EUR 1.13 per share) and 2001 interim dividend (EUR 0.47 per share)

As at December 31, 2001, the capital and reserves of Stichting Regio Bank, included in Other reserves, amounted to EUR 384 million (2000: EUR 347 million) and cannot be freely distributed.

The revaluation reserve and the reserve for participating interests include the statutory reserves.

Amounts are in millions of euros, unless otherwise stated

Dividend restrictions
ING Group and its Dutch group companies are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the company's own funds over the sum of (i) the paid-up capital, and (ii) reserves required by law. Additionally, certain group companies are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise to the parent company.
Furthermore, in addition to the restrictions in respect of minimum capital and solvency requirements that are imposed by industry regulators in the countries in which the subsidiaries operate, other limitations exist in certain countries.

The Executive Board of ING Group believes that these limitations will not affect the ability of ING Group to pay dividends to its shareholders in the future.

5.2.4. Subordinated loans

Subordinated loans includes the 6.5% perpetual subordinated loan issued by ING Groep N.V. in September 2001, with a balance sheet value of EUR 600 million.
The number of debentures held by group companies as at December 31, 2001 was 62,841 with a balance sheet value of EUR 6 million (2000: 108,264 with a balance sheet value of EUR 49 million).

The following unsecured subordinated loans from group companies to ING Groep N.V., which may be renewable at their due dates at the then prevailing market rates, are included in *Subordinated loans:*

			2001	**2000**
Interest rate	**Year of issue**	**Due date**	**Balance sheet value**	
8.439	2000	December 31, 2010	1,695	1,612
9.2	2000	June 30, 2030	282	269
7.7	1999	June 29, 2029	565	538
			2,542	**2,419**

5.2.5. Other liabilities

	2001	**2000**
Debenture loans	5,704	4,704
Amounts owed to group companies	837	443
Other amounts owed and accrued liabilities	242	190
	6,783	**5,337**

The Debenture loans can be analyzed as follows:

			2001	**2000**
Interest rate	**Year of issue**	**Due date**	**Balance sheet value**	
5	2001	May 3, 2006	1,000	
6.125	2000	January 4, 2011	1,000	1,000
6	2000	August 1, 2007	750	750
5.5	2000	May 11, 2005	1,500	1,500
5.5	1999	September 14, 2009	1,000	1,000
7.125	1994	June 28, 2004	454	454

Amounts are in millions of euros, unless otherwise stated

The number of debentures held by group companies as at December 31, 2001 was 118,090 with a balance sheet value of EUR 135 million (2000: 241,082 with a balance sheet value of EUR 253 million).

Analysis of the Amounts owed to group companies by remaining term:

	2001	**2000**
– up to one year	831	424
– over five years	6	19
	837	**443**

Amsterdam, February 28, 2002

The Supervisory Board,

Cor Herkströter, *Chairman*
Mijndert Ververs, *Vice-Chairman*
Lutgart van den Berghe
Jan Berghuis
Luella Gross Goldberg
Paul van der Heijden
Aad Jacobs
Jan Kamminga
Godfried van der Lugt
Paul Baron de Meester
Johan Stekelenburg
Hans Tietmeyer
Jan Timmer

The Executive Board,

Ewald Kist, *Chairman*
Michel Tilmant, *Vice-Chairman*
Fred Hubbell
Hessel Lindenbergh
Cees Maas, *Chief Financial Officer*
Alexander Rinnooy Kan

6. DIFFERENCES BETWEEN DUTCH AND US ACCOUNTING PRINCIPLES

6.1. Valuation and income recognition differences between Dutch and U.S. accounting principles

The consolidated financial statements of ING Group are presented in accordance with accounting principles generally applied in the Netherlands ("Dutch GAAP"). Dutch GAAP differs in certain respects from accounting principles generally accepted in the United States of America ("US GAAP"). The following is a summary of the significant differences.

a. *Purchase accounting and Goodwill.*

Goodwill, which represents the difference between the purchase price and the fair value of the net assets acquired, is debited or credited in full to shareholders' equity at transaction date.

Under US GAAP, this goodwill is capitalized, amortized and tested for impairment for business combinations completed until June 30, 2001. For business combinations completed after June 30, 2001, goodwill is no longer amortised but is subject to an annual impairment test.
Additionally the amount of goodwill can be different in the detailed allocation of the purchase price to underlying assets and liabilities.

b. *Real estate.*

Investments in land and buildings are generally carried at their fair values, based on values prevailing at acquisition or on subsequent, periodic appraisals. These properties are not depreciated. Impairment losses are first charged against the revaluation reserves existing for the individual real estate. Any remaining impairment losses are charged to the profit and loss account. Results on disposal of real estate are charged to the profit and loss account.
US GAAP distinguishes between real estate properties held for own use and real estate held for investments. Properties held for own use are generally carried at historical cost less accumulated depreciation, but the carrying amounts may be adjusted for any impairment in value; depreciation is provided over the estimated economic life of the property. Properties held for investment are generally carried at the lower of cost or net realizable value, and are adjusted for any impairment in value; depreciation is provided over the estimated economic life of the property. Results on disposal of real estate are charged to the profit and loss account.

c. *Valuation of debt securities.*

Debt securities held for investment, other than zero-coupon bonds, are carried at redemption value. Premiums or discounts arising at acquisition are recorded separately and amortized over the estimated life of the portfolio on a straight line basis. Zero-coupon bonds are carried at amortized cost. Additionally, debt securities are recorded net of a provision for credit losses.

Under US GAAP, investments in debt securities must be classified as either:
(i) trading, which are valued at fair value with changes in fair value recorded through current period earnings;
(ii) held-to-maturity, which are carried at amortized cost, or;
(iii) available-for-sale, which are carried at fair value with changes in fair value recorded as a separate component of shareholders' equity.

Premiums and discounts arising from acquisition are amortized to interest income using the effective yield method over the contractual life of the securities.

Allowances for credit losses on debt securities are not permitted. Individual securities classified as either available-for-sale or held-to-maturity are subject to review to determine whether a decline in fair value below amortized cost is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security is written down to fair value as the new cost basis and the amount of the write down is included in the profit and loss account.

Revaluation of debt securities classified as available-for-sale to fair value results in a reconciling item to shareholders' equity. A portion of this reconciliation relates to assets held in support of policies in the Netherlands where the policyholder shares in the profits of the company. Although unrealized gains on these assets are included in shareholders' equity for US GAAP purposes, as these gains are realized a portion may be passed to policyholders, at the discretion of the company.

Effective April 1, 2001, ING Group adopted EITF Issue 99-20, “Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets”. Under the consensus, changes in their estimated yield of certain collateralized mortgage obligations are to be recorded on a prospective basis. If the fair value of the collateralized mortgage obligations has declined below its carrying amount and the decline is determined to be other than temporary, the security is written down to fair value. Upon adoption of EITF Issue 99-20, ING Group recorded a EUR 40 million charge in US GAAP net profit as a net of tax cumulative effect of accounting change.

d. *Realized results on sales of debt securities.*

Realized gains and losses on sales of investments in debt securities are deferred as part of the provision for yield differences and amortized on a straight-line basis over the estimated average remaining life of the portfolio.

Under US GAAP, realized gains and losses on sales of investments in debt securities are recorded in the earnings of the period in which the sales occurred.

e. *Valuation of equity securities.*

Under Dutch GAAP, 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 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.

f. *Accounting for derivative financial instruments held for risk management purposes.*

Under Dutch GAAP, 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.

US 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 Group 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 the 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. When designated as a hedge, the fair value of the derivative instrument should be recognized currently in profit and loss account or in equity, depending on whether such designation is considered a fair value hedge, a cash flow hedge, or a hedge of a net investment in foreign operations. With respect to fair value hedges, the fair value of the derivative, as well as changes in the fair value of the hedged item, are reported in the profit and loss account. For cash flow hedges the effective portion of the gains or losses on the derivative instrument are reported in equity and subsequently reclassified into the profit and loss account when the hedged item affects the profit and loss account. The remaining gains and loss in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, is recognized in the profit and loss account during the period of change. For a hedge of a net investment in a foreign currency, the gains or loss is reported in equity to the extent it is effective.

The hedging rules specified under SFAS 133 are more stringent than the hedging rules prior to SFAS 133. Consequently, a 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. The initial revaluation of these derivatives upon adoption of the new rules which did not have a material effect on ING Group's US GAAP equity and profit and loss account, is reported as part of the adjustment with respect to this item.

For the purpose of reconciliation of Dutch GAAP shareholders' equity and net profit to US GAAP, the change in the fair values of the hedged items have been set off against the gains or loss on the derivative instrument for hedges that meet SFAS 133 hedge criteria.

g. Deferred acquisition costs of insurance contracts.

Under both Dutch and US GAAP, costs that vary with and are directly related to the acquisition of life insurance contracts are deferred and amortized.

Under Dutch GAAP, deferred acquisition costs are amortized in proportion to future premiums. Under US GAAP, deferred acquisition costs of traditional insurance contracts are likewise amortized in proportion to future premiums.

For universal-life type contracts, investment contracts and for participating individual life insurance contracts in the Netherlands, US GAAP requires that deferred acquisition costs be amortized at a constant rate based on the present value of the estimated gross profit margins expected to be realized over the life of the book of contracts.

In addition, in accordance with SFAS 115, deferred acquisition costs related to universal-life type contracts, investment contracts and participating individual life insurance contracts under Dutch GAAP are adjusted to reflect changes that would have been necessary if unrealized investment gains and losses related to available-for-sale securities had been realized. The SFAS 115 adjustment to deferred acquisition costs is an adjustment to equity that is not taken through net profit. As a result of this adjustment US GAAP equity has been reduced by EUR 400 million until 2001. (reduced by EUR 37 million until 2000).

h. General provisions.

Under Dutch GAAP, as applied prior to 1998, liabilities could be set up under certain conditions, for expenses that will be incurred in the future, such as expenses relating to information technology systems enhancement.

Under US GAAP, the criteria for setting up liabilities are more stringent and include, among others, that a liability is incurred at the date of the financial statements for such costs.

With effect from the 1998 financial year, the ING principles for the determination of provision have been changed. As from year-end 2000, all general provisions are in accordance with US GAAP except that general provisions are discounted using a pre-tax discount rate to reflect the time value of money.

i. *Pension liabilities and pension costs.*

For most ING Group employees, separate funds have been created for pension entitlements. These funds are separate legal entities outside the control of ING Group.

From January 1,1998, ING Group has accounted for pension liabilities and pension expenses under International Accounting Standard 19 (revised 2000), with transition taken as January 1, 1997. Under International Accounting Standard 19 the pension expense is based on a specific method of actuarial valuation of projected plan liabilities for accrued service including future salary indexation. Assets are taken at fair value.

Amounts recognized as expense may differ from amounts funded in the same year. The accrual of pension expense is intended to effectively match the full cost of the expected pension benefits to the period of employee service.

A liability (or asset) is recognized for the excess (or deficiency) of plan liabilities over plan assets at transition, subsequently adjusted by the extent that the current year's expense differs from the current year's payments to the funds.

The pension expense under US GAAP is 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 date under US GAAP.

j. *Post-employment benefits.*

From January 1, 1998, ING Group has accounted for post employment benefit liabilities and expenses under International Accounting Standard 19 (revised 2000), with transition taken as January 1, 1997.

Expenses and liabilities are determined under a similar methodology as described under pensions.

The benefit expense under US GAAP is based on the same method of valuation of liabilities. Differences in the level of expense and liabilities occur due to the different transition date under US GAAP.

k. *Post-retirement benefits.*

From January 1, 1998, ING Group has accounted for post retirement liabilities and expenses under International Accounting Standard 19 (revised 2000), with transition taken as January 1, 1997.

Expenses and liabilities are determined under a similar methodology as described under pensions.

The benefit expense under US GAAP is based on the same method of valuation of liabilities. Differences in the level of expense and liabilities occur due to the different transition date under US GAAP.

l. Provision for life policy liabilities.

The provision for life policy liabilities, under both Dutch and US GAAP, is calculated based on the benefits attributable to the policyholders as set out in the insurance contracts.

Under both Dutch and US GAAP, the liability for life policy benefits for traditional life insurance contracts is computed using a net level premium method with assumptions such as expected investment yields, mortality, morbidity, terminations and expenses consistent with the provisions of SFAS 60, 'Accounting and Reporting by Insurance Enterprises'. These assumptions are based on expectations at the time the insurance contracts are made and include a provision for adverse deviation. Additionally, under both Dutch and US GAAP, the adequacy of the provision for life policy benefits is evaluated each year and is augmented if necessary. The principal difference between Dutch and US GAAP relates to applied investment yields for certain Group companies.

Under both Dutch and US GAAP, the liability for life policy benefits for universal life and investment type contracts as described in SFAS 97, 'Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments', is equal to the balance that accrues to the benefit of policyholders at the balance sheet date.

These contracts include policies where the policyholder bears the investment risk, annual life funds and unit-linked policies. Investments related to such contracts are segregated and the majority are valued at fair value with changes in fair value recorded through current period earnings for both Dutch and US GAAP.

In the Netherlands, the principal individual life insurance contracts sold by the subsidiaries of ING Group provide for bonuses and distributions on account of interest or underwriting experience to policyholders based on the overall results of the operations. Such amounts are generally credited in the form of additional paid-up insurance.
Participating insurance contracts with such features are traditionally sold in the United States by mutual insurance companies. Under both Dutch and US GAAP, the liability for these types of contracts is equal to the net level reserve consistent with the provisions of SFAS 120, 'Accounting and Reporting by Mutual Life Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts'.

m. Provision for future catastrophe and other insurance provisions.

ING Group carries other insurance provisions for potential exposure to future losses. Amongst these is a non-life provision for future catastrophe and other accidental losses. The yearly additions to the catastrophe provision are based on estimates of premiums for external reinsurance. The provision implicitly accrues loadings for catastrophe risks included in gross premium revenues.

Under US GAAP, these provisions are not allowed, since such losses are recorded in the period they are incurred. Amounts that are charged to the catastrophe provision under ING Group accounting principles are recorded in the profit and loss account under US GAAP; the amounts for 2001 relates primarily to the September 11 events in the US.

n. Valuation and profit recognition of equity investments.

This item relates to equity participations and certain equity investments.
Equity particpations that are held for sale are carried at either the lower of cost or market value or at net asset value. Dividends received and realised gains and losses on the sale of these shareholdings are charged to the profit and loss account.

Under US 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 under US GAAP. As a result, profit on sale is not always recognised in the same accounting period.

o. *Stock compensation.*

This item relates to the equity compensation plan of ING America Holding Inc that provides certain key employees with Restricted American Depository Shares (ADS) Units and Restricted Performance Units to reward individual performance (refer note 7.15).

Under Dutch GAAP no compensation expense is recognised for these compensation plans.

Under US GAAP, compensation expense is recognised based on the APB 25. The amounts for the previous year were not material.

Amounts are in millions of euros, unless otherwise stated

6.2. Reconciliation of Dutch GAAP shareholders' equity and net profit to U.S. GAAP:

	Shareholders' equity		Net profit		
	2001	**2000**	**2001**	**2000**	**1999**
Amounts determined in accordance with Dutch GAAP:	**21,514**	**25,274**	**4,577**	**11,984**	**4,922**
Adjustments in respect of:					
a. Goodwill:					
Goodwill associated with acquisitions	16,645	16,287	(1,751)	(429)[1]	(517)
Negative goodwill associated with the 1991 merger				32	27
b. Real estate:					
Valuation	(3,678)	(3,329)	(230)	(216)	(191)
Realized gains and losses on sales			80	31	95
c. Valuation of debt securities	3,402	1,200	(263)	14	44
d. Realized results on sales of debt securities:					
Realized gains and losses on sales			301	16	74
Reversal of provision for yield differences	1,151	1,218	(180)	(228)	(188)
Amortization of premiums and discounts			(150)	(561)	(338)
e. Valuation of equity securities	–	–	(685)	–	–
f. Accounting for derivative financial instruments held for risk management	57	258	(111)	98	(355)
g. Deferred acquisition costs of insurance contracts	78	411	25	184	94
h. General provisions				(215)	(224)
i. Pension liabilities and pension costs	(704)	(735)	35	18	64
j. Post-employment benefits	20	21	(1)	(2)	16
k. Post-retirement benefits	73	79	(8)	50	(3)
l. Provision for life policy liabilities	(159)	(166)	2	(7)	(35)
m. Provision for future catastrophe and other insurance provisions	253	348	(413)	14	19
n. Valuation and profit recognition of equity investments	113	334	175	(221)	(37)
o. Stock compensation			(22)		
Sub-total	17,251	15,926	(3,196)	(1,432)	(1,455)
Tax effect of the adjustments	204	(208)	(375)	(361)	(328)
Minority Interest in adjustments (after tax)	270	197	14	12	(5)
Total adjustments	17,317	16,331	(2,807)	(1,059)	(1,132)
Amounts determined in accordance with US GAAP:	**38,831**	**41,605**	**1,770**	**10,925**	**3,790**

(1) The adjustment recorded in 2000 for goodwill associated with acquisitions has been reduced by EUR 608 million as a result of a change in German tax law. Under Dutch GAAP, the release of deferred tax liabilities related to a prior acquisition of a group company is credited to equity as an adjustment to goodwill when the tax law is enacted. Under US GAAP, the adjustment is included in income from continuing operations for the period that included the enactment date.

Certain information concerning the U.S. GAAP treatment of unrealized losses on equity securities differs from that presented in the supplemental U.S. GAAP information we previously provided in connection with our Dutch GAAP annual report for the year 2001, and is noted on page F-90 hereof.

Amounts are in millions of euros, unless otherwise stated

6.3. Net profit per share

	2001	2000	1999
Net profit determined in accordance with Dutch GAAP	4,577	11,984	4,922
Reconciling adjustments to net profit U.S. GAAP	(2,807)	(1,059)	(1,132)
Net profit determined in accordance with U.S. GAAP	1,770	10,925	3,790
Dividend on preference shares	(21)	(21)	(21)
Net profit available for ordinary shares:			
Dutch GAAP	4,556	11,963	4,901
U.S. GAAP	1,749	10,904	3,769
Weighted average ordinary shares outstanding	1,923.1	1,907.8	1,915.6
Effect of dilutive securities:			
Warrants	9.8	26.4	27.8
Stock-plans	9.6		
	19.4	26.4	27.8
Weighted average ordinary shares adjusted for diluted computation	1,942.5	1,934.2	1,943.4
Basic earnings per share:			
Dutch GAAP	2.37	6.27	2.56
U.S. GAAP	0.91	5.72	1.97
Diluted earnings per share:			
Dutch GAAP	2.35	6.18	2.52
U.S. GAAP	0.90	5.64	1.94

Method of computation of basic and diluted earnings per share has been described in note 3.5.

6.4. Presentation differences between Dutch and US accounting principles

In addition to the differences in valuation and income recognition principles, other differences, essentially related to presentation, exist between Dutch and U.S. GAAP. Although these differences do not cause differences between Dutch and U.S. GAAP reported net profit and/or shareholders' equity, it may be useful to understand them to better interpret the financial statements presented in accordance with Dutch GAAP. The following is a summary of the classification differences that pertain to the basic financial statements.

a. Tangible fixed assets, comprised primarily of data processing equipment and other movable assets used in the company's operations, are presented as a separate item in the balance sheet.

   Under U.S. GAAP, such assets are presented, together with all other assets used in the company's operations, under Property and equipment.

b. Real estate properties in use by ING Group's operating entities are presented as an investment, and the related rental income as investment income and operating expense.

   Under U.S. GAAP, real estate owned and occupied by a business unit is presented separately under the caption Property and equipment, and the impact of rental income and expense is eliminated from the profit and loss account.

c. Equity securities of shareholdings in enterprises in the same industries as ING Group and certain receivables from the same enterprises are reported as participating interests, regardless of whether they are accounted for using the equity method.

Under U.S. GAAP, only shareholdings which are accounted for under the equity method are presented separately from other investments in equity securities.

d. Investments for the risk of policyholders, interest in investment pools and deposits with reinsurers are included in Investments.

Under U.S. GAAP, investments for the risk of policyholders are included in Separate accounts and interests in investment pools and deposits with reinsurers are included in Other assets.

e. Assets, other than real estate, under operational lease contracts are classified as Lending.

Under U.S. GAAP, assets under operational lease contracts are included in Other assets.

f. The balance sheet value of derivative contracts is included in Other assets and Other liabilities.

Under U.S. GAAP the gross positive and negative fair values of derivatives that are considered to be held for trading purposes are presented under Trading account assets and Trading account liabilities.

g. Reinsurance recoverables on claims are recorded as an offset to the insurance provisions. Reinsurance ceded results are included in Underwriting Expenditure.

Under U.S. GAAP, the insurance liabilities are presented on a gross basis and the reinsured portion as an asset under Reinsurance receivables. Reinsurance ceded results are applied to each appropriate caption of the profit and loss account.

h. Premium income of the non-life operations is presented on a written basis, with the change in unearned premiums reported as an underwriting expenditure.

Under U.S. GAAP, non-life premium income is presented on an as earned basis.

i. Premiums collected on universal-life type contracts and insurance contracts that do not expose the company to significant mortality or morbidity risks are reported as premium income and the allocation of these premiums to the provision for life policy benefits as an underwriting expense.

Under U.S. GAAP, premiums collected on these types of products are not reported as revenue in the profit and loss accounts; revenues from these products are amounts assessed against policyholders and are reported in the period that the amounts are assessed unless evidence indicates that the amounts are designed to compensate for services provided over more than one period.

j. Death and surrender benefits paid on universal-life type contracts and the corresponding release of the provision for life policy benefits are reported separately as underwriting expenses in the profit and loss accounts.

Under U.S. GAAP, these items are not reported separately; benefits paid from these products are the amounts paid in excess of the related release of the provision for life policy benefits.

k. Interest paid to contract holders of guaranteed investment contracts is reported as an investment expense that is netted against investment income.

Under U.S. GAAP, the interest paid to contract holders of guaranteed investment contracts is reported as an underwriting expense and not netted against investment income.

l. Short-term and long-term borrowings are included in the following captions: funds entrusted to and debt securities of the banking operations and other liabilities.

   Under U.S. GAAP, short-term borrowings are presented separately from long term borrowings.

m. If the financial statements had been prepared in accordance with U.S. GAAP, certain items, which are included in interest income and expense, would have been classified differently. Included in these captions are, among others, the amortization of realized gains (losses) on sales of certain financial instruments used in interest rate risk management which have been deferred, results of interest arbitrage transactions and certain loan fees.

   Under U.S. GAAP, realized gains (losses) on sales of financial instruments are classified as either trading income or separately as results from sales. Results of interest arbitrage transactions are included in trading income under U.S. GAAP.

n. Investment expenditures include certain amounts for interest charges and value adjustments to investments as well as administrative expenses.

   Under U.S. GAAP, investment expenditures would generally only include administrative expenses.

Amounts are in millions of euros, unless otherwise stated

6.5. Condensed consolidated balance sheet

The following is a condensed consolidated balance sheet of ING Group, for the years ended December 31, 2001 and 2000, restated to reflect the impacts of the valuation and presentation differences between Dutch and U.S. GAAP.

	2001		2000	
	U.S. GAAP	Dutch GAAP	U.S. GAAP	Dutch GAAP
Assets				
Total investments	221,435	307,446	189,373	277,176
Separate accounts	82,744		81,947	
Trading account assets	55,321	33,901	51,074	28,273
Loans	250,782	254,214	244,583	246,807
Banks	54,110	54,083	44,132	44,132
Cash and due from banks	9,264	9,264	6,337	6,337
Participating interests	1,258	2,628	1,017	2,372
Reinsurance receivables	11,309	669	9,555	611
Other receivables	13,558	13,304	16,991	16,789
Deferred policy acquisition costs	11,433	11,355	11,065	10,653
Goodwill	16,645		16,287	
Property and equipment	4,906	2,032	5,731	2,129
Other assets	19,521	16,223	15,263	14,893
Total assets	**752,286**	**705,119**	**693,355**	**650,172**
Liabilities				
Future policy benefits, claims reserves, other policyholder funds and unearned premiums	224,501	213,986	208,885	200,153
Deposits	201,960	276,367	186,564	252,816
Banks	107,829	107,810	94,675	94,675
Trading account liabilities	19,959		21,201	
Short-term borrowings and current maturities of long-term debt	49,049		45,622	
Long-term borrowings, excluding current maturities	61,818		48,878	
Other liabilities	44,606	81,439	42,415	73,547
Total liabilities	**709,722**	**679,602**	**648,240**	**621,191**
Minority interests	3,733	4,003	3,510	3,707
Shareholders' equity	38,831	21,514	41,605	25,274
Total liabilities, minority interests and shareholders' equity	**752,286**	**705,119**	**693,355**	**650,172**

Amounts are in millions of euros, unless otherwise stated

6.6. Condensed consolidated profit and loss account

The following is a condensed consolidated profit and loss account of ING Group, for the years ended December 31, 2001, 2000 and 1999 to reflect the impacts of the valuation and presentation differences between Dutch and U.S. GAAP.

	2001		2000		1999	
	U.S. GAAP	Dutch GAAP	U.S. GAAP	Dutch GAAP	U.S. GAAP	Dutch GAAP
Revenues	49,313	74,488	50,636	58,165	35,715	41,277
Expenses	46,401	68,422	38,081	44,196	31,097	35,203
Income before taxes	2,912	6,066	12,555	13,969	4,618	6,074
Profit before income taxes	2,912	6,066	12,555	13,969	4,618	6,074
Income taxes	804	1,165	1,483	1,838	729	1,059
Profit after income taxes	2,108	4,901	11,072	12,131	3,889	5,015
Minority interests	338	324	147	147	99	93
Net profit	**1,770**	**4,577**	**10,925**	**11,984**	**3,790**	**4,922**

Revenues under Dutch GAAP are reconciled to Revenues under U.S. GAAP as follows:

	2001	2000	1999
Revenues, Dutch GAAP	74.488	58.165	41.277
Presentation differences premium income	(25.239)	(7.227)	(4.788)
Presentation differences investment income	(51)	(45)	(42)
Valuation differences investment income	115	(257)	(732)
Revenues U.S. GAAP	**49.313**	**50.636**	**35.715**

Presentation differences relate to Dutch GAAP revenue that is not included in revenue under U.S. GAAP, but equally impacts expenses under U.S. GAAP; therefore, there is no impact on net income.

6.7. Consolidated Statement of cash flows

The Consolidated Statement of cash flows presented according to International Accounting Standards is included on page F-6.

6.8. Newly issued accounting standards

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141 (“SFAS 141”), “Business Combinations” and Statement of Financial Accounting Standards No. 142 (“SFAS 142”), “Goodwill and Other Intangible Assets”. SFAS 141 is effective for business combinations initiated after June 30, 2001. SFAS 141 requires that all business combinations completed after June 30, 2001 be accounted for under the purchase method of accounting and establishes specific criteria for the recognition of intangible assets separately from goodwill.

SFAS 142 shall be adopted by ING Group as of January 1, 2002. SFAS 142 mainly addresses how goodwill and other intangible assets should be accounted for subsequent to their acquisition. Goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statement. SFAS 142 also stipulates that goodwill will no longer be amortized for all business combinations completed after June 30, 2001. Other intangible assets with finite lives will continue to be amortized over their useful lives. Impairment losses that arise

due to the initial application of SFAS 142 should be reported as a change in accounting principle in the profit and loss account. ING Group is still in the process of assessing the non amortization provisions of the new standards. In addition, during 2002, ING Group will perform the first of the new required impairment tests under FAS 142 of goodwill and indefinite lived intangible assets as of January 1, 2002 and has not yet determined what the effect of these tests will be on net profit and financial position of ING Group.
In June 2001, the Financial Accounting Standards Board issued "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 shall be applied by ING Group beginning on January 1, 2002. SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. SFAS 143 requires retirement obligations to be recognized when they are incurred and displayed as liabilities and to capitalize the asset retirement cost as part of the asset's carrying amount and subsequently allocated to expense over the asset's useful life. ING Group has not yet determined the impact of the new standard.

In August 2001, the Financial Accounting Standards Board issued "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 establishes an accounting model for long-lived-assets to be disposed of by sale that applies to all long-lived assets, including discontinued operations. SFAS No. 144 requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. Statement 144 is effective for financial statements issued for fiscal years beginning after December 15, 2001. Adoption of SFAS No. 144 will not have a material impact on the ING Group's financial position or results of operations.

Under Dutch law, it is expected that goodwill related to acquisition as from January 1, 2003, should be recognized as an asset and amortized over its useful life. The impact that this change will have on ING Group's financial position and results of operations will be dependent on the amount of goodwill related to new acquisitions after the effective date of the change in the law.

Amounts are in millions of euros, unless otherwise stated

7. ADDITIONAL INFORMATION REQUIRED UNDER U.S. GAAP

7.1. Investments

Debt securities include fixed-interest securities, with the exception of mortgage loans and policy loans. Following is a summary of investments in marketable securities at December 31, 2001 and 2000. Amounts reported in the column "Balance Sheet Value" correspond to the Dutch GAAP balance sheet value.

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Balance sheet value
December 31, 2001					
Debt securities available-for-sale:					
– Dutch Government	8,434	456	49	8,841	8,492
– Foreign Governments	48,231	1,829	389	49,671	47,856
– Corporate debt securities	51,764	2,077	567	53,274	51,844
– Mortgage-backed securities	31,666	802	427	32,041	32,022
– Other	23,605	462	109	23,958	23,726
Sub-total	163,700	5,626	1,541	167,785	163,940
Shares and convertible debentures[1])	14,167	6,501	1,166	19,502	19,502
Total	**177,867**	**12,127**	**2,707**	**187,287**	**183,442**
December 31, 2000					
Debt securities available-for-sale:					
– Dutch Government	8,802	476	99	9,179	8,858
– Foreign Governments	41,912	1,158	248	42,822	41,266
– Corporate debt securities	49,756	742	799	49,699	49,996
– Mortgage-backed securities	15,052	419	273	15,198	15,464
– Other	20,164	273	183	20,255	20,567
Sub-total	135,686	3,068	1,602	137,153	136,151
Shares and convertible debentures	12,363	10,402	613	22,152	22,152
Total	**148,049**	**13,470**	**2,215**	**159,305**	**158,303**
December 31, 1999					
Debt securities available-for-sale:					
– Dutch Government	13,223	561	231	13,553	13,239
– Foreign Governments	44,713	998	681	45,030	43,902
– Corporate debt securities	23,226	441	736	22,931	22,957
– Mortgage-backed securities	10,456	149	412	10,193	10,773
– Other	15,179	243	176	15,246	15,170
Sub-total	106,797	2,392	2,236	106,953	106,041
Shares and convertible debentures	12,734	17,512	882	29,364	29,364
Total	**119,531**	**19,904**	**3,118**	**136,317**	**135,405**

1) Under U.S. GAAP, cost price and gross unrealized losses are both EUR 685 million lower, as explained in Note 6.1.e on page F-90.

Maturities of debt securities

The amortized cost and estimated fair value of debt securities by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

Amounts are in millions of euros, unless otherwise stated

	2001 Amortized cost	2001 Estimated fair value
– Within one year	16,399	16,540
– After 1 year through 5 years	44,581	46,209
– After 5 years through 10 years	44,654	45,446
– After 10 years	25,528	26,453
– Without maturity	872	1,096
– Mortgage-backed securities	31,666	32,041
Total	**163,700**	**167,785**

Proceeds on sales of investments in debt securities, shares and convertible debentures

During the years ended December 31, 2001, 2000 and 1999 proceeds from sales of debt securities were EUR 167,621 million, EUR 91,938 million and EUR 79,213 million respectively. For the same periods, proceeds from sales of shares and convertible debentures were EUR 7,702 million, EUR 18,467 million and EUR 3,282 million respectively.

Realized gains and losses on sales of debt securities and termination of derivative financial instruments

Under Dutch GAAP, debt securities are stated under Investments at redemption value. The difference between redemption value and the purchase price is included as a provision for yield difference in either Accrued liabilities or Accrued assets. Realized gains and losses on sales of debt securities are calculated as the difference between the proceeds and the redemption values and are also included in the provision for yield difference. The provision for yield differences also includes realized results on the termination of derivative financial instruments. The provision for yield difference is amortized over the estimated average remaining life to maturity of the portfolio.

The changes in the provision for yield difference are as follows:

	2001	2000	1999
Opening balance	1,314	1,530	668
Additions	224	195	1,397
Amortization	122	(441)	(517)
Foreign currency translation adjustments	28	30	(18)
Ending balance	**1,688**	**1,314**	**1,530**

The change in the revaluation reserves to realized and unrealized results on shares and convertible debentures consists of:

	2001	2000	1999
Realized gains and losses	(1,110)	(7,814)	(565)
Unrealized gains and losses	(3,409)	136	2,733
Total	**(4,519)**	**(7,678)**	**2,168**

The portion of trading gains and losses for the year ended December 31, 2001, 2000 and 1999 that relates to trading securities still held at December 31, amounts to EUR 92 million, EUR (10) million EUR 201 million respectively.

7.2. Lending

Loans are stated at their outstanding principal balances. Interest income is accrued on the unpaid principal balance. 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. Domestic banking offices follow the same policy for consumer mortgage and personal loans. For commercial loans combined with an overdraft facility, interest continues to accrue and is charged to that overdraft facility. The collectibility of the overdraft facility is evaluated with the primary loan on a regular basis, and a provision is established as deemed necessary in the judgment of management.

Amounts are in millions of euros, unless otherwise stated

ING Group identifies loans as impaired as those loans for which it is probable that the principal and interest amounts contractually due will not be collected. ING Group evaluates all loans on non-accrual status for potential impairment as well as other loans of which management may have concerns as to the ultimate collectibility.

The following table summarizes ING Group's investments in impaired loans as of December 31. In accordance with SFAS 114, small balance homogeneous loans such as consumer mortgages and loans and small business loans are excluded from the definition of impaired loans presented below.

	2001	2000
Total recorded investment in impaired loans at December 31	7,074	5,860
Amount of impaired loans for which a provision exists	5,602	4,280
Amount of provision related to impaired loans	3,152	2,554
Average recorded investment in impaired loans during the period	6,026	5,465
Interest income on impaired loans recognized in the period	311	261
Interest income on impaired loans recognized on a cash basis	149	137

7.3. Deferred tax assets

The net deferred tax assets amounting to EUR 4,619 million (2000: EUR 5,648 million) includes a provision for doubtful deferred tax assets of EUR 1,261 million.

7.4. Pension liabilities

In the main countries in which ING Group operates, employees' retirement arrangements which cover the majority of employees are provided by defined benefit plans based on average remuneration and length of service. These are generally externally funded, with assets of the plan held separately from those of ING Group in independently administered funds. Some smaller Dutch plans are fully insured with insurance companies of ING Group.

Where a constructive obligation exists by a business to provide benefits as established by a history of such benefits, these have been valued in accordance with International Accounting Standards.

Net periodic pension cost
The aggregate amount of the net periodic pension cost for the defined benefit pension plans computed in accordance with SFAS No. 87 is presented below.

	2001	2000	1999
Service cost	343	284	260
Interest cost	530	427	333
Expected return on assets	(693)	(612)	(485)
Amortization of:			
Transition obligation (asset)	(17)	(17)	(17)
Actuarial (gain) loss	(11)	(31)	(46)
Net employer cost	**152**	**51**	**45**

Amounts are in millions of euros, unless otherwise stated

Projected benefit obligation

A detailed reconciliation of the Projected Benefit Obligation for the defined benefit retirement plans over 2001 and 2000 is presented in the following table:

	2001	2000
Net benefit obligation beginning of year	8,206	6,925
Service cost	343	284
Interest cost	530	427
Plan participants' contributions	2	7
Effect of prior service cost	7	24
Actuarial (gain) loss	153	78
Acquisitions	212	546
Curtailments	(5)	
Settlements		(2)
Gross benefits paid	(277)	(225)
Currency (gain) loss	62	142
Net benefit obligation at end of year	**9,233**	**8,206**

Fair value of plan assets

A detailed reconciliation of the Fair Value of Plan Assets for the defined benefit retirement plans over 2001 and 2000 is presented in the following table:

	2001	2000
Fair value of plan assets at beginning of year	9,015	8,114
Actual return on plan assets	(386)	346
Employer contributions	429	187
Plan participants' contributions	2	7
Acquisitions	4	553
Gross benefits paid	(277)	(225)
Currency (gain) loss	72	33
Fair value of plan assets	**8,859**	**9,015**

Funded status reconciliation

A detailed reconciliation of the funded status at December 31, 2001, 2000 and 1999 including amounts recognized in the ING Group's statement of financial position is presented in the following table:

	2001	2000	1999
Funded status at end of year	374	(809)	(1,190)
Unrecognized net actuarial gain (loss)	(364)	870	1,408
Unrecognized prior service cost	11	19	(3)
Unrecognized net transition (obligation) asset	33	50	67
Net amount recognized at end of year	**54**	**130**	**282**

Amounts are in millions of euros, unless otherwise stated

These amounts recognized in the statement of financial position consist of the following:

	2001	2000	1999
Prepaid benefit cost	(974)	(806)	(482)
Accrued benefit cost	1,028	936	764
Additional minimum liability	3	3	3
Intangible asset			(1)
Accumulated other comprehensive income	(3)	(3)	(2)
Net amount recognized at end of year	**54**	**130**	**282**

A breakdown of the Projected Benefit Obligation (PBO) and Fair Value of the Assets is given below:

	December 31, 2001		December 31, 2000		December 31, 1999	
	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets
PBO	8,153	1,080	7,408	798	6,451	474
Fair Value of Plan Assets	8,576	283	8,750	264	7,852	262

Financial assumptions

The weighted average of principal actuarial assumptions used for valuation purposes, rounded to the nearest 25 basis points, were:

	Dec. 31, 2001	Dec. 31, 2000	Dec. 31, 1999
Discount rate	6.25%	6.25%	5.75%
Salary increase	3.00%	3.00%	2.75%
Cost of living increase	2.25%	2.25%	2.00%

	2001	2000	1999
Expected return on assets	7.75%	7.75%	6.75%

All assumptions except the expected return on assets were weighted by projected benefit obligations. The expected rate of return on assets assumption was weighted by the fair value of assets.

Defined contribution plans

ING Group also operates a number of defined contribution plans covering employees of certain subsidiaries. The assets of all ING Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. The pension costs charged to the profit and loss account represent contributions payable by ING Group to the funds.

7.5 Post-retirement benefits other than pensions

ING Group provides post-retirement health care benefits to a number of retired employees in certain countries, principally the Netherlands and the United States, which are predominantly unfunded.

Valuation of the major Dutch plans assumes medical cost inflation of 2.75% (2000: 2.75%). The discount rate assumed at December 31, 2001 was 7.5% (2000: 6.0%). The valuation of the major US plans assume that medical cost inflation will fall from its current level of 8.0% (2000: 8.5%) over the next few years and reach a constant level of 5.5% (2000: 5.5%) in six years. The weighted average discount rate assumed for the major US plans at December 31, 2001 was 7.5% (2000: 7.75%).

Amounts are in millions of euros, unless otherwise stated

Net periodic benefit cost
The following are the components of net periodic cost for the post-retirement healthcare plans.

	2001			2000			1999		
	Non-U.S plans	U.S. plans	Total	Non-U.S plans	U.S. plans	Total	Non-U.S. plans	U.S. plans	Total
Service cost	13	4	17	13	3	16	9	3	12
Interest cost	23	11	34	16	7	23	13	6	19
Amortization of:									
Transition obligation				1		1			
Prior service costs	2	(3)	(1)		(10)	(10)		(22)	(22)
Actuarial (gain) loss		1	1		1	1		2	2
Net employer cost	**38**	**13**	**51**	**30**	**1**	**31**	**22**	**(11)**	**11**

An increase of 1% in the assumed health care costs for each future year would have resulted in an additional accumulated projected benefit obligation of EUR 62 million at December 31, 2001 (2000: EUR 60 million) and an increase in the charge for the year of EUR 8 million (2000: EUR 8 million). A decrease of 1% in the assumed health care costs for each future year would have resulted in lower accumulated projected benefit obligation of EUR 50 million at December 31, 2001 (2000: EUR 60 million) and a decrease in the charge for the year of EUR 7 million (2000: EUR 7 million).

7.6 Post employment benefits

In the Netherlands ING Group provides post employment income benefits to eligible employees based on employee pensionable remuneration.

Net periodic benefit cost
The aggregate amount of net periodic benefit costs for the post employment benefit plans computed in accordance with SFAS No. 112 principles is presented below:

	2001	2000	1999
Service cost	42	43	43
Interest cost	78	65	56
Expected return on assets	(15)	(11)	(12)
Amortization of:			
Actuarial (gain) loss	4	3	3
Net employer cost	**109**	**100**	**90**

Amounts are in millions of euros, unless otherwise stated

Projected benefit obligation
A detailed reconciliation of the Projected Benefit Obligation for the post employment benefit plans over 2001, 2000 and 1999 is presented in the following table:

	2001	2000	1999
Net benefit obligation beginning of year	1,231	1,182	676
Service cost	42	43	43
Interest cost	78	65	56
Actuarial (gain) loss	133	12	43
Acquisitions	66		
Gross benefits paid	(83)	(71)	(76)
Other (transfer of plan from pension to post employment FAS 112)			440
Net benefit obligation at end of year	**1,467**	**1,231**	**1,182**

Fair value of plan assets
A detailed reconciliation of the Fair Value of Plan Assets for the defined benefit retirement plans over 2001, 2000 and 1999 is presented in the following table:

	2001	2000	1999
Fair value of plan assets at beginning of year	260	240	
Actual return on plan assets	14	42	
Employer contributions	52	49	
Gross benefits paid	(83)	(71)	
Other (transfer of plan from pension to post employment FAS 112)			240
Fair value of plan assets	**243**	**260**	**240**

Funded status reconciliation
A detailed reconciliation of the funded status at December 31, 2001, 2000 and 1999 including amounts recognized in the ING Group's statement of financial position is presented in the following table:

	2001	2000	1999
Funded status at end of year	1,224	971	942
Unrecognized net actuarial gain (loss)		(28)	(45)
Unrecognized net transition (obligation) asset	(157)		
Net amount recognized at end of year	**1,067**	**943**	**897**

These amounts recognized in the statement of financial position consist of the following:

	2001	2000	1999
Accrued benefit cost	(1,067)	(943)	(897)
Net amount recognized at end of year	**(1,067)**	**(943)**	**(897)**

Amounts are in millions of euros, unless otherwise stated

A breakdown of the Projected Benefit Obligation (PBO) and Fair Value of the Assets is given below:

	December 31, 2001		December 31, 2000		December 31, 1999	
	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets
PBO		1,467		1,231		1,182
Fair Value of Plan Assets		243		260		240

Financial assumptions

The weighted average of principal actuarial assumptions used for valuation purposes, rounded to the nearest 25 basis points, were:

	Dec 31, 2001	Dec 31, 2000	Dec 31, 1999
Discount rate	6.00%	6.00%	5.75%
Salary increase	2.75%	2.75%	2.50%
Cost of living increase	2.25%	2.25%	2.00%

	2001	2000	1999
Expected return on assets	6.00%	6.00%	4.75%

Expected return on assets is weighted by the fair value of assets. All other assumptions were weighted by projected benefit obligations.

Amounts are in millions of euros, unless otherwise stated

7.7. Analysis of the non-life liability for unpaid claims and claims adjustment expenses

Activity in the non-life liability for unpaid claims and claims adjustment expenses is as follows:

	2001	2000	1999
Gross opening balance at January 1	5,363	5,021	3,988
Less reinsurance recoverable	277	262	290
Net opening balance at January 1	**5,086**	**4,759**	**3,698**
Changes in composition of Group companies	194	86	484
Adjusted net opening balance at January 1	**5,280**	**4,845**	**4,182**
Add:			
Provision for losses and loss adjustment expenses for claims occurring in the current year, net of reinsurance	3,669	2,697	2,449
Decrease in estimated losses and loss adjustment expenses for claims occurring in prior years, net of reinsurance	(24)	(50)	(20)
Interest accrual of provision for disability losses	36	22	21
Total incurred losses and loss adjustment expenses, net of reinsurance	**3,681**	**2,669**	**2,450**
Deduct loss and loss adjustment expenses payments for claims, net of reinsurance, occurring during the:			
Current year	2,041	1,362	1,287
Prior years	1,369	991	893
Total paid, net of reinsurance	**3,410**	**2,353**	**2,180**
Foreign currency translation adjustments	(8)	34	259
Other changes	349	(109)	48
Net ending balance at December 31	**5,892**	**5,086**	**4,759**
Plus reinsurance recoverable (1)	1,124	277	262
Gross ending balance at December 31	**7,016**	**5,363**	**5,021**

(1) The increase mainly relates to new acquisitions in 2001 (refer 'Change in the composition of the Group - Page F-7).

ING Group had an outstanding balance of EUR 93 million at December 31, 2001 (EUR 86 million at December 31, 2000) relating to environmental and asbestos claims of the insurance operations. In establishing the liability for unpaid claims and claims adjustment expenses related to asbestos – related illness and toxic waste cleanup, the management of ING Group considers facts currently known and the current state of the law and coverage litigation. Liabilities are recognized for IBNR claims and for known claims (including the costs of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and management can reasonably estimate its liability. In addition, liabilities are reviewed and updated continually.

Amounts are in millions of euros, unless otherwise stated

7.8. Debt securities

The debt securities relate to debentures and other issued debt securities with either fixed interest rates or interest rates based on interest-rate levels, such as certificates of deposit and accepted bills issued by ING Group, except for subordinated items. ING Group does not have debt securities that are issued on terms other than those available in the normal course of business. The maturities of the debt securities are as follows:

			2001			2000
	Domestic	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Fixed rate debt securities						
– 1 year or less	5,547	31,157	36,704	4,445	29,130	33,575
– 2 years or less but over 1 year	699	2,115	2,814	1,829	2,477	4,306
– 3 years or less but over 2 years	1,218	4,939	6,157	795	3,416	4,211
– 4 years or less but over 3 years	585	2,942	3,527	1,069	2,624	3,693
– 5 years or less but over 4 years	891	1,295	2,186	635	986	1,621
– over five years	5,651	4,094	9,745	6,468	2,932	9,400
Total fixed rate debt securities	**14,591**	**46,542**	**61,133**	**15,241**	**41,565**	**56,806**
Floating rate debt securities						
– 1 year or less	956	2,161	3,117	729	402	1,131
– 2 years or less but over 1 year	2,553	1,108	3,661	368	812	1,180
– 3 years or less but over 2 years	1,090	431	1,521	1,746	380	2,126
– 4 years or less but over 3 years	62	1,624	1,686	500	1,092	1,592
– 5 years or less but over 4 years	583	935	1,518	72	768	840
– over five years	579	1,193	1,772	569	2,007	2,576
Total floating rate debt securities	**5,823**	**7,452**	**13,275**	**3,984**	**5,461**	**9,445**
Total debt securities	**20,414**	**53,994**	**74,408**	**19,225**	**47,026**	**66,251**

As of December 31, 2001, ING Group had unused lines of credit available for the banking operations, including the payment of commercial paper borrowings presented above as part of the debt securities, totaling EUR 7,614 million (2000: EUR 3,571 million). The commercial paper programs of the insurance operations are presented as part of Other liabilities, in Note 7.9.

Amounts are in millions of euros, unless otherwise stated

7.9. Borrowings

Maturities of borrowings presented as part of Other liabilities are as follows:

	December 31, 2001						
	2002	2003	2004	2005	2006	There after	Total
Subordinated loans of group companies	967	637	619	894	1,472	7,789	12,378
Debenture loans	114	714	651	3,492	2,438	4,061	11,470
Loans taken up	5,297	630	25	125	238	2,110	8,425
Loans from credit institutions	2,849	188	102	1	64	286	3,490
Total	**9,227**	**2,169**	**1,397**	**4,512**	**4,212**	**14,246**	**35,763**

	December 31, 2000						
	2001	2002	2003	2004	2005	There after	Total
Subordinated loans of group companies	257	963	638	659	1,336	5,382	9,235
Debenture loans	122		992	640	2,644	5,888	10,286
Loans taken up	2,581	561	564	22	13	1,205	4,946
Loans from credit institutions	2,677	20	66	122	2	409	3,296
Total	**5,637**	**1,544**	**2,260**	**1,443**	**3,995**	**12,884**	**27,763**

Commercial paper of the insurance operations, with a carrying value of EUR 4,244 million and EUR 3,676 million at December 31, 2001 and 2000, respectively, are included in Other liabilities. Lines of credit of EUR 1,531 million and EUR 2,196 million support various commercial paper programs at December 31, 2001 and 2000, respectively. Commercial paper borrowings of the banking operations are presented as part of the Funds entrusted to and debt securities of the banking operations. See Note 7.8.

Amounts are in millions of euros, unless otherwise stated

Debt issues are as follows:

Type of issue	Interest rate	Maturity date	Balance sheet amount 2001	Balance sheet amount 2000
Group companies' subordinated loans				
	5.13%	2002	226	
	9.13%	2002	179	181
	8.63%	2002	181	179
	6.66%	2002		215
	3.97%	2003	100	
	5.19%	2003	113	
	5.30%	2003		100
	6.45%	2003		108
	7.00%	2003	102	
	9.00%	2003	102	
	9.25%	2003		102
	6.00%	2004	142	144
	5.00%	2005	339	
	6.47%	2005		323
	7.25%	2006	170	161
	6.25%	2006	415	435
	6.63%	2006		102
	7.00%	2006	102	
	6.00%	2007	678	292
	6.00%	2007		444
	5.38%	2008	330	310
	5.13%	2008	113	103
	4.63%	2009	493	492
	7.00%	2010	573	562
	6.50%	2010	720	732
	5.88%	2011	1,231	
	7.25%	2011	159	159
	5.50%	2012	756	
	6.25%	2021	1,250	
	4.14%			172
Debentures loans				
	3.50%	2003	203	
	4.75%	2003	511	512
	5.75%	2003		273
	6.63%	2003		127
	3.50%	2004		186
	3.75%	2004	203	
	7.10%	2004		454
	7.13%	2004	454	
	3.75%	2005	203	197
	5.00%	2005	1,000	
	5.50%	2005	1,500	1,500
	6.25%	2005	113	113
	7.00%	2005	113	172
	7.50%	2005	452	430
	8.50%	2005	565	108
	8.50%	2005	117	
	8.63%	2005		123

Amounts are in millions of euros, unless otherwise stated

Type of issue	Interest rate	Maturity date	Balance sheet amount 2001	Balance sheet amount 2000
	3.00%	2006	271	
	3.50%	2006	203	
	5.50%	2006	339	
	5.50%	2006	226	
	6.00%	2006		375
	7.13%	2006	400	
	8.00%	2006		219
	5.88%	2007	340	340
	6.00%	2007	750	750
	6.00%	2007	452	
	6.50%	2008		201
	5.50%	2009	1,000	1,000
	6.25%	2009	113	113
	6.13%	2011	1,000	1,000
	6.75%	2013		201
	8.20%	2016		131
	8.00%	2017		114
	7.25%	2023		201
	7.63%	2026		467
	8.10%	2027		130
	8.42%	2027	225	
	6.97%	2036		327
Loans from credit institutions				
	5.05%	2004	101	101
	6.11%	2006		174
	6.80%	2008		135
	5.47%	2026	113	
Loans taken up				
	7.00%	2002		538
	6.38%	2003		213
	7.63%	2003	136	
	8.63%	2005	124	
	7.13%	2006		376
	8.00%	2006	226	
	6.50%	2008	226	
	6.04%	2009		264
	6.36%	2009		493
	6.75%	2013	217	
	8.10%	2016	141	
	8.00%	2017	127	
	7.25%	2023	212	
	7.63%	2026	496	
	6.97%	2036	342	
Other issues maturing in 2002			8,641	5,638
Issues less than EUR 100 million maturing beyond 2002			5,434	4,751
Total			**35,763**	**27,763**

Variable interest rate debts outstanding have been classified based on interest rates as at December 31, 2001 and December 31, 2000, respectively.

7.10. Preference shares of group companies

In December 2000, ING Capital Funding Trust III (the “trust III”), a wholly owned company of ING Group in the United States issued 1.5 million 8.439% non-cumulative guaranteed trust preference shares (the “8.439% trust preference shares”), with a liquidation preference of USD 1,000 per share, plus any accrued interest and unpaid dividend. The proceeds from the sale of the trust preference shares were invested in preference shares (“company preference shares”) of ING Capital Funding III LLC (“LLC III”), a limited liability company in the United States and a wholly owned company of ING Group. The LLC has used the proceeds from the sale of its company preference shares to purchase subordinated notes of ING Group.

In June 2000, ING Capital Funding Trust II (the “trust II”), a wholly owned company of ING Group in the United States issued 10 million 9.2% non-cumulative guaranteed trust preference shares (the “9.2% trust preference shares”), with a liquidation preference of USD 25 per share, plus any accrued interest and unpaid dividend. The proceeds from the sale of the trust preference shares were invested in preference shares (“company preference shares”) of ING Capital Funding II LLC (“LLC II”), a limited liability company in the United States and a wholly owned company of ING Group. The LLC has used the proceeds from the sale of its company preference shares to purchase subordinated notes of ING Group.

In June 1999, ING Capital Funding Trust I (the “trust I”), a wholly owned company of ING Group in the United States issued 20 million 7.7% non-cumulative guaranteed trust preference shares (the “trust preference shares”), with a liquidation preference of USD 25 per share, plus any accrued interest and unpaid dividend. The proceeds from the sale of the trust preference shares were invested in preference shares (“company preference shares”) of ING Capital Funding I LLC (“LLC I”), a limited liability company in the United States and a wholly owned company of ING Group. The LLC has used the proceeds from the sale of its company preference shares to purchase subordinated notes of ING Group.

Trust I, II and III may redeem the trust preference shares for cash after June 25, 2004, June 25, 2005 and December 31, 2010 respectively or if certain special events occur. The company preference shares have substantially the same terms as the trust preference shares. ING Group has issued subordinated guarantees for the payment of the redemption price and the liquidation distribution on the trust preference shares and the company preference shares.

7.11. Derivative financial instruments

Derivatives are subject to various risks similar to those related to the underlying financial instruments, including market, credit and liquidity risk. The risks of derivatives should not be viewed in isolation but rather should be considered on an aggregate basis along with risks related to ING Group’s non-derivative trading and other activities. ING Group manages derivative and non-derivative risks on an aggregate basis as part of its firm-wide risk management policies.

Market Risk
Market risk is the potential for changes in the value of derivative financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations in commodity and security prices. Market risk is directly influenced by the volatility and the liquidity in the markets in which the related underlying assets are traded.

Credit Risk
Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. ING Group’s exposure to the credit risk associated with counterparty non-performance is limited to the net positive replacement cost of OTC contracts.

Options written do not give rise to counterparty credit risk since they obligate the Group (not its counterparty) to perform. Exchange traded financial instruments such as futures generally do not give rise to a significant counterparty exposure due to the margin requirements of the individual exchanges. For significant transactions, the Group's credit review process includes an evaluation of the counterparty's creditworthiness, periodic credit standing and obtaining collateral in certain circumstances. ING Group does not require collateral from its highly rated institutional counterparties. ING Group may require collateral from private client counterparties under certain circumstances. Under certain conditions, the credit risk can be reduced by entering into bilateral netting agreements. This kind of agreement gives the right to net off receivables and liabilities in respect of open derivatives contracts. ING Group entered into netting agreements with a significant number of its counterparties.

Liquidity Risk

Liquidity risk is the possibility that ING Group may not be able to rapidly adjust the size of its derivative positions in times of high volatility and financial stress at a reasonable cost. The liquidity of derivative products is correlated to the liquidity of the underlying cash instrument.

Under Dutch GAAP, ING Group accounts for derivatives used for trading activity at market value. Changes in market value are recognized in current period profits through Result from financial transactions.

Derivatives held for purposes other than trading are used generally for two purposes-hedging purposes and to synthetically alter the interest rate characteristics of certain core business assets and liabilities. Interest rate swaps are primarily used to synthetically alter the interest rate characteristics of certain core business assets and liabilities. Interest income and interest expense related to swaps held for purposes other than trading are accrued and the net amount is recognized in current period profits through Interest from banking operations. Unrealized gains and losses are not recognized on the balance sheet. ING Group does not receive or pay fees or commissions related to swap contracts.

ING Group's use of these instruments is modified from time-to-time in response to changing market conditions as well as changes in the mix of the related assets and liabilities. Realized gains and losses upon termination of these swaps are deferred and amortized over a period, which approximates the average remaining life of the portfolio. Amortization is recorded through Interest from banking operations.

Forward and option interest rate contracts held for other than trading purposes are either carried at historical cost or at market value, depending on the carrying value of the related asset or liability. The exchange rate component of forwards is marked to market with changes in market value charged to current period earnings. Premiums paid for purchased options are deferred and recognized as an expense upon maturity of the related contracts. Initial margin requirements of organized exchanges are accounted for as Other assets.

ING Group also uses swaps and forward currency contracts to hedge its exposure to foreign exchange rate risk related to certain foreign currency denominated assets and liabilities. These swaps and forward contracts are carried at market value and are recorded as Other assets or Other liabilities in the accompanying consolidated balance sheet. Changes in market values of these swaps and forwards, hedging the foreign exchange rate risk, are recorded in current period profits in Results from financial transactions. For swaps and forward contracts which are designated as hedges of net investments in subsidiaries with foreign currency exposure, changes in market values are recorded in the revaluation reserve component of shareholders' equity.

Trading activity

ING Group trades derivative financial instruments on behalf of clients and for proprietary positions. Derivative financial instruments used for risk management purposes incorporated into composite trading portfolio's, are also reported as held for trading purposes.

All derivative financial instruments held for trading purposes are reported at fair value and the changes in fair value are recorded as they occur, as part of the Results from financial transactions in Other income.

The Result from securities trading portfolio includes trading results on fixed income and equity securities and the trading results in respect of certain derivative financial instruments such as equity options and futures. The trading results in respect of currency forward contracts, currency options and currency swaps are reported as part of the Result from currency trading portfolio. Other result includes among other, the trading revenue in respect of other derivative financial instruments. Because of their nature, the trading results in respect of interest rate swaps and interest rate futures are reported partially as part of Result from securities trading portfolio and partially as part of Other result.

Hedge of foreign exchange risk of net investments in foreign operations
ING Group policy is to hedge the excess capital of foreign operations in order to minimize the impact of foreign currency movements. The excess capital is defined as the difference between local available capital and local required capital. The local available capital comprises of the net asset value of the foreign operation, intercompany funding and includes adjustments for investments in non-domestic currency denominated assets. As at December 31, 2001 principal excess capital of foreign currency denominated foreign operations comprised of the US Dollar, Canadian Dollar, Korean Wong and the Australian Dollar and between 75% to 85% of the excess capital in these operations was hedged. The foreign exchange revaluation of the net investment in foreign operations and the hedging instruments are reported in equity. The impact of the unhedged exposure is not material to ING Group equity.

Amounts are in millions of euros, unless otherwise stated

The following table reflects the notional amounts and gross fair values of trading derivative financial instruments. All significant intercompany contracts have been excluded. The ending net fair value is included on the consolidated balance sheet under Other assets.

					2001					2000
	Notional amount	Average Positive fair value	Average Negative fair value	Ending Positive fair value	Ending Negative fair value	Notional amount	Average Positive fair value	Average Negative fair value	Ending Positive fair value	Ending Negative fair value
Interest-rate contracts										
OTC										
– swaps	513,537	5,239	4,731	8,282	8,025	423,518	4,716	4,366	5,625	5,142
– forwards	45,436	80	98	74	108	64,540	100	73	71	84
– options										
– purchased	42,097	157		400		34,581	1,479	1	3,191	1
– written	35,034	10	140	5	348	25,151	5	1,292	5	2,471
Listed										
– options										
– purchased	3,020			1		3,811	3		2	
– written	1,756		1			3,007		5		2
– futures	34,157					11,823				
Currency contracts										
OTC										
– swaps	23,433	1,031	742	1,166	930	20,362	1,444	1,036	1,378	1,067
– forwards	300,631	5,044	4,972	5,688	5,374	241,560	3,042	3,126	5,158	5,868
– options										
– purchased	19,842	180		272		12,444	960		2,153	
– written	21,537		197		901	13,477		871		2,075
Listed										
-futures	3,274					727				
Equity contracts										
OTC										
– swaps	2,780	427	44	326	17	1,600	51	48	53	49
– forwards	67	13	12	9	9	61	18	13	18	12
– options purchased	7,393	440	6	464	12	4,408	653	1	577	
– options written	7,232		286	1	347	4,232	1	444		372
Listed:										
– options purchased	5,233	412		431		5,775	644		1,444	
– option written	5,552		485		477	6,658		623		1,911
– futures	144					394				
	1,072,155	**13,033**	**11,714**	**17,119**	**16,548**	**878,129**	**13,116**	**11,899**	**19,675**	**19,054**

End-user activity

ING Group's principal objective in holding or issuing derivatives for purposes other than trading in risk management. The operations of ING Group are subject to a risk of interest rate fluctuations to the extent that there is a difference between the amount of interest-earning assets and the amount of interest-bearing liabilities that mature or reprice in specified periods. The principal objective of ING Group's asset/liability management activities is the management of interest rate risk and liquidity within parameters established by various management committees and approved by the Executive Board.

Amounts are in millions of euros, unless otherwise stated

To achieve its risk management objective, ING Group uses a combination of interest rate instruments, primarily interest rate swaps. When ING Group purchases foreign currency denominated debt or has foreign net investments, it subjects itself to changes in value as exchange rates move. These fluctuations are managed by entering into currency swaps, forwards and options.

The following table reflects the notional principal amounts and fair value of derivative financial instruments used for non-trading. All significant intercompany contracts have been excluded.

	2001			2000		
	Notional amounts	Ending fair value Assets	Ending fair value Liabilities	Notional amounts	Ending fair value Assets	Ending fair value Liabilities
Interest-rate contracts						
OTC						
– swaps	245,048	3,721	3,687	208,153	3,442	3,264
– forwards	6,565	24	18	2,375	23	1
– options:						
– purchased	4,093	132		7,279	26	
– written	1,242		90	1,381		53
Listed						
– futures	1,013			481		
Currency contracts						
OTC						
– swaps	13,510	218	417	12,171	296	629
– forwards	15,011	70	62	21,865	222	129
– options:						
– purchased	42	1		305	16	
– written	45		1	290		16
Equity contracts						
OTC						
– swaps	311	5	20	208	3	6
– options:						
– purchased	1,393	72		3,020	330	
– written	1,388		101	2,192		463
Listed						
– options written				10		8
– futures				5		
Other contracts						
OTC				108		
	289,661	**4,243**	**4,396**	**259,843**	**4,358**	**4,569**

Amounts are in millions of euros, unless otherwise stated

End-user Contracts:

	Notional principal amounts		Percentage of 2001 amount maturing			
	2001	**2000**	**Within 1 year**	**1 to 5 years**	**Thereafter**	**Total**
Interest Rate Contracts	257,961	219,669	42.60%	31.88%	14.57%	89.05%
Currency contracts	28,608	34,631	7.16%	1.46%	1.26%	9.88%
Equity contracts	3,092	5,435	0.78%	0.25%	0.04%	1.07%
Other contracts		108				
Total	**289,661**	**259,843**	**50.54%**	**33.59%**	**15.87%**	**100.00%**

End-user Interest Rate Swaps:

	Notional amounts of contracts maturing as of December 31, 2001			
	Within 1 year	**1 to 5 years**	**Thereafter**	**Total**
Received fixed swaps				
Notional amounts	69,571	35,677	19,728	124,976
Weighted average received rate	4.30%	5.29%	5.48%	4.77%
Weighted average paid rate	3.25%	3.59%	3.45%	3.38%
Pay fixed swaps				
Notional amounts	45,466	51,695	19,214	116,375
Weighted average received rate	3.68%	3.75%	4.28%	3.81%
Weighted average paid rate	4.12%	4.73%	5.75%	4.66%
Other swaps				
Notional amounts	1,420	1,874	403	3,697
Weighted average received rate	3.46%	4.28%	4.24%	3.96%
Weighted average paid rate	2.31%	3.27%	4.18%	3.00%
Total	**116,457**	**89,246**	**39,345**	**245,048**

All rates were those in effect at December 31, 2001. Variable rates are primarily based on LIBOR and may change significantly, affecting future cash flows.

7.12. Business combinations

For acquisitions in 2001 and 2000 refer to note 1.3. “Changes in the composition of the group”.

In 1999, ING Group has increased its interest in BHF-BANK to virtually 100%. As from the fourth quarter of 1999, the results of BHF-BANK have been included in the consolidated financial statements of ING Group.

Under both Dutch and U.S. GAAP, the business combinations of 2001, 2000, 1999 were accounted for under the purchase method of accounting. Under Dutch GAAP, goodwill arising from acquisitions is directly charged to shareholders’ equity in the respective years when the acquisitions take place. Accordingly, goodwill charged to shareholder’s equity under Dutch GAAP amounted to EUR 1,908 in 2001, EUR 11,774 million in 2000 and EUR 1,427 million in 1999. For the purpose of the reconciliation of Dutch to U.S. GAAP, ING Group’s accounting policy is to capitalize and amortize goodwill on a straight-line basis over a period not exceeding 20 years. Pursuant to this policy, goodwill paid on the 2001, 2000 and 1999 acquisitions will be amortized over a period of 5 to 20 years. Goodwill paid for acquisitions after July 1, 2001 is no longer amortized but is tested for impairment. Goodwill capitalized net of impairment for U.S. GAAP purposes in 2001, 2000 and 1999 amounted to EUR 2,018 million, EUR 11,824 million and EUR 1,421 million, respectively. The company recognizes impairment losses in accordance with paragraph 125 of FAS 121.
Gross amount of goodwill recognized under US GAAP amounted to EUR 20,570 million, EUR 18,621

million and EUR 6,826 million for the years 2001, 2000 and 1999 respectively. Accumulated amortization net of impairment under US GAAP amounted to EUR 3,925 million, EUR 2,334 million and EUR 1,502 million for the years 2001, 2000 and 1999 respectively.

7.13. Dividend restrictions

In addition to the restrictions in respect of minimum capital and solvency requirements that are imposed by industry regulators in the countries in which the subsidiaries operate, other limitations exist in certain countries. The most significant restrictions for ING Group are related to the insurance operations located in the United States, which are subject to limitations on the payment of dividends to the parent company imposed by the Insurance Commissioner of the state of domicile. For life, accident and health subsidiaries, dividends are generally limited to the greater of 10% of statutory surplus or the statutory net gain from operations. For the property and casualty subsidiaries, dividends are limited to a specified percentage of the previous year's shareholders' equity or previous year's net investment gains, which varies by state. Dividends paid in excess of these limitations require prior approval of the Insurance Commissioner of the state of domicile.

The management of ING Group does not believe that these limitations will affect the ability of ING Group to pay dividends to its shareholders in the future.

7.14. Minimum capital requirements

In accordance with European Union directives, insurance enterprises organized in European Union member countries are required to maintain minimum solvency margins. Life insurance companies are required to maintain a minimum solvency margin of generally 4% of insurance reserves (1% of separate accounts reserves) plus 0.3% of the amount at risk under insurance policies. The required minimum solvency margin for non-life insurers is the greater of two calculations, one based on premiums and one based on claims. The former is based on at least 16% of gross premiums written for the year, the latter is based on 23% of a three-year average of gross claims. As of December 31, 2001, the solvency margin of the insurance operations of ING Group computed in accordance with these directives amounted to EUR 9,845 million (2000: EUR 7,989 million). These companies held capital and surplus, as of December 31, 2001, of EUR 20,650 million (2000: EUR 19,897 million).

The banking operations of ING Group are regulated by the Dutch Central Bank. The solvency requirements of the banking activities of ING Group depend on the degree of risk involved in the various banking operations. The related assets are assigned a weighting coefficient. The total risk (weighted value of both on- and off-balance sheet items) is divided into actual own funds to obtain a Tier 1 ratio. Internationally, it has been agreed that the "BIS" (Bank for International Settlements) ratio must be at least 8%. As of December 31, 2001, the Tier 1-ratio and BIS-ratio of ING Bank N.V. were 7.03% (2000: 7.22%) and 10.57% (2000: 10.75%), respectively.

Amounts are in millions of euros, unless otherwise stated

7.15. Stock option plan

ING Group has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation". Accordingly, no compensation cost has been recognized for the stock option plan. Had compensation cost for ING Group's stock-based compensation been determined based on the fair value at the grant dates in 2001 consistent with the method of FAS 123, net profit and earnings per share based on US GAAP would have been as follows:

	2001	2000	1999
Net profit after deducting profits on preference shares			
– as reported	2,379	10,904	3,769
– pro forma	2,250	10,775	3,686
Basis earnings per share			
– as reported	1.24	5.72	1.97
– pro forma	1.17	5.65	1.92
Diluted earnings per share			
– as reported	1.22	5.64	1.94
– pro forma	1.16	5.57	1.90

The fair value of options at the date of the grant was estimated for these purposes using the Trinomial Model with the following weighted average assumptions:

	2001	2000	1999
Risk-free interest rate	4.80%	5.17%	4.08%
Expected life (years)	5.0	5.0	7.4
Expected volatility	26.49%	30.85%	25.56%
Expected dividends	2.48%	2.24%	1.88%

Beginning in the year 2000, the Equity compensation plan of ING America Holding Inc provides certain key employees with Restricted American Depository Shares (ADS) Units and Restricted Performance Units to reward individual performance. Restricted American Depository Shares (ADS) are subject to a vesting period of three to five years from the grant date. Restricted Performance units are contingent grants of ING Groep N.V. ADS based upon the achievement of future profit objectives of ING America Holding Inc and are subject to three year vesting period from the date of grant. As of December 31, 2001, a total of 206,070 Restricted ADS units and 438,768 Restricted Performance Units were granted at weighted average grant price of $ 33.02 and $ 39.25 respectively. As at December 31, 2001, 746,684 Restricted ADS Units and 615,242 Restricted Performance Units remained outstanding.

7.16. Restructuring charges

During the fourth quarter of 2001, ING Americas announces that it aims to further integrate ING's US insurance activities with those of Aetna and ReliaStar, in order to build a more customer-focussed organization.

ING Americas recorded a pre-tax charge of EUR 70 million as a result of restructuring. The provision was not used in 2001.

The charge includes mainly employee related costs. Other exist costs are not material.

The employee related costs refers, amongst others, to an estimated reduction of approximately 1,600 positions.

7.17. Impact of the Terrorist Attacks of September 11, 2001

Effective September 2001, the ING Group adopted Emerging Issues Task Force ("EITF") Issue 01-10, "Accounting for the Impact of the Terrorist Attacks of September 11, 2001". Under the consensus, costs related to the terrorist act should be reported as part of income from continuing operations and not as an extraordinary item.

The majority of claims relate to the reinsurance business of ING's US subsidiary ReliaStar, which company was acquired in 2000. These claims relate to losses incurred by companies that were based on the upper floors of the World Trade Center, through reinsurance of carriers that write workers' compensation contracts and personal-accident insurance. Potential estimates of the claims in connection with these reinsurance businesses amount to approximately EUR 600 million before catastrophe cover and before tax, of which approximately EUR 100 million is covered against retrocession contracts. ING Group based the loss estimate upon a review of insured exposures using a variety of assumptions and actuarial techniques, including estimated amounts for unknown and unreported policyholder losses and costs incurred in settling claims. As a result of the uncertainties involved in the estimation process, final claims settlement may vary from present estimates.

Under Dutch GAAP, claims amounting to EUR 350 million has been charged against catastrophe provision. As a result, under Dutch GAAP the net effect on ING Group's profit and loss account for the year 2001 amounted to EUR 155 million before tax and EUR 100 million after tax.

Under US GAAP, provision for future catastrophe is not allowed. Under US GAAP the effect of the September 11 attack on ING Group's profit and loss account for the year 2001 amounts to EUR 321 million after tax.

REPORT OF KPMG ACCOUNTANTS N.V.

The Supervisory Board and Executive Board of ING Bank N.V.

We have audited the consolidated balance sheets of ING Bank N.V. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated profit and loss accounts and consolidated statements of cash flows for each of the three years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We serve as principal audit of ING Bank N.V. In our position we did not audit assets constituting 29% in 2001 and 31% in 2000, and total income constituting 26% in 2001, 27% in 2000 and 26% in 1999 of the consolidated totals of ING Bank N.V. These data were reported on by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to parts not audited by us, is based totally on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ING Bank N.V. and subsidiaries as of December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the Netherlands.

Amsterdam, the Netherlands
February 28, 2002

KPMG Accountants N.V.

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001 TO THE SHAREHOLDERS' MEETING OF BANQUE BRUXELLES LAMBERT N.V./S.A

In accordance with legal and regulatory requirements, we are pleased to report to you on the performance of the audit mandate, which you have entrusted to us.

We have audited the consolidated balance sheets of Bank Brussels Lambert N.V./S.A. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated profit and loss accounts for each of the three years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. We have also examined the Directors' report.

Unqualified audit opinion on the consolidated financial statements

We conducted our audit in accordance with the standards of the "Institut des Reviseurs d'Entreprises/Instituut der Bedrijfsrevisoren" and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, taking into account the legal and regulatory requirements applicable to consolidated financial statements in Belgium.

In accordance with those standards, we considered the group's administrative and accounting organisation, as well as its internal control procedures. We have obtained explanations and information required for our audit. We examined, on a test basis, evidence supporting the amounts in the consolidated financial statements. We have assessed the validity of the accounting principles, the consolidation policies and significant accounting estimates made by the company, as well as the overall presentation of the consolidated financial statements. We believe that those procedures provide a reasonable basis for our opinion.

The consolidated financial statements are prepared in conformity with the in Belgium applicable legal and regulatory requirements.

In our opinion, based on our audits, the consolidated financial statements give a true and fair view of the group's assets, liabilities and consolidated financial position as of December 31, 2001 and 2000 and the consolidated results of the operations for each of the three years in the period ended December 31, 2001, in accordance with its legal and regulatory requirements applicable in Belgium and the information given in the notes to the consolidated financial statements is adequate.

Additional certification

The Directors' report contains the information required by law and is consistent with the consolidated financial statements.

Brussels, March 18, 2002

Ernst & Young Reviseurs d'Entreprises S.C.C. (B 160)

GLOSSARY

Annual life funds
Participants in an annual life fund periodically transfer money to the fund. The sum of the assets of a fund including accrued investment income is divided over the participants who are alive at the end of the duration of the fund.

Associate
An associate is a participating interest in which a significant influence is exercised over the financial and operating policy and which is neither a subsidiary nor a joint venture of the investor.

Basic net profit per ordinary share
The net profit per ordinary share is calculated on the basic of the weighted average number of ordinary shares in issue. The following has been taken into consideration in calculating the weighted average number of ordinary shares in issue:
- own shares held by group companies are deducted from the total number of ordinary shares in issue;
- the computation is based on daily averages;
- in the case of exercised warrants, the day of exercise is taken into consideration.

Certificates of deposit
Short-term negotiable bearer debt instruments issued by banks.

Claim
A demand for payment of a policy benefit because of the occurrence of an insured event, such as the death or disability of the insured or the maturity of an endowment, the incurrence of hospital or medical bills, the destruction or damage of property and related deaths or injuries, defects in, liens on, or challenges to the title to real estate, or the occurence of a surety loss.

Claims ratio
The claims ratio is the claims, including claims handling expenses, expressed as a percentage of net earned premiums.

Climbing loan
Climbing loans are loans not generating cash flows prior to the predetermined maturity date. Each year, the accrued interest is added to the principle amount.

Combined ratio
The sum of the claims ratio and the cost ratio for a non-life insurance company or a reinsurance company. A combined ratio of more than 100% does not necessarily mean that there is a loss on non-life insurance policies, because the result also includes the allocated investment income.

Control
Control is presumed to exist when ING Group has, direct or indirect through group companies, more than one half of the voting power or otherwise exercises effective control.

Concentrations
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 Group's total exposure.

Contingent liabilities
Contingent liabilities are commitments or risks, for which it is more likely than not that no outflow from ING Group of resources embodying economic benefits will occur. The underlying value of these liabilities is not recorded as liabilities in the balance sheet. For these products, the underlying value represents the maximum potential credit risk to which ING Group 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.

Convertible debenture
Convertible debentures are debentures with embedded options issued by corporations. The holder has the right to exchange a convertible debenture for equity in the issuing company at certain times in the future according to a certain exchange ratio. Very often, the conversion is callable. This means that it can be repurchased by the issuer at a certain price at certain times in the future. Once the debentures have been called, the holder can always choose to convert prior to repurchase.

Cost ratio
Underwriting costs expressed as a percentage of premiums written.

Country risk
The risk that a foreign government will not fulfil its obligations or obstructs the remittance of funds by debtors, either for financial reasons (transfer risk) or for other reasons (political risk).

Credit institutions
Credit institutions are all institutions which are subject to banking supervision by public authorities, including mortgage

banks, capital market institutions, multilateral development banks and the International Monetary Fund (IMF).

Deferred tax assets
The amounts of corporation tax recoverable in future periods in respect of:

- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Deferred tax liabilities
The amounts of corporation tax payable in future periods in respect of temporary valuation differences between carrying amounts of assets or 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.

Defined benefit plan
Defined benefit plans are post-employment benefit plans other than defined contribution plans

Defined contribution plan
Post-employment benefit plans under which an enterprise pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depositary receipt
Depositary receipt for ordinary and preference shares, issued by the Trust, in exchange for ordinary and preference shares issued by ING Group.

Derivatives
Derivatives are financial instruments, which include forwards, futures, options and swaps, whose value is based on an underlying asset, index or reference rate.

Diluted net profit per share
Diluted net profit per share data are computed as if the stock options and warrants outstanding at year-end were exercised at the beginning of the period. It is also assumed that ING Group uses the cash thus received for stock options and warrants exercised to buy its own shares against the average market price in the financial year. The net increase in the number of shares resulting from the exercise of warrants and stock options is added to the average number of shares used for the calculation of diluted net profit per share.

Discounted bills
Bills that are sold under deduction of interest giving the owner the right to receive an amount of money on a given date.

Elimination
Elimination is a process by which intercompany transactions are matched with each other and deducted, so that the assets, liabilities, income and expenses are not inflated.

Employee benefits
All forms of consideration given by a company in exchange for service rendered by (former) employees.

Equity method
A method of accounting whereby a participating interest is recorded at its net asset value according to the accounting principles of ING Group.

Equity participation
An investment in the equity of a corporation which is held in order to participate temporarily. The investment does not serve the business of the acquirer and will not be part of the investment portfolio. The acquirer and the equity participation are not organisationally bound.

Fair value
The amount at which an asset or a liability could be traded on a fair basis at the balance sheet date, between knowledgeable, willing parties in arm's-length transactions.

Finance lease
A lease that transfers substantially all the risks and rewards associated with ownership of an asset to the lessee. Title may or may not eventually be transferred.

Financial asset
Any asset that is:

- a contractual right to receive cash or another financial asset from another company;
- a contractual right to exchange financial instruments with another company under conditions that are potentially favourable; or
- an equity instrument of another company.

Financial instruments
Financial instruments are contracts that give rise to both a financial asset for one company and a financial liability or equity instrument for another company.

Financial liability
Any liability that is a contractual obligation:
- to deliver cash or another financial asset to another company; or
- to exchange financial instruments with another company under conditions that are potentially unfavourable.

Forward contracts
Forward contracts are commitments to exchange currencies or to buy or sell other financial instruments at specified future dates.

Future contracts
Future contracts are commitments to exchange currencies or to buy or sell other financial instruments at specified future dates. Exchanges act as intermediaries and require daily cash settlement and collateral deposits.

General provision
A general provision is a liability carried in the balance sheet for 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 amount of the outflow is uncertain. The settlement, which will take place in the future, should be reliably measurable. The settlement can be enforced by law or the event creates valid expectations in other parties that the company will discharge the obligation.

Goodwill
Goodwill is the difference between the cost of the acquisition and the net asset value of a participating interest. The net asset value is calculated according to the fair value of the assets and liabilities of the participating interest at the moment of acquisition.

Gross premiums written
Total premiums (whether or not earned) for insurance contracts written or assumed (including deposits for investment contracts with limited or no life contingencies written) during a specific period, without deduction for premiums ceded.

Group company
Corporations, i.e. public limited liability companies, private limited liability companies, general partnerships or limited partnerships, that form an organisational and economic entity and are controlled by ING Group.

Hedge accounting
Transactions qualify as hedges if they 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.

Impairment
An impairment is a permanent diminution in value, i.e. the recoverable amount is less than the carrying amount of the asset. In such circumstances a write-down of the asset is necessary.

In the money
A call option is said to be in the money if the exercise price is lower than the price of the underlying value; a put option is said to be in the money if the exercise price is higher than the price of the underlying value.

Investment portfolio
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 cover the insurance provisions and to manage interest rate, solvency and liquidity risks.

Irrevocable facility
Irrevocable facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients and commitments made to purchase securities to be issued by governments and private issuers.

Interest-rate arbitrage
Taking advantage of interest-rate differences between separate markets.

Interest-rate rebates
Profit sharing for group life insurance business. A rebate granted to policyholders based on the discounted value of the difference between the interest rate used for calculating the premiums and the expected yield on investment. The profit sharing is granted by means of a premium discount related to the yield on government bonds.

Irrevocable letters of credit
An irrevocable letter of credit concerns an obligation on behalf of a client to, within certain conditions, pay an amount of money under submission of a specific document or to accept a bill of exchange.
An irrevocable letter of credit cannot be cancelled or adjusted by the bank that has granted it during the duration of the agreement unless all those concerned agree.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Monetary assets and liabilities
Monetary assets and liabilities are assets and liabilities whose amounts are fixed in terms of units of currency by contract or otherwise. Examples are cash, short or long-term accounts, notes receivable in cash and notes payable in cash.

Net asset value
The net asset value is used in the equity method of accounting. The initial net asset value of the investment is determined by the fair value of the assets and liabilities of the investee. After the initial valuation of assets and liabilities of the investee at fair value, the assets and liabilities of the investee are valued in accordance with the accounting principles of the investor. The income statement reflects the investor's share in the results of operations of the investee.

Net premiums written
Gross premiums written for a given period less premiums ceded to retrocessionaires during such period.

Notional amounts
Notional amounts represent units of account which, in respect of derivatives, reflect the relationship with the underlying assets. They do not reflect, however, the credit risks assumed by entering into derivative transactions.

Offsetting of financial assets and financial liabilities
Offsetting is done on the basis of a legal right, by contract or otherwise, to settle or otherwise eliminate all or a portion of an amount due to a creditor by applying against that amount an amount due from the creditor. A financial asset and a financial liability should be offset and the net amount reported in the balance sheet when ING:
- intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously; and
- has a legally enforceable right to set off the recognised amounts; and
- the financial asset and the financial liability are identical in nature.

Operating segments
Operating segments are defined as components of an enterprise about which discrete information is available that is evaluated regularly by the chief operating decision maker or decision making group in deciding how to allocate resources and in assessing performance.

Operating lease
A lease other than a finance lease.

Option contracts
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 subject ING Group 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.

Ordinary share
An equity instrument that is subordinate to all other classes of equity instruments. Ordinary shares participate in the net profit for the financial year after other types of shares such as preference shares.

Out of the money
A call option is said to be out of the money if the exercise price is higher than the price of the underlying value; a put option is said to be out of the money if the exercise price is lower than the price of the underlying value.

Over-the-counter instrument
Non-standardised financial instrument not traded on a stock exchange but directly between market participants.

Participating interest
A participating interest exists if a corporation or its subsidiary provides capital or causes capital to be provided for the account of either of them to another corporation in order to be durably linked to that corporation in furtherance of its own activities. An interest is deemed to be a participating interest if 20% or more of the share capital is provided.

Plan assets
Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.
Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting enterprise) that:
- are held by an entity (a fund) that is legally separate from the reporting enterprise and exists solely to pay or fund employee benefits; and
- are available to be used only

to pay or fund employee benefits, are not available to the reporting enterprise's own creditors (even in bankruptcy), and cannot be returned to the reporting enterprise, unless either the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting enterprise or the assets are returned to the reporting enterprise to reimburse it for employee benefits already paid.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party of the reporting enterprise, if the proceeds of the policy:

- can be used only to pay or fund employee benefits under a defined benefit plan; and
- are not available to the reporting enterprise's own creditors (even in bankruptcy) and cannot be paid to the reporting enterprise, unless either the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations or the proceeds are returned to the reporting enterprise to reimburse it for employee benefits already paid.

Post-employment benefit plans
Formal or informal arrangements under which a company provides post-employment benefits for one or more employees. Post-employment benefits are employee benefits other than termination benefits and equity compensation benefits, which are payable after the completion of employment.

Preference share
A preference (or preferred) share is similar to an ordinary share but carries certain preferential rights. These rights usually concern the guarantee of a fixed (cumulative) return to the shareholder or a guaranteed return on the investment.

Premiums earned
That portion of net premiums written in current and past periods which applies to the expired portion of the policy period, calculated by substracting movements in unearned premium reserves from net premiums.

Private loan
Private loans are loans to governments, other public bodies, public utilities, corporations, other institutions or individuals with a loan agreement as the only instrument of title.

Private placement
A placement where newly issued shares or debentures come into possession of a limited group of subscribers who are prepared to buy the new securities.

Projected unit credit method
An actuarial valuation method that considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Promissory notes
A promissory note is a signed and dated document in which the signeratory unconditionally promises to pay a certain sum to a specific person or its order on a certain maturity date, at sight or aftersight in a certain time on a certain place.

Proportional consolidation
A method of accounting and reporting whereby a venturer's share of each of the assets, liabilities and income and expense items of a jointly controlled entity is combined on a line-by-line basis with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.

Provision for loan losses
Provision, presented as a deduction from Lending and Banks, meant to absorb losses from debtors' defaults in the Lending and Banks portfolios.

Recognition
The process of incorporating in the balance sheet or profit and loss account an item that meets the definition of an element and satisfies the following criteria for recognition:

- it is probable that any future economic benefit associated with the item will flow to or from the enterprise; and
- the item has a cost or value that can be measured reliably.

Redemption value
With respect to investments in fixed-interest securities, the amount payable on the maturity date.

Reinsurance
The practice whereby one party, called the reinsurer, in consideration for a premium paid to him, agrees to indemnify another party, called the reinsured or ceding company, for part or all of the liability assumed by the reinsured under a contract or contracts of insurance which

the reinsured has issued. The reinsured may also be referred to as the original or primary insurer, the direct writing company, or the ceding company.

Repurchase transactions
Repurchase transactions are commitments to repurchase securities which have been sold.

Reverse repurchase transactions
Reverse repurchase transactions are commitments to sell securities which have been purchased.

Share premium (reserve)
Paid-in capital in addition to the nominal value and paid-up on issued share capital.

Stock option plan
Option rights granted to a number of senior executives, to all ING Group staff in the Netherlands and to a considerable number of employees outside the Netherlands to purchase ING Group shares.

Subordinated loan
A credit or a liability where, in the event of bankruptcy under the application of the emergency regulations as referred to in the Act on Supervision of the Credit System, or liquidation of the debtor, the outstanding part is not eligible for set-off and is not repayable until all other currently outstanding debts have been repaid.

Subsidiary
A corporation:

- in which, by agreement with other holders of voting rights or otherwise, more than half of the voting rights in a general meeting can be exercised by the company or one of its subsidiaries;
- of which the company or a subsidiary is a member or shareholder and can appoint or dismiss, by agreement with other holders of voting rights or otherwise, alone or together with others more than half of the executive board or the supervisory board.

Surrender
The termination of a life or retirement contract at the request of the policyholder after which the policyholder receives the cash surrender value, if any, on the contract.

Swap contracts
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 principal amount. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party.

Third-party interest
That part of the net results and of net assets of a subsidiary attributable to an interest which is not owned, directly or indirectly, by the parent.

Trading portfolio
The trading portfolio comprises those financial instruments which are held to obtain short-term transaction results, to facilitate transactions on behalf of clients or to hedge other positions in the trading portfolio.

Treasury bills
Generally short-term debt certificates issued by a central government. Dutch Treasury Certificates are regarded as Dutch Treasury bills.

Unweighted credit equivalent
The unweighted credit equivalent is the maximum loss that ING Group would incur on its derivatives transactions if all its counterparties defaulted with a margin added in accordance with internationally accepted criteria.

Warrant
A financial instrument that gives the holder the right to purchase ordinary shares.

Weighted credit equivalent
The weighted credit equivalent is the unweighted credit equivalent 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.

SCHEDULE I – SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES

As of December 31, 2001 - Amounts are in millions of euros

Column A Type of investment	Column B Cost	Column C Fair Value	Column D Amount at which shown in the balance sheet
Debt securities			
Debentures / available-for-sale:			
– Dutch government	4,000	4,042	4,068
– Foreign governments	48,073	49,505	47,696
– Public utilities	2,515	2,552	2,496
– Mortgage-backed securities	31,666	32,040	32,022
– Redeemable preference shares/sinking fund	388	397	382
– All other corporate bonds	66,727	68,306	66,811
Private loans / available-for-sale:			
– Dutch government	4,434	4,798	4,424
– Foreign governments	158	167	160
– Public utilities	440	461	448
– Corporate and other loans	2,533	2,586	2,486
Deposits with credit institutions	1,327	1,328	1,327
Other fixed maturity investments	1,439	1,603	1,620
Shares and convertible debentures			
Ordinary shares			
– Public utilities	325	322	322
– Banks, trusts and insurance companies	3,271	5,913	5,913
– Industrial and all others	8,890	11,649	11,649
Preference shares	1,502	1,436	1,436
Convertible debentures	179	182	182
Mortgage loans	26,885	27,156	26,812
Real estate	6,872	10,541	10,541
Policy loans	3,792	3,793	3,791
Total investments	**215,416**	**228,777**	**224,586**

SCHEDULE III–SUPPLEMENTARY INSURANCE INFORMATION

Amounts are in millions of euros

Column A Segment	Column B Deferred policy acquisition costs	Colum C Future policy benefits, losses, claims, and loss expenses	Column D Un-earned Pre-miums	Column E Other policy and claims benefits payable	Column F Premium revenue	Column G Net invest-ment income (inclu-ding other income and other expenses) allocated to under-writing accounts	Column H Benefits, Claims, Losses and Settlement expenses	Column I Amorti-zation of deferred policy acqui-sition costs	Column J Other opera-ting expenses	Column K Pre-miums written
2001										
Life	11,035	203,677		910	43,157	9,069	44,461	1,444	3,328	43,157
Non-life	320	5,892	3,382	125	5,283	770	3,947	82	1,446	5,289
Total	**11,355**	**209,569**	**3,382**	**1,035**	**48,440**	**9,839**	**48,408**	**1,526**	**4,774**	**48,446**
2000										
Life	10,393	192,413		833	24,006	6,817	25,355	914	1,831	24,006
Non-life	260	5,086	1,582	239	3,867	601	2,886	4	1,140	3,908
Total	**10,653**	**197,499**	**1,582**	**1,072**	**27,873**	**7,418**	**28,241**	**918**	**2,971**	**27,914**
1999										
Life	4,027	100,097		841	18,280	5,522	19,789	655	1,295	18,280
Non-life	247	4,760	1,529	246	3,335	563	2,508	15	1,038	3,357
Total	**4,274**	**104,857**	**1,529**	**1,087**	**21,615**	**6,085**	**22,297**	**670**	**2,333**	**21,637**

SCHEDULE IV–REINSURANCE

Amounts are in millions of euros

Column A	Column B Gross Amount	Column C Ceded to other companies	Column D Assumed from other companies	Column E Net amount	Column F Percentage of amount assumed to net
2001 Premiums:					
– Life	43,045	1,400	1,512	43,157	3.5%
– Non-Life	5,858	614	45	5,289	0.9%
Total Premiums	**48,903**	**2,014**	**1,557**	**48,446**	**3.2%**
2000 Premiums:					
– Life	24,424	1,013	595	24,006	2.5%
– Non-Life	4,066	187	29	3,908	0.7%
Total Premiums	**28,490**	**1,200**	**624**	**27,914**	**2.2%**
1999 Premiums:					
– Life	18,381	622	521	18,280	2.9%
– Non-Life	3,480	153	30	3,357	0.9%
Total Premiums	**21,861**	**775**	**551**	**21,637**	**2.5%**

SCHEDULE VI – SUPPLEMENTAL INFORMATION CONCERNING NON-LIFE INSURANCE OPERATIONS

Amounts are in millions of euros

Column A	Column B	Column C	Column D	Column E	Column F	Column G	Column H		Column I	Column J	Column K
Affiliation with the registrant	Deferred Policy acqui-sition costs	Reserves for unpaid claims & claims adjusted expenses	Discount, if any, deducted in Column C	Unearned premiums	Earned-premiums	Net Invest-ment income (inclu-ding other income and other expenses) allocated to non-life opera-tions	Claims and claims adjustment expenses incurred related to accident years		Amortiza-tion of DPAC(1)	Paid claims & claims adjusted expenses	Pre-miums Written
							Current	Prior			
2001											
Consolidated non-life entities	320	5,892	349	3,382	5,283	770	3,663	18	82	3,669	5,289
2000											
Consolidated non-life entities	259	5,086	239	1,582	3,867	601	2,716	(48)	4	2,574	3,908
1999											
Consolidated non-life entities	247	4,760	243	1,529	3,335	563	2,464	(14)	15	2,231	3,357

(1) DPAC: Deferred policy acquisition costs

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