ANNUAL REPORT ING BANK 2002

CONTENTS

ING BANK

PROFILE ING GROUP

ING BANK IS PART OF ING GROUP

Mission

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

Profile

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

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

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

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

Strategy

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

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

FIVE YEARS KEY FIGURES ING BANK

FIVE YEARS KEY FIGURES ING BANK

amounts in millions of euros

	2002	2001	2000	1999	1998
BALANCE					
Group equity	**15,836**	16,546	16,104	14,010	10,637
Group capital base	**30,244**	28,819	26,393	22,693	18,063
Deposits and funds borrowed (1)	**418,875**	386,087	349,349	303,003	242,975
Loans and advances	**284,638**	255,892	247,440	205,834	157,347
Total assets	**477,111**	443,356	406,393	349,618	280,112
BIS ratio	**10.98%**	10.57%	10.75%	10.38%	10.86%
Tier-1 ratio	**7.31%**	7.03%	7.22%	7.02%	7.14%
RESULTS					
Total income	**11,036**	10,989	11,958	10,469	8,682
Operating expenses	**8,376**	8,282	8,860	7,426	6,880
Value adjustments to receivables	**1,435**	750	400	580	908
Value adjustments to financial fixed assets	**136**				
Additions to the Fund for general banking risks	**140**	140	140	114	109
Result before taxation	**949**	1,817	2,558	2,349	785
Taxation	**272**	426	732	613	245
Result after taxation	**677**	1,391	1,826	1,736	540
Net profit for the period	**638**	1,363	1,781	1,696	493

(1)Including Banks, Funds entrusted and Debt securities

SUPERVISORY BOARD, EXECUTIVE BOARD AND SME ADVISORY COUNCIL

as at 31 December 2002

SUPERVISORY BOARD

Mijndert Ververs, *Chairman*
Lutgart van den Berghe
Luella Gross Goldberg
Paul van der Heijden
Aad Jacobs
Godfried van der Lugt
Paul Baron de Meester
Johan Stekelenburg
Hans Tietmeyer
Jan Timmer
Karel Vuursteen

EXECUTIVE BOARD

Michel Tilmant, *Chairman*
Fred Hubbell
Hessel Lindenbergh
Cees Maas, *Chief Financial Officer*
Alexander Rinnooy Kan

SME ADVISORY COUNCIL

Having its origins in the Dutch small and medium-sized business sector, ING Bank Netherlands enjoys a special relationship with small and medium-sized enterprises (SMEs) and is closely involved in their operations. The SME Advisory Council, which reports to the Executive Board, has been established to support the Bank's activities in this area by identifying needs and providing advice.

As at 31 December 2002, the composition of the Dutch SME Advisory Council was as follows:

Mrs. A.H. van Arenthals-Kramer Freher, *Chairman Nationale Winkelraad (National Retail Industry Council)*
J. de Boer, *Chairman MKB-Nederland (Netherlands Federation of Small and Medium-Sized Enterprises)*
Mrs. T.L. Coster-Vlot, *Chairman Nederlandse Orde van Accountants-Administratieconsulenten (Netherlands Association of Small-Business Advisors and Accounting Consultants)*
M.C. van der Harst, *Chairman of Netherlands Transport and Logistics*
P.H.M. van Hoesel, *Director of EIM (Small Business Research and Consultancy)*
J. ten Hoopen, *Chairman Stichting Maatschappelijk Ondernemen (Foundation Social Entrepreneurship)*
P. Koops, *Chairman of BOVAG (Netherlands Motor Trade Association)*
J.P.J. Lagrand, *Chairman Raad voor het Zelfstandig Ondernemerschap (Council for Private Business Owners)*
A. Molier, *Chairman Koninklijk Verbond van Grafische Ondernemingen (Royal Association of the Printing Industry)*
Mrs. K.M.H. Peijs, *Member of the European Parliament*
P.M. Slagmulder, *Chairman of Nederlands Verbond van de Groothandel (Netherlands Wholesale and International Trade Federation)*
P.S. Tolsma, *Member Executive Board Metaalunie (Netherlands Organisation of Small and Medium-Sized Engineering Enterprises)*

REPORT OF THE SUPERVISORY BOARD

TO THE SHAREHOLDER,

The Supervisory Board hereby presents you the 2002 Annual Report of ING Bank N.V. The Annual Report includes the report of the Executive Board, the Annual Accounts and Other information.

Annual Accounts and dividend

The Annual Accounts have been prepared by the Executive Board and have been discussed by the Supervisory Board. They are presented to you for approval. Approval of the Annual Accounts will serve to ratify the actions of the Executive Board in respect of their management and the members of the Supervisory Board in respect of their supervision during the past financial year.

Adoption of the Annual Accounts also implies that no dividend will be paid out over 2002 in accordance with the proposed profit appropriation.

Meetings

In 2002, the Supervisory Board met on seven occasions. The most important subjects were the Medium Term Plan 2002-2004, the annual results 2001 and the development of the results during 2002.

Supervisory Board Committees

The Audit Committee discussed among other things the annual results and the semi-annual results, reports of the internal auditor, risk management and the developments in international regulations with regard to accounting principles. The Remuneration and Nomination Committee discussed the remuneration system of Executive Board members, the potential of talented managers who will in time qualify for the highest management levels and the way in which future vacancies in the Executive Board, the Supervisory Board and its committees will be filled.

Composition of the Supervisory Board

During the Annual General Meeting of Shareholders of 17 April 2002, the Supervisory Board bade farewell to Mr. Berghuis and to Mr. Kamminga. Mr. Vuursteen was appointed new member. These changes were announced in the previous annual report.

After the Shareholders' Meeting of 15 April 2003 Mr. Ververs and Ms. Van der Berghe will retire as members of the Supervisory Board after having reached the maximum term of twelve years. Mr. Ververs has also reached the age of 70, which is the age at which members of the Supervisory Board retire in principle. Mr. Tietmeyer will also retire after the Shareholders' Meeting of 15 April 2003, as he will reach the maximum age limit of 72.

These Supervisory Board members have been of exceptional meaning, each from their own background, experience and expertise. This calls for a special word of thanks for the way in which they have exerted their talents to the benefit of ING.

Mr. Claus Hoffmann and Mr. Wim Kok are proposed for appointment in the Supervisory Board. Mr. Hoffmann has been CFO of Robert Bosch and has gained extensive expertise in German and European markets, which is of great interest to ING as well. He will also be appointed member of the Audit Committee.

Mr. Kok has been proposed for appointment because of his expertise and vision regarding global economic, social and political issues which he gained while serving as Minister of Finance and Prime Minister of the Netherlands and in several previous positions.

Composition of the Executive Board

The composition of the Executive Board did not change in 2002. As per 1 July 2003, Mr. Lindenbergh will retire as member of the Executive Board, as he has reached the pension-entitlements age of 60. After 20 years, ING bids farewell to an upright and professional banker in heart and soul. His contribution to the development of ING has been significant, for which we would like to thank him sincerely.

AMSTERDAM, 10 MARCH 2003

THE SUPERVISORY BOARD

REPORT OF THE EXECUTIVE BOARD

General

ING Bank N.V., together with ING Verzekeringen N.V., is part of ING Groep N.V. The Annual Report of ING Group pays ample attention to its banking and insurance operations. ING Bank accounts for the major part of the banking operations.

Main developments

Progress in global branding

The establishment of ING as a global brand continued with all wholesale operations adopting the ING brand and now effectively showing one face to the market. BHF-Bank in Germany decided to change its brand name to ING BHF-Bank.

Repositioning of Dutch business units

ING Group announced its intention to intensify the co-operation between Dutch business units by forming an integrated, customer-focused organisation comprising of four divisions: Retail, Wholesale, Intermediary and Operations/IT. This repositioning will foster closer co-operation in marketing and distribution, while back-offices, IT and operations will be further centralised in shared service centres.

Custody alliance with Bank of New York

ING Bank and Bank of New York (BNY) have created a European commercial alliance for sales, marketing and servicing of global custody and related services to institutional clients in Germany, the Benelux and Central and Eastern Europe. The new partnership will provide global custody services to the global assets of ING Investment Management's Benelux operations, encompassing approximately EUR 90 billion. ING Bank will provide sub-custody services to BNY in the Netherlands, Germany and Central and Eastern Europe complementing the long-standing sub-custody relationship between BNY and BBL. Several weeks prior to the agreement on the alliance, ING Bank and BNY announced a global arrangement to outsource ING Bank's international cash equities clearing and settlement operations in London, New York, Hong Kong and Singapore to BNY.

Further restructuring of international wholesale banking

In November 2002, ING Bank announced the further restructuring of its international wholesale banking operations to improve profitability. The additional restructuring measures primarily address underperforming branches and businesses. To cover the expenses of these measures, a restructuring provision of EUR 128 million was charged to the profit and loss account in the third quarter 2002. The related workforce reduction by 1,000 full-time equivalents has been largely completed.

Strong growth of ING Direct

ING Direct (including DiBa) continued to grow strongly in 2002: it added 2.5 million new clients ending the year with more than five million clients. Funds entrusted increased by EUR 31 billion to EUR 55 billion. The combined operations of ING Direct in seven countries reached profitability in the fourth quarter of 2002, a year earlier than expected. ING Direct in Canada, Australia and the US reported a profit for the full year.

In February 2002, ING Bank increased its shareholding in Germany's first and leading direct bank DiBa to 70% and has an option to acquire the remaining 30%. DiBa acquired Degussa Bank in July for EUR 110 million adding 60,000 clients and EUR 2.4 billion in retail balances. In February 2003, ING Bank announced the acquisition of Entrium, Germany's second largest direct bank with 965,000 clients and total assets of EUR 7.1 billion. The acquisition of Entrium is valued at EUR 300 million. The transaction is expected to close in spring 2003.

ING Bank enlarges its interest in ING Vysya Bank to 44%

In September 2002, ING Bank finalised the purchase of an additional 24% stake in ING Vysya Bank Ltd. in India for approximately EUR 73 million, increasing its interest to 44%. The transaction marks the largest foreign direct investment by an international financial institution in an Indian Bank under the newly increased 49% cap on foreign direct investment in Indian banks. The acquisition of a larger stake in ING Vysya Bank demonstrates ING's intention to develop a robust bancassurance strategy in India.

ING Lease completes acquisition of Toplease

In April 2002, ING Bank completed the acquisition of Toplease. Toplease specialises in full car-lease services. The company ranks fifth in the Dutch car-lease market with a fleet of 40,000 passenger cars and is also active in Belgium. In 2002 Toplease was merged with ING Car Lease, a full subsidiary of ING Lease.

Results

Net profit and result before taxation

The net profit dropped by 53.2% to EUR 638 million. The result before taxation in 2002 amounted to EUR 949 million, EUR 868 million (- 47.8%) lower than a year ago. The decrease is entirely caused by substantially higher risk costs (loan loss provisioning increased by EUR 685 million to EUR 1,435 million) and negative value adjustments to financial fixed assets of EUR 136 million. Included in the result are the exceptional profit of EUR 94 million on the sale of Cedel shares and the creation of a EUR 128 million provision for the restructuring of the international wholesale banking activities outside the Benelux. Despite the restructuring provision, the gross result decreased only marginally by EUR 47 million (- 1.7%). Total income rose by EUR 47 million (+ 0.4%). Interest results increased strongly but the other income components suffered severely from the disappointing market circumstances. Operating expenses were EUR 94 million (+ 1.1%) higher due to the further expansion of ING Direct (including the consolidation of DiBa), the restructuring provision and the increased investments in synergy projects. Although most banking units were affected by the deterioration of economic conditions, both Postbank and ING Direct reported strongly improved results before taxation.

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

Interest

The Interest result increased substantially by EUR 1,542 million (+ 26.0%) to EUR 7,478 million reflecting a higher average balance-sheet total and an improvement of the interest margin in 2002 to 1.59% from 1.36% a year ago. The widening of the interest margin can be attributed to improved product margins, a steepening of the average yield curve and strong growth in retail savings.

Bank lending (loans and advances) increased by EUR 28.7 billion to EUR 284.6 billion (+ 11.2%). To an amount of EUR 7.3 billion the increase relates to the consolidation of DiBa, Toplease and ING Vysya Bank. Bank lending grew particularly in reverse repos and (residential) mortgages.
Funds entrusted rose by EUR 43.2 billion (+ 21.2%) to EUR 247.1 billion. The increase was largely caused by the strong growth of ING Direct.

Income from securities and participating interests

Despite the exceptional profit of EUR 94 million on the sale of Cedel shares, income from securities and participating interests dropped by EUR 360 million (- 64.6%) to EUR 197 million. This strong decrease is mainly attributable to ING BHF-Bank and the international wholesale banking units. In 2001, this item included a EUR 40 million profit on the sale of the US investment banking activities and relatively high results on participating interests.

COMMISSION INCOME
amounts in millions of euros

	2002	2001	% CHANGE
Funds transfer	**592**	526	+ 12.5
Securities	**731**	884	- 17.3
Insurance broking	**117**	89	+ 31.5
Management fees	**688**	751	- 8.4
Brokerage and advisory fees	**197**	203	- 3.0
Other	**290**	312	- 7.1
Total	**2,615**	2,765	- 5.4

RESULTS FROM FINANCIAL TRANSACTIONS

amounts in millions of euros

	2002	2001	% CHANGE
Results from securities trading portfolio	**201**	617	-67.4
Results from currency trading portfolio	**242**	464	-47.8
Other	**11**	-1	
Total	**454**	1,080	-58.0

Commission income

Commission decreased by EUR 150 million to EUR 2,615 million (- 5.4%). Securities commission decreased by EUR 153 million (- 17.3%) following the sharp fall of the stock markets and the reluctance of (private) clients to invest in securities. These factors also led to a decline in management fees (- 8.4%) and brokerage and advisory fees (- 3.0%). Funds transfer commission showed strong growth (+12.5%), among others at Postbank. The 31.5% increase in insurance broking commission wholly reflects increased sales at BBL.

Results from financial transactions

The Results from financial transactions decreased by EUR 626 million to EUR 454 million. The ongoing fall in equity prices impacted the result from securities trading negatively by EUR 416 million (- 67.4%). The decrease mainly reflects lower trading results at BBL, international wholesale banking and the former ING Furman Selz Asset Management (revaluation of seed capital investments). The result from currency trading decreased by EUR 222 million (- 47.8%), especially in the Americas and Central Europe. The other result from financial transactions (including results from derivatives trading) improved from a loss of EUR 1 million in 2001 to a profit of EUR 11 million this year.

Other revenue

Compared to 2001, Other revenue fell by EUR 359 million (- 55.1%) to EUR 292 million. The decrease is due, among others, to one-off losses relating to operational problems in car leasing and securities brokerage at ING Bank. Furthermore, notably BBL, international wholesale banking and Postbank reported lower Other revenue compared to the high level in 2001.

Operating expenses

Total operating expenses increased by EUR 94 million to EUR 8,376 million (+ 1.1%). Expenses were pushed up by the EUR 128 million restructuring provision for international wholesale banking. If currency exchange rate fluctuations, the consolidation of DiBa, Toplease and ING Vysya Bank and the restructuring provision are excluded, operating expenses decreased in fact by EUR 137 million (- 1.7%). Also excluding the further expansion of ING Direct (which saw operating expenses excluding DiBa rise by EUR 106 million) and the increased investments in a number of synergy projects (+ EUR 138 million), the decrease was even 4.9%. This decrease reflects the sale of the US investment banking activities in April 2001 on the one hand and stringent cost control and lower bonus accruals in 2002 on the other hand.

Despite the impact of the collective labour agreement and higher pension costs, mainly in the Netherlands, total personnel expenses decreased by EUR 281 million to EUR 4,787 million (- 5.5%), reflecting lower bonus accruals and a change in the staff composition (fewer staff in investment banking, more in ING Direct and newly acquired ING Vysya Bank). Other administrative expenses were EUR 413 million (+ 14.9%) higher, mainly due to ING Direct, the consolidation of DiBa, Toplease and ING Vysya Bank and the restructuring provision. Depreciation decreased by EUR 38 million to EUR 411 million.

The efficiency ratio (total operating expenses as a percentage of total income) deteriorated from 75.4% in 2001 to 75.9% in 2002. Excluding the restructuring provision for international wholesale banking, the efficiency ratio in 2002 was 74.7%.

Loan loss provision

The Value adjustments to receivables increased by EUR 685 million (+ 91.3%) to EUR 1,435 million, corresponding with 59 basis points of average credit risk weighted assets against 33 basis points in 2001. The continued weak economic conditions combined with the bankruptcy of National Century Financial Enterprises (NCFE) in the US required in the fourth quarter 2002 an addition of EUR 510 million. In the first nine months of 2002 an amount of EUR 925 million was added.

Outlook for 2003

In view of the current economic and political uncertainties, the Executive Board will not make a forecast for the 2003 result. The Executive Board remains convinced that ING Bank has a solid base in core markets, will continue to exploit its many synergy opportunities successfully and is adequately responding to today's difficult market conditions.

Staff

Number of staff continued to increase

The average number of staff (full-time equivalents) increased by 418 to 61,189 in 2002. In the Netherlands, the average number of staff decreased by 835 to 22,639, while the average number of staff outside the Netherlands rose by 1,253 to 38,550. Excluding the consolidation of DiBa, Toplease and ING Vysya Bank, total average headcount decreased by approximately 1,900 full-time equivalents in 2002.

Risk management

Balancing risk, return and capital

Because of the size of ING Bank, its wide diversity of activities, types of clients and geographic regions, ING Bank has comprehensive risk management procedures on all levels. This chapter discusses the RAROC model and the principal risks that are monitored: credit risk, market risk, liquidity risk, operational risk and the capital position.

Risk Adjusted Return on Capital (RAROC)

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

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

Credit risk

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

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

RISK CLASSES IN % OF TOTAL OUTSTANDINGS

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

Based on retail and wholesale lending activities

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

DEBTOR PROVISIONING The credit portfolio is under constant review. A formal analysis takes place on a quarterly basis to determine the provisions for possible bad debts, using a bottom-up approach. ING Bank is of the opinion that its loan loss provisions as of 31 December 2002 are adequate to absorb losses from lending and counterparty activities. The table below shows the regional specification of the addition to the provision for loan losses.
The weak economic conditions in the US and Germany combined with the financial crisis in Argentina and the bankruptcy of National Century Financial Enterprises (NCFE) in the US are the primary causes of the significant increase in the provisions in 2002.

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

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

ADDITIONS TO THE PROVISION FOR LOAN LOSSES (BASED ON RISK COUNTRY)
amounts in millions of euros

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

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

LARGEST ECONOMIC EXPOSURES BY COUNTRY > EUR 10 BILLION

amounts in billions of euros

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

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

COUNTRY RISK PROVISIONING The country risk provision methodology is linked to the definitions with respect to determining where the country risk occurs. Some countries with perceptually high risk, but which are not in default, require no mandatory provisions for transfer risk. Instead of provisions, additional capital is allocated to transactions that incur country risk, the amount of which is related to the risk of the country as well as the risk of the transaction itself. For countries that are near default or have recently defaulted, adequate provisioning remains a requirement. The Dutch Central Bank monitors ING's policy with respect to capital allocation and provisioning for country risk. For Poland an additional provision for local and foreign currency loans of EUR 99 million was taken in 2002. The total provision on local and foreign currency loans in Poland is EUR 458 million. Total exposure on local and foreign currency denominated loans in Poland is EUR 16.9 billion.

Market risk

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

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

LARGEST CROSS-BORDER LENDING EXPOSURES IN EMERGING MARKETS > EUR 750 MILLION

amounts in millions of euros

	GROSS TRANSFER EXPOSURE		PROVISIONS ON FOREIGN CURRENCY LOANS		COUNTRY CAPITAL ADD-ON	
	2002	2001	**2002**	2001	**2002**	2001
South Korea	**1,942**	1,537	**5**	14		
Hong Kong	**1,917**	1,912	**33**	37		
Poland	**1,832**	2,658	**65**	46		
Brazil	**1,024**	1,371	**10**		**64**	79
China	**784**	644	**23**	38		
Mexico	**759**	1,202	**2**	5		

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

VALUE-AT-RISK BY CATEGORY
amounts in millions of euros

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

Liquidity risk

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

Operational risk

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

Capital position

The BIS ratio of ING Bank N.V. was 10.98% at the end of December 2002 (year-end 2001: 10.57%). The tier-1 ratio was 7.31% against 7.03% at year-end 2001. Especially in the fourth quarter 2002 both ratios improved considerably helped by the issue of USD 600 million additional tier-1 securities and a EUR 3.7 billion securitisation programme. Total risk weighted assets amounted to EUR 247.3 billion at year-end 2002 (2001: EUR 243.2 billion).

Gratitude

The Executive Board's thanks go out to all our clients who entrusted their business to us and to our employees who worked very hard in a difficult year.

AMSTERDAM, 10 MARCH 2003
THE EXECUTIVE BOARD
MICHEL TILMANT, CHAIRMAN
FRED HUBBELL
HESSEL LINDENBERGH
CEES MAAS, CHIEF FINANCIAL OFFICER
ALEXANDER RINNOOY KAN

ANNUAL ACCOUNTS 2002

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

before profit appropriation, amounts in millions of euros

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

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

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

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

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

amounts in millions of euros

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

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

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

amounts in millions of euros

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

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

amounts in millions of euros

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

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

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

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

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

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

amounts in millions of euros

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

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

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

INTRODUCTION

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

CONSOLIDATION PRINCIPLES

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

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

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

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

CHANGES IN THE COMPOSITION OF THE GROUP

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

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

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

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

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

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

PRINCIPLES OF VALUATION AND DETERMINATION OF RESULTS

GENERAL PRINCIPLES

Recognition

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

Valuation

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

Use of estimates

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

Foreign currencies

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

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

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

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

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

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

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

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

Geographical analyses

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

Derivatives

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

Hedge accounting

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

Impairments

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

Receivables

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

Investment and trading portfolios

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

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

Repurchase transactions and reverse repurchase transactions

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

Securities borrowing and lending

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

Leases

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

SPECIFIC PRINCIPLES

Acquisition and disposal of group companies and goodwill

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

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

Short-dated government paper and interest-bearing securities

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

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

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

Banks and Loans and advances

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

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

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

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

Receivables are written off and charged against the provision for loan losses when all the necessary legal procedures have been completed and the amount of the loss is finally determined.

Receivables included in *Loans and advances* that are part of the trading portfolio are stated at the fair value. Changes in the fair value, both realised and unrealised, on these receivables are included in the profit and loss account.

Shares

Shares are stated at the fair value as at balance sheet date, which generally means quoted prices. Changes in the carrying amount resulting from revaluations, on the securities in the trading portfolio are included in the profit and loss account.

In the case of investment portfolio shares, changes in the carrying amount resulting from revaluations are credited or debited to *Shareholders' equity* allowing for taxation where necessary. Dividends received and the difference between the sale proceeds and cost on disposal of investment portfolio shares, are taken to the profit and loss account.

Equity participations are stated at the lower of cost and fair value. Unrealised losses and results on disposal of equity participations are included in the profit and loss account.

Participating interests in group companies

Movements in balance sheet values due to movements in the revaluation reserves of the participating interests are reflected in the Revaluation reserve*,* which forms part of *Shareholders' equity*. Movements in balance sheet values due to the results of these Participating interests in group companies, accounted for in accordance with ING Bank accounting principles, are included in the profit and loss account. In case of a permanent diminution in value (impairment) the movement is included in the profit and loss account as *Value adjustments to financial fixed assets*. Other movements in the balance sheet value of these Participating interests in group companies, other than those due to movements in share capital are included in Other reserves, which forms part of *Shareholders' equity*.

The Reserve for participating interests is carried at an amount equal to the share in the results of Participating interests in group companies since their first inclusion at net asset value less the amount of profit distributions to which rights have accrued in the interim. Profit distributions which can be repatriated to the Netherlands without restriction are likewise deducted from the Reserve for participating interests, which forms part of *Shareholders' equity*.

Other participating interests

INVESTMENTS IN ASSOCIATES Participating interests in which a significant influence is exercised over the financial and operating policy are stated at net asset value. ING Bank's share in the results of these investments in associates is recognised in the profit and loss account.

INVESTMENTS IN NON-ASSOCIATES Investments in non-associates are stated at fair value. Each year, the net asset value of the investment is determined, which approximates the fair value. Dividends received are credited to the profit and loss account. Changes due to revaluation are credited or debited to *Shareholders' equity*. In case of a permanent diminution in value (impairment) the movement is included in the profit and loss account as *Value adjustments to financial fixed assets*. On disposal of Investments in non-associates, the difference between the sale proceeds and cost is included in the profit and loss account.

Property and equipment

PROPERTY IN USE BY THE BANK. Property in use by the Bank is stated at fair value as at balance sheet date. Changes in the carrying amount, resulting from revaluations are credited or debited to *Shareholders' equity,* allowing for taxation where necessary. External valuations are made by rotation in such a way as to ensure that all properties are appraised at least once every five years. Value-enhancing investments in properties made since the last valuation are capitalised at the cost of the investment until the next valuation. The buildings are depreciated on a straight-line basis over an estimated economic life of at most 50 years. The installations and banking facilities are depreciated on a straight-line basis over ten years. In determining depreciation, no allowance is made for residual value. Land is not depreciated.

PROPERTY NOT IN USE BY THE BANK. Buildings let as a long-term investment and bank premises no longer in use are stated at the fair value as at balance sheet date. Changes in the carrying amount resulting from revaluations are credited or debited to *Shareholders' equity*, allowing for taxation where necessary. On disposal of these investments, the difference between the sale proceeds and cost is recognised in the profit and loss account. Buildings are depreciated on a straight-line basis over a maximum of 50 years, no allowance is made for residual value.

Properties under construction are stated at direct purchase and construction cost incurred up to the balance sheet date plus interest during construction and the group's own development and supervision expenses, where necessary less any diminution in value on completion. The difference between the net proceeds and cost of property under construction and any downward diminution in value are reflected in the profit and loss account. Infrastructure projects and properties let on a lease basis are valued at cost including interest and own development costs less investment grants, or at fair value if lower; depreciation is charged over the term of the contracts concerned on the basis of the value thus obtained. Properties not let on a lease basis and vacant properties are stated at estimated value on private sale and are depreciated at 2% per annum.

EQUIPMENT AND OTHER OPERATING ASSETS Equipment and other operating assets are stated at cost less accumulated depreciation. The cost of these assets is depreciated on a straight-line basis over their estimated useful lives, which are as follows; data processing equipment 2 to 5 years and other movable fixed assets 4 to 10 years. Expenditures for maintenance and repair are charged to the profit and loss account as incurred. Expenditure incurred on major improvements is capitalised and depreciated. On disposal of these assets, the difference between the proceeds on disposal and net book value is recognised in the profit and loss account.

Funds entrusted

The savings accounts included in *Funds entrusted* are stated including interest payable insofar as it is contractually agreed that this will be added to the savings accounts. Liabilities that are not included in the trading portfolio are stated at face value. Liabilities that are part of the trading portfolio are stated at the fair value. Changes in the fair value, both realised and unrealised, on these liabilities are included in the profit and loss account.

Other liabilities

Liabilities that are part of the trading portfolio are stated at fair value, which generally means quoted prices. Changes in the fair value, both realised and unrealised, on these liabilities are included in the profit and loss account.

General provisions

GENERAL A general provision involves a present obligation arising from past events, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits, whereas the timing or the amount is uncertain. Unless stated otherwise below, general provisions are discounted using a pre-tax discount rate to reflect the time value of money.

DEFERRED TAX LIABILITIES Deferred corporate tax is stated at face value and is calculated for temporary valuation differences between carrying amounts of assets and liabilities in the balance sheet and tax base, based on tax rates that are expected to apply in the period when the assets are realised or the liabilities are settled.
Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. A deferred tax asset is recognised for the carryforward of unused tax losses to the extent that it is probable that future taxable profits will be available for compensation.

PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES Provisions for pension liabilities and other staff-related liabilities are calculated using the projected unit credit method of actuarial cost allocation. In accordance with this method, the discounted value of the pension liabilities and other staff-related liabilities is determined on the basis of the active period of service up to the balance sheet date, the projected salary at the expected retirement date and the market yields at the balance sheet date on high quality corporate bonds. In order to distribute expenses for pensions and other staff-related liabilities evenly over the years, these expenses are calculated using the expected rate of return on plan assets. Differences between this expected return and the actual return on these plan assets and actuarial changes are not recognised in the profit and loss account, unless the accumulated differences and changes exceeds 10% of the greater of the defined benefit obligation and the fair value of the plan assets. The excess is amortised and charged to the profit and loss account over employees remaining working lives.

The rates used for salary developments, interest discount factors and other pension adjustments reflect specific country conditions.

WEIGHTED AVERAGES OF BASIC ACTUARIAL ASSUMPTIONS IN ANNUAL % AS AT 31 DECEMBER

	2002	2001	2000
Discount rates	**5.75**	6.00	6.00
Expected rates of salary increases (excluding promotional increase)	**2.75**	2.75	2.75
Medical cost trend rates	**3.25**	2.75	2.25
Consumer price inflation	**2.00**	2.25	2.25

The expected rate of return for 2002 on plan assets was 7.00% (2001: 7.50%; 2000: 7.50%).

The expected rate of return on plan assets was weighted by the fair value of these assets. All other assumptions were weighted by defined benefit obligations.

Fund for general banking risks

The *Fund for general banking risks* serves to hedge the general risk inherent in the banking operations. Amounts added to or withdrawn from the Fund for general banking risks are recognised separately as such in the profit and loss account. Apart from characteristics of a provision, the Fund for general banking risks bears the nature of group equity and is recognised net of deferred tax claims. In accordance with the rules of the Dutch Central Bank, the *Fund for general banking risks* is regarded as Tier-1 capital.

Contingent liabilities

Contingent liabilities are commitments or risks of which it is more likely than not that no outflow from ING Bank of resources embodying economic benefits will occur. The underlying value of these commitments or risks is not recorded as a liability in the balance sheet.

Revenue recognition

INTEREST INCOME Interest income is recognised in the profit and loss account for all interest bearing instruments on an accrued basis. Interest income includes coupons earned on fixed income investment and trading securities and amortisation of accrued discounts and premiums and yield differences.

COMMISSION Fees and commissions from banking and asset management services are recognised in the profit and loss account over the period in which the related services are performed. Fees and commissions with the nature of interest are deferred and amortised on a time proportionate basis that takes into account the effective yield on the related asset and are recognised under interest income.

Taxation

Taxation is calculated on the result before taxation shown in the annual accounts, taking into account tax-allowable deductions, charges and exemptions.

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED STATEMENT OF CASH FLOWS OF ING BANK

The cash flow statement has been drawn up in accordance with the indirect method, distinguishing between cash flows from operating, investing and financing activities.

Cash flows in foreign currencies are translated at the average exchange rates for the year. Where the balance of items in the cash flow statement does not correspond to the movements in the relevant balance sheet items, this is mainly due to differences on translation.

In the net cash flow from operating activities, the result before taxation is adjusted for those items in the profit and loss account and movements in balance sheet items which do not result in actual cash flows during the year. The net cash flow shown in respect of *Loans and advances* only relates to transactions involving actual payments or receipts. The *Value adjustments to receivables* which is deducted from the item *Loans and advances* in the balance sheet has been adjusted accordingly for the result before taxation and is shown separately in the cash flow statement.
The *Value adjustments to financial fixed assets* which is deducted from the items *Shares* and *Other participating interests* is also shown separately in the net cash flow statement.

The investments in and disposals of participating interests have been included in the cash flow from investing activities at cost/sales price, insofar as payment was made in cash. The cash-assets of the consolidated participating interests concerned have been eliminated from the cost/sales price. The cash-assets of the consolidated participating interests that were transferred from ING Group to ING Bank as a payment of share premium are included in Cash-assets from acquisitions.

Cash dividends are included in the cash flow from financing activities.

Included in *Cash* are those assets which can be converted into cash without restriction and without material risk of diminution in value as a result of the transaction. The difference between the net cash flow in accordance with the cash flow statement and the movement in *Cash* in the balance sheet is due to exchange differences and is separately accounted for as part of the reconciliation of the net cash flow and the balance sheet movement in cash.

NOTES TO THE CONSOLIDATED AND COMPANY BALANCE SHEET OF ING BANK

amounts in millions of euros, unless stated otherwise

ASSETS

1 CASH

Cash includes till money at Dutch post offices and deposits with central banks in countries where the bank has a presence and which are available on demand. Cash and balances with central banks amount to EUR 7,591 million (2001: EUR 6,846 million) consolidated and EUR 5,132 million (2001: EUR 4,980 million) for the company.

2 SHORT-DATED GOVERNMENT PAPER

Short-dated government paper includes international government paper amounting to EUR 8,056 million (2001: EUR 4,653 million) consolidated and EUR 5,350 million (2001: EUR 3,157 million) for the company.

The cost and fair value of the *Short-dated government paper* as at balance sheet date are virtually the same, both consolidated and for the company (year-end 2001 also virtually the same).

3 BANKS

Banks includes receivables from banks, other than in the form of interest-bearing securities.

BANKS

	NETHER-LANDS	INTER-NATIONAL	TOTAL 2002	NETHER-LANDS	INTER-NATIONAL	TOTAL 2001
Loans and advances to banks	**5,919**	**16,780**	**22,699**	7,416	15,574	22,990
Cash advances, overdrafts and other balances due on demand	**1,668**	**21,362**	**23,030**	2,566	28,569	31,135
	7,587	**38,142**	**45,729**	9,982	44,143	54,125
Provision for loan losses			**-47**			-43
			45,682			54,082

Banks includes receivables with regard to securities, which have been acquired in reverse sale and repurchase transactions amounting to EUR 13,942 million (2001: EUR 13,265 million) consolidated and EUR 7,113 million (2001: EUR 9,324 million) for the company.

BANKS ANALYSED BY NON-SUBORDINATED AND SUBORDINATED RECEIVABLES

	CONSOLIDATED 2002	CONSOLIDATED 2001	COMPANY 2002	COMPANY 2001
Non-subordinated receivables from:				
Group companies	**288**	136	**18,947**	18,586
Third parties	**44,753**	53,835	**13,234**	13,398
	45,041	53,971	**32,181**	31,984
Subordinated receivables from:				
Group companies			**753**	23
Third parties	**641**	111	**51**	51
	45,682	54,082	**32,985**	32,058

LEASE CONTRACTS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Assets held under finance lease contracts	**100**	137	**16**	
Assets held under operating lease contracts	**60**	12		
	160	149	**16**	0

4 LOANS AND ADVANCES

Loans and advances is subject to credit risk, which means the risk of suffering losses following default by a debtor or counterparty. Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate exposure is material in relation to ING Bank's total exposure. Although ING Bank's portfolio of financial instruments is broadly diversified along industry and product lines, material transactions are completed with other financial institutions. Additionally, mortgages and loans in the Netherlands represent areas of significant credit exposure.

LOANS AND ADVANCES ANALYSED BY SECURITY

	CONSOLIDATED			CONSOLIDATED		
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Private sector:						
– loans guaranteed by public authorities	**5,327**	**3,611**	**8,938**	8,073	4,729	12,802
– loans secured by mortgages	**86,932**	**31,260**	**118,192**	78,789	19,502	98,291
– loans guaranteed by credit institutions	**1,184**	**6,782**	**7,966**	940	6,286	7,226
– other personal lending	**8,201**	**6,810**	**15,011**	3,738	3,259	6,997
– other corporate loans	**41,134**	**83,395**	**124,529**	35,531	89,931	125,462
Public sector	**2,686**	**12,139**	**14,825**	876	8,669	9,545
	145,464	**143,997**	**289,461**	127,947	132,376	260,323
Provision for loan losses	**-999**	**-3,824**	**-4,823**	-909	-3,522	-4,431
	144,465	**140,173**	**284,638**	127,038	128,854	255,892

LOANS AND ADVANCES ANALYSED BY NON-SUBORDINATED AND SUBORDINATED RECEIVABLES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Non-subordinated receivables from:				
Participating interests in group companies		64		
ING Group	**2,534**	1,267		1,255
Other group companies		60	**34,168**	6,338
Third parties	**281,570**	254,001	**102,661**	89,057
	284,104	255,392	**136,829**	96,650
Subordinated receivables from:				
Other group companies			**49**	
Third parties	**534**	500		45
	284,638	255,892	**136,878**	96,695

The receivables from ING Group relate among others to the financing transaction in respect of acquisitions of group companies. The ensuing interest income is offset by charging group expenses to ING Bank.

LOANS AND ADVANCES ANALYSED BY INDUSTRY

	CONSOLIDATED	
	2002	2001
Private sector:		
– agriculture, horticulture, forestry and fisheries	**1,552**	1,967
– manufacturing	**34,999**	25,975
– service industry	**58,303**	54,768
– financial institutions	**63,729**	56,421
– other	**111,861**	107,281
	270,444	246,412
Public authorities	**14,194**	9,480
	284,638	255,892

LEASE CONTRACTS INCLUDED IN LOANS AND ADVANCES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Assets held under finance lease contracts	**6,864**	6,094	**274**	477
Assets held under operating lease contracts	**4,248**	2,661	**2**	5
	11,112	8,755	**276**	482

As at 31 December 2002, the balance sheet value of receivables included in *Loans and advances,* of which interest income is not recognised in the profit and loss account because realisation of the interest income is almost certainly not to be expected, amounted to EUR 315 million (2001: EUR 317 million).

As at 31 December 2002, the receivables included in *Loans and advances* that are part of the trading portfolio amounted to EUR 2,097 million consolidated (2001: EUR 6,121 million) and EUR 1,820 million (2001: EUR 3,121 million) for the company.

Loans and advances includes receivables with regard to securities which have been acquired in reverse sale and repurchase transactions amounting to EUR 38,282 million (2001: EUR 26,377 million) consolidated and EUR 9,390 million (2001: EUR 1,360 million) for the company.

The total amount of loans, advances and guarantees granted to members of the Executive Board and members of the Supervisory Board as at balance-sheet date is EUR 2 million (2001: EUR 4 million), at an average interest rate of 4.4% (2001: 5.3%).

PROVISION FOR LOAN LOSSES. The provision for loan losses is allocated to *Loans and advances, Banks* and *Other assets*.

ALLOCATION OF THE CONSOLIDATED PROVISION FOR LOAN LOSSES TO THE VARIOUS CATEGORIES

	CONSOLIDATED			CONSOLIDATED		
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Loans to and guaranteed by public authorities	**31**	**47**	**78**		68	68
Loans secured by mortgages	**121**	**73**	**194**	113	41	154
Loans guaranteed by credit institutions		**43**	**43**			
Other personal lending	**199**	**145**	**344**	107	170	277
Other corporate loans and guarantees	**648**	**3,516**	**4,164**	689	3,243	3,932
Allocated to Loans and advances	**999**	**3,824**	**4,823**	909	3,522	4,431
Allocated to Banks		**47**	**47**		43	43
Allocated to Other assets	**18**	**248**	**266**	39	250	289
	1,017	**4,119**	**5,136**	948	3,815	4,763

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

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

5 INTEREST-BEARING SECURITIES

PORTFOLIO ANALYSIS OF INTEREST-BEARING SECURITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Investment portfolio	**77,200**	60,725	**23,869**	21,143
Trading portfolio	**22,794**	25,026	**8,306**	7,756
	99,994	85,751	**32,175**	28,899

INTEREST-BEARING SECURITIES ANALYSED BY ISSUER

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Public sector	**56,998**	45,739	**14,607**	13,888
Other	**42,996**	40,012	**17,568**	15,011
	99,994	85,751	**32,175**	28,899

INTEREST-BEARING SECURITIES ANALYSED BY LISTING

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Listed	**94,244**	77,888	**29,113**	25,923
Unlisted	**5,750**	7,863	**3,062**	2,976
	99,994	85,751	**32,175**	28,899

INTEREST-BEARING SECURITIES ANALYSED BY NON-SUBORDINATED AND SUBORDINATED

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Non-subordinated interest-bearing securities issued by:				
Participating interests	**104**	75	**1,261**	61
Group companies	**572**	333	**527**	1,733
Third parties	**98,338**	85,096	**30,274**	27,009
	99,014	85,504	**32,062**	28,803
Subordinated interest-bearing securities issued by:				
Participating interests	**2**		**2**	
Group companies	**20**		**20**	
Third parties	**958**	247	**91**	96
	99,994	85,751	**32,175**	28,899

INVESTMENT PORTFOLIO OF INTEREST-BEARING SECURITIES

	CONSOLIDATED BALANCE SHEET VALUE		CONSOLIDATED ESTIMATED FAIR VALUE	
	2002	2001	**2002**	2001
Debentures	**76,732**	60,567	**79,960**	61,779
Other interest-bearing securities	**468**	158	**468**	158
	77,200	60,725	**80,428**	61,937

MOVEMENTS IN THE INVESTMENT PORTFOLIO OF INTEREST-BEARING SECURITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Opening balance	**60,725**	51,746	**21,143**	13,839
Additions	**70,272**	68,522	**21,928**	21,619
Changes in the composition of the group	**1,389**			
Disposals and redemptions	**-52,534**	-59,921	**-18,491**	-14,407
Exchange differences	**-2,562**	378	**-850**	92
Other movements	**-90**		**139**	
Closing balance	**77,200**	60,725	**23,869**	21,143

As at 31 December 2002, the cost of the investment portfolio of *Interest-bearing securities* amounted to EUR 74,684 million (2001: EUR 60,921 million) consolidated and EUR 24,771 million (2001: EUR 21,478 million) for the company.

As at 31 December 2002, the cost of the *Interest-bearing securities* in the trading portfolio was EUR 365 million lower (2001: EUR 257 million higher) consolidated than their fair value and EUR 24 million lower (2001: EUR 17 million higher) for the company.

As at 31 December 2002 an amount of EUR 71,159 million (2001: EUR 71,871 million) consolidated and EUR 18,028 million (2001: EUR 26,266 million) for the company was expected to be recovered or settled after more than one year from the balance sheet date.

INTEREST-BEARING SECURITIES LENT AND TEMPORARILY SOLD

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Lent	**878**	518	**5**	
Sold in repurchase transactions	**15**	17		

Borrowed interest-bearing securities are not recognised in the balance sheet and amount to EUR 145 million (2001: EUR 56 million) consolidated and EUR 31 million (2001: EUR 29 million) for the company as at 31 December 2002.

The difference between redemption value and purchase price as at balance sheet date of the interest-bearing securities in the investment portfolio still to be amortised is EUR 431 million premium (2001: EUR 321 million premium) consolidated and EUR 192 million premium (2001: EUR 248 million premium) for the company.

6 SHARES

The portfolio comprises shares and equity participations.

ANALYSIS OF THE SHARES PORTFOLIO

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Investment portfolio	**1,244**	2,877	**331**	313
Trading portfolio	**3,979**	5,339	**2,369**	3,716
Equity participations	**1,239**	920	**15**	36
Other	**1,558**	1,583	**1,042**	743
	8,020	10,719	**3,757**	4,808

The balance sheet value of the trading portfolio as at 31 December 2002 includes depository receipts of ordinary shares of ING Groep N.V. amounting to EUR 392 million (2001: EUR 1,727 million). As at 31 December 2002, the market risk of these shares is hedged by means of an asset swap concluded with ING Group. The shares are part of the hedge for the ING Group stock option plan.

As at 31 December 2002 Other included options held by the bank for the account and risk of customers amounting to EUR 150 million (2001: EUR 134 million). These are customer's options, which are not segregated from the assets and liabilities of the group and, therefore, included in the balance sheet. The associated liability is included in *Other liabilities.*

SHARES ANALYSED BY LISTING

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Listed	**5,282**	8,468	**2,932**	4,199
Unlisted	**2,738**	2,251	**825**	609
	8,020	10,719	**3,757**	4,808

MOVEMENTS IN THE INVESTMENT PORTFOLIO OF SHARES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Opening balance	**2,877**	3,650	**313**	66
Additions	**543**	994	**110**	253
Changes in the composition of the group	**8**			
Revaluations	**-222**	-509	**135**	
Value adjustments to financial fixed assets	**-84**		**-84**	
Disposals	**-1,841**	-1,284	**-184**	-9
Exchange differences	**-25**	16	**1**	2
Other movements	**-12**	10	**40**	1
Closing balance	**1,244**	2,877	**331**	313

INVESTMENT PORTFOLIO OF SHARES

	CONSOLIDATED	
	2002	2001
Purchase price	**1,328**	2,715
Revaluations		
– gross unrealised gains	**22**	334
– gross unrealised losses	**-106**	-172
	1,244	2,877

As at 31 December 2002, the cost or purchase price of the shares in the trading portfolio was EUR 51 million higher (2001: EUR 44 million lower) consolidated than their fair value and EUR 173 million higher (2001: EUR 122 million higher) for the company. As at 31 December 2002, the cost or purchase price of shares in the investment portfolio was EUR 84 million higher (2001: EUR 162 million lower) consolidated than the carrying amount. In 2002 an amount of EUR 84 million has been recognised as *Value adjustments to financial fixed assets*.

SHARES LENT AND TEMPORARILY SOLD

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Lent	**453**	77	**453**	
Sold in repurchase transaction	**1**	17	**1**	

Borrowed shares are not recognised in the balance sheet and amount to EUR 72 million (2001: EUR 319 million) consolidated.

7 PARTICIPATING INTERESTS IN GROUP COMPANIES

BREAKDOWN OF PARTICIPATING INTERESTS IN GROUP COMPANIES

	OWNERSHIP (%)	COMPANY BALANCE SHEET VALUE	OWNERSHIP (%)	COMPANY BALANCE SHEET VALUE
		2002		2001
Name of investee				
Bank Brussel Lambert N.V.	**99.4**	**4,137**	99.4	4,003
Storeria B.V. (holding company of ING BHF Bank)	**100.0**	**1,793**	100.0	2,135
Postbank N.V.	**100.0**	**997**	100.0	1,512
Cupula B.V.	**100.0**	**1,321**	100.0	1,321
Bank Slaski S.A.	**87.8**	**522**	87.8	552
ING Lease Top Holding N.V. (1)	**100.0**	**291**		
ING Lease Holding N.V.			100.0	398
ING Vastgoed B B.V.	**100.0**	**1,278**	100.0	452
CenE Bankiers	**100.0**	**235**	100.0	221
Middenbank Curaçao N.V.	**100.0**	**102**	100.0	185
Ingelton	**100.0**	**1,359**	100.0	1,354
Other (including financing companies)		**2,928**		3,723
		14,963		15,856

(1) In 2002, the activities of ING Lease Holding N.V. were transferred to ING Lease Top Holding N.V.

As at 31 December 2002, *Participating interests in group companies* included credit institutions of EUR 6,979 million (2001: EUR 6,752 million) for the company. As at 31 December 2002, listed participating interests in group companies amounted to EUR 526 million (2001: EUR 503 million) for the company.

MOVEMENTS IN PARTICIPATING INTERESTS IN GROUP COMPANIES

	CONSOLIDATED	
	2002	2001
Opening balance	**15,856**	15,520
Investments in group companies	**1,011**	1,439
Paid in share premium		
Revaluations	**-130**	-370
Results from group companies	**668**	1,218
Dividends received	**-1,206**	-2,326
Disposals		-180
Exchange differences	**-380**	47
Other movements	**-856**	508
Closing balance	**14,963**	15,856

8 OTHER PARTICIPATING INTERESTS

BREAKDOWN OF OTHER PARTICIPATING INTERESTS

	2002 Ownership (%)	2002 Consolidated Balance sheet value	2002 Consolidated Estimated fair value	2001 Ownership (%)	2001 Consolidated Balance sheet value	2001 Consolidated Estimated fair value
Investments in associates:						
– Atlas Investeringsgroep N.V.	**33.0**	**22**	**22**	33.0	27	27
– Postkantoren B.V.	**50.0**	**49**	**49**	50.0	48	48
– Algemeine Deutsche Direktbank A.G. (1)				49.0	69	69
– other investments in associates		**889**	**889**		420	420
		960	**960**		564	564
Investments in non-associates		**704**	**704**		395	395
Total investments in other participating interests		**1,664**	**1,664**		959	959
Receivables from other participating interests		**181**	**181**		154	154
		1,845	**1,845**		1,113	1,113

(1) Following the increase of the interest held in Algemeine Deutsche Direktbank A.G. to 70% in 2002, as of February 2002 DiBa has been consolidated in the financial statements of ING Bank.

As at 31 December 2002, the cost of these *Other participating interests* amounted to EUR 1,897 million (2001: EUR 1,024 million).

As at 31 December 2002, *Other participating interests* included credit institutions of EUR 756 million (2001: EUR 391 million). As at 31 December 2002, listed other participating interests amounted to EUR 494 million (2001: EUR 224 million).

In 2002 ING Bank acquired the participating interest in Kookmin Bank from ING Insurance for an amount of EUR 603 million. This participating interest is included under Investments in non-associates.

MOVEMENTS IN OTHER PARTICIPATING INTERESTS

	Associates 2002	Associates 2001	Non-associates 2002	Non-associates 2001	Consolidated Receivables from other participating interests 2002	Consolidated Receivables from other participating interests 2001
Opening balance	**564**	633	**395**	574	**154**	96
Additions and advances	**93**	29	**603**	89	**38**	58
Changes in the composition of the group	**402**		**-46**	14	**-1**	
Transfer from Shares						
Revaluations	**-24**	-6	**-138**	42		
Value adjustments to financial fixed assets			**-52**			
Results from other participating interests	**-6**	41		18		
Dividends received	**-15**	-40		-3		
Disposals and redemptions	**-6**	-22	**-59**	-336	**-22**	
Exchange differences	**6**	13	**1**	1		
Other movements	**-54**	-84		-4	**12**	
Closing balance	**960**	564	**704**	395	**181**	154

In 2002, an amount of EUR 52 million has been recognised as *Value adjustments to financial fixed assets*.

9 PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT BY TYPE

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Property:				
– in use by the Bank	**1,595**	1,731	**1**	4
– not in use by the Bank	**3,557**	2,403	**1**	2
Equipment and other operating assets	**1,032**	1,552	**279**	276
	6,184	5,686	**281**	282

Property not in use by the Bank includes real estate projects, infrastructure projects and residential, commercial and retail properties. As at 31 December 2002, the item also included operating lease contracts totalling EUR 206 million (2001: EUR 469 million) consolidated.

PROPERTY IN USE BY THE BANK, PROPERTY NOT IN USE BY THE BANK AND OTHER OPERATING ASSETS

					CONSOLIDATED	
	PROPERTY IN USE BY THE BANK		PROPERTY NOT IN USE BY THE BANK		EQUIPMENT AND OTHER OPERATING ASSETS	
	2002	2001	**2002**	2001	**2002**	2001
Opening balance	**1,731**	1,666	**2,403**	2,119	**1,552**	1,695
Capitalised interest during construction						
Additions	**61**	31	**958**	690	**296**	650
Changes in the composition of the group	**10**		**456**			4
Revaluations	**29**	104	**99**	14		
Disposals	**-20**	-21	**-574**	-431	**-100**	-407
Depreciation	**-47**	-47	**-26**	-24	**-335**	-378
Exchange differences		7	**-5**		**-5**	20
Other movements	**-169**	-9	**246**	35	**-376**	-32
Closing balance	**1,595**	1,731	**3,557**	2,403	**1,032**	1,552

The balance sheet value as at 31 December 2002 included revaluations of EUR 189 million (2001: EUR 141 million) consolidated and depreciation and other diminution in value of EUR -2,535 million (2001: EUR -3,106 million) consolidated. The cost or purchase price of *Property and equipment* amounted to EUR 8,316 million (2001: EUR 8,567 million) consolidated.

APPRAISAL OF PROPERTY IN USE BY ING BANK DURING THE LAST FIVE YEARS

(in %)

YEARS OF APPRAISAL	
2002	8
2001	11
2000	13
1999	25
1998	43
	100

10 OTHER ASSETS

BREAKDOWN OF OTHER ASSETS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Receivables not connected with lending	**3,518**	3,122	**1,622**	1,102
Recoverable taxation	**763**	1,138	**340**	571
Deferred tax assets	**940**	883	**154**	375
Other receivables	**698**	730	**179**	180
	5,919	5,873	**2,295**	2,228

As at 31 December 2002, an amount of EUR 1,855 million (2001: EUR 1,845 million) consolidated was expected to be recovered or settled after more than one year from the balance sheet date.

DEFERRED TAX ASSETS AS AT 31 DECEMBER BY ORIGIN

	CONSOLIDATED	
	2002	2001
Deferred tax assets relating to:		
– general provisions	**248**	369
– unused tax losses carried forward	**367**	286
– other	**596**	366
	1,211	1,021
Deferred tax liabilities (offset by deferred tax assets)	**-271**	-138
	940	883

DEFERRED TAX ASSETS IN CONNECTION WITH UNUSED TAX LOSSES CARRIED FORWARD

	CONSOLIDATED	
	2002	2001
Total unused tax losses carried forward	**4,992**	2,593
Unused tax losses carried forward not recognised as a deferred tax asset	**3,436**	1,735
Unused tax losses carried forward recognised as a deferred tax asset	**1,556**	858
Average tax rate	**23.6%**	33.3%
Deferred tax asset	**367**	286

TOTAL UNUSED TAX LOSSES CARRIED FORWARD AS AT 31 DECEMBER ANALYSED BY EXPIRATION TERMS

	CONSOLIDATED	
	2002	2001
– up to five years	**780**	352
– five to ten years	**209**	207
– ten to twenty years	**1,534**	134
– unlimited	**2,469**	1,900
	4,992	2,593

11 ACCRUED ASSETS

BREAKDOWN OF ACCRUED ASSETS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Accrued interests and rents	**5,535**	6,315	**2,252**	2,311
Other accrued assets	**2,114**	5,222	**316**	1,447
	7,649	11,537	**2,568**	3,758

As at 31 December 2002, an amount of EUR 1,332 million (2001: EUR 3,643 million) consolidated was expected to be recovered or settled after more than one year from the balance sheet date.

LIABILITIES AND EQUITY

12 BANKS

Banks includes non-subordinated debts to banks, other than in the form of debt securities. As at 31 December 2002, liabilities with regard to securities sold in repurchase transactions amounted to EUR 22,316 million (2001: EUR 17,493 million) consolidated and EUR 10,861 million (2001: EUR 5,889 million) for the company.

BANKS ANALYSED BY INTEREST TYPE

	CONSOLIDATED			CONSOLIDATED		
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Non-interest bearing	**142**	**2,171**	**2,313**	175	942	1,117
Interest-bearing	**27,996**	**65,958**	**93,954**	33,233	73,460	106,693
	28,138	**68,129**	**96,267**	33,408	74,402	107,810

BANKS ANALYSED BY GROUP COMPANIES AND THIRD PARTIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Group companies			**35,494**	24,252
Third parties	**96,267**	107,810	**44,350**	46,649
	96,267	107,810	**79,844**	70,901

13 FUNDS ENTRUSTED

Funds entrusted relates to non-subordinated debts to non-banks, other than in form of debt securities.

FUNDS ENTRUSTED

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Savings accounts	**115,156**	69,562	**17,170**	14,314
Other funds entrusted	**131,959**	134,307	**55,170**	49,049
	247,115	203,869	**72,340**	63,363

FUNDS ENTRUSTED ANALYSED BY INTEREST TYPE

			CONSOLIDATED			CONSOLIDATED
	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2002			2001
Non interest-bearing	**14,867**	**3,252**	**18,119**	12,814	1,857	14,671
Interest-bearing	**82,885**	**146,111**	**228,996**	83,610	105,588	189,198
	97,752	**149,363**	**247,115**	96,424	107,445	203,869

No funds have been entrusted to ING Bank by customers on terms other than those prevailing in the normal course of business.

As at 31 December 2002, *Funds entrusted* included liabilities with regard to securities sold in repurchase transactions amounting to EUR 11,481 million (2001: EUR 7,250 million) consolidated and EUR 7,000 million (2001: EUR 3,495 million) for the company.

As at 31 December 2002, the liabilities included under *Funds entrusted* that are part of the trading portfolio amounted to EUR 277 million consolidated (2001: EUR 1,921 million) and EUR 277 million for the company (2001: EUR 1,012 million).

FUNDS ENTRUSTED ANALYSED BY GROUP COMPANIES AND THIRD PARTIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Other participating interests		3		
Group companies	**3,327**	1,174	**7,594**	3,843
Third parties	**243,788**	202,692	**64,746**	59,520
	247,115	203,869	**72,340**	63,363

Savings accounts

Savings accounts relates to balances on savings accounts, savings books, saving deposits and time deposits of personal customers. The interest payable on savings accounts, which is contractually added to the accounts, is also included.

Other funds entrusted

BREAKDOWN OF OTHER FUNDS ENTRUSTED

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Private loans	**928**	1,322	**366**	671
Mortgage loan	**43**	189		
Corporate time deposits	**45,035**	60,098	**23,257**	29,142
Credit balances on customer accounts	**85,953**	72,698	**31,547**	19,236
	131,959	134,307	**55,170**	49,049

14 DEBT SECURITIES

Debt securities includes debentures and other issued debt securities with either fixed-interest rates or interest rates dependent on prevailing interest-rate levels, such as certificates of deposit and accepted bills issued by the group, where not subordinated.

BONDS AND OTHER INTEREST-BEARING SECURITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Other participating interests				
Other group companies	**14**	9	**14**	9
Third parties	**75,479**	74,399	**39,919**	38,998
	75,493	74,408	**39,933**	39,007

15 OTHER LIABILITIES

The amounts are due within one year.

OTHER LIABILITIES ANALYSED BY TYPE

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Sundry creditors	**6,154**	5,963	**1,113**	1,381
Income tax	**1,066**	645	**94**	30
Other taxation and social security contributions		55		23
Trading portfolio	**10,416**	9,674	**6,427**	6,773
	17,636	16,337	**7,634**	8,207

16 ACCRUED LIABILITIES

BREAKDOWN OF ACCRUED LIABILITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Accrued interest	**6,077**	9,329	**9,483**	9,519
Costs payable	**1,654**	117	**983**	59
Yield differences on interest-bearing securities	**1,028**	743	**709**	540
	8,759	10,189	**11,175**	10,118

As at 31 December 2002, an amount of EUR 1,663 million (2001: EUR 897 million) consolidated was expected to be settled after more than one year from the balance sheet date.

17 GENERAL PROVISIONS

BREAKDOWN OF GENERAL PROVISIONS

	CONSOLIDATED 2002	CONSOLIDATED 2001	COMPANY 2002	COMPANY 2001
Deferred tax liabilities	**791**	649	**25**	11
Pension liabilities and other staff-related liabilities	**326**	998	**-59**	568
Reorganisations and relocations	**170**	74	**149**	53
Other	**310**	203	**644**	688
	1,597	1,924	**759**	1,320

As at 31 December 2002, an amount of EUR 1,061 million (2001: EUR 1,712 million) consolidated was expected to be settled after more than one year from the balance sheet date.

MOVEMENTS IN GENERAL PROVISIONS, OTHER THAN PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES

CONSOLIDATED

	DEFERRED TAX LIABILITIES 2002	DEFERRED TAX LIABILITIES 2001	REORGANISATIONS AND RELOCATIONS 2002	REORGANISATIONS AND RELOCATIONS 2001	OTHER 2002	OTHER 2001
Opening balance	**649**	983	**74**	392	**203**	439
Changes in the composition of the group	**197**	-26	**1**			
Additions / releases	**-443**	-498	**142**	-296	**177**	-70
Transfer to deferred tax assets	**306**	134				
Charges		-6	**-43**	-1	**-41**	-8
Exchange differences	**4**	1			**-1**	2
Other movements	**78**	61	**-4**	-21	**-28**	-160
Closing balance	**791**	649	**170**	74	**310**	203

PROVISION FOR DEFERRED TAX LIABILITIES BY ORIGIN

	CONSOLIDATED 2002	CONSOLIDATED 2001
Deferred tax assets (offset by deferred tax liabilities) relating to:		
– unused tax losses carried forward	**10**	15
	10	15
Deferred tax liabilities relating to:		
– investments	**164**	97
– depreciation	**27**	28
– general provisions	**98**	92
– receivables	**77**	-2
– loans	**239**	153
– shares		2
– property and equipment	**148**	115
– other	**48**	179
	801	664
	791	649

DEFERRED TAX ASSETS (OFFSET BY DEFERRED TAX LIABILITIES) IN CONNECTION WITH UNUSED TAX LOSSES CARRIED FORWARD

	CONSOLIDATED	
	2002	2001
Total unused tax losses carried forward	**29**	1,580
Unused tax losses carried forward not recognised as a deferred tax asset		1,532
Unused tax losses carried forward recognised as a deferred tax asset	**29**	48
Average tax rate	**33.0%**	31.3%
Deferred tax asset	**10**	15

Due to a change in tax position, as at 31 December 2002 a major part of the unused tax loss carried forward is reported under Deferred tax assets.

TOTAL UNUSED TAX LOSSES CARRIED FORWARD AS AT 31 DECEMBER BY EXPIRATION TERMS

	CONSOLIDATED	
	2002	2001
– up to five years	**17**	17
– five to ten years		8
– ten to twenty years		1,519
– unlimited	**12**	36
	29	1,580

Pension liabilities and other staff-related liabilities

ING Bank maintains defined benefit retirement plans in the major countries in which it operates. These plans generally cover all employees and provide benefits that are related to the remuneration and service of employees upon retirement. Annual contributions are paid to the funds at a rate necessary to adequately finance the accrued liabilities of the plans calculated in accordance with local legal requirements. Plans in other countries comply with applicable local regulations concerning funding and investment levels. ING Bank provides other post-employment and post-retirement employee benefits to certain employees. These are primarily post-retirement healthcare benefits and post-employment defined benefit early-retirement plans provided to employees and former employees. Certain group companies sponsor defined contribution pension plans. These do not give rise to balance sheet provisions, other than relating to short-term timing differences included in current liabilities.

SUMMARY OF PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES

								CONSOLIDATED
	PENSION LIABILITIES		HEALTHCARE		OTHER		TOTAL	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Defined benefit obligation	**7,099**	5,376	**239**	280	**400**	1,187	**7,738**	6,843
Fair value of plan assets	**5,181**	4,955			**226**	243	**5,407**	5,198
Funded status	**1,918**	421	**239**	280	**174**	944	**2,331**	1,645
Unrecognised past service costs			**1**				**1**	
Unrecognised gains/(losses)	**-2,016**	– 581	**-6**	14	**16**	– 80	**-2,006**	– 647
	-98	– 160	**234**	294	**190**	864	**326**	998

MOVEMENTS IN PENSION LIABILITIES AND OTHER STAFF-RELATED LIABILITIES

	PENSION LIABILITIES		HEALTHCARE		OTHER		CONSOLIDATED TOTAL	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Opening balance	**-160**	-39	**294**	256	**864**	794	**998**	1,011
Plan adjustments	**509**				**-509**			
Benefit costs	**356**	136	**27**	23	**27**	85	**410**	244
Employers" contribution	**-904**	-287	**-5**	-2	**-34**	-28	**-943**	-317
Changes in the composition of the group	**83**	34	**-78**	26	**-30**	13	**-25**	73
Effect of curtailment or settlement	**15**	– 3	**-2**	-8	**-128**		**-115**	-11
Exchange differences	**3**	-1	**-2**	-1			**1**	-2
Closing balance	**-98**	-160	**234**	294	**190**	864	**326**	998

Plan adjustments reflect the transfer of liabilities related to the early retirement scheme in the Netherlands.

As at 31 December 2002, the defined benefit obligation consisted of wholly or partly funded plans amounting to EUR 7,031 million (2001: EUR 5,571 million) and unfunded plans amounting to EUR 707 million (2001: EUR 1,272 million).

The assets of funded plans primarily consist of debt securities, equity and real estate funds, of which as at 31 December 2002 EUR 32 million (2001: EUR 56 million) was invested in securities issued by the employer and related parties, including shares of ING Groep N.V.

18 FUND FOR GENERAL BANKING RISKS

MOVEMENTS IN FUND FOR GENERAL BANKING RISKS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Opening balance	**1,146**	1,054	**1,146**	1,054
Additions and advances	**140**	140	**140**	140
Exchange differences	**-3**	15	**-3**	15
Corporation tax	**-50**	– 72	**-50**	– 72
Other movements		9		9
Closing balance	**1,233**	1,146	**1,233**	1,146

19 SUBORDINATED LIABILITIES

SUBORDINATED LIABILITIES BY TYPE

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Capital debentures	**10,632**	9,296	**7,986**	7,319
Private loans	**2,543**	1,831	**1,911**	655
	13,175	11,127	**9,897**	7,974

Subordinated liabilities relates to subordinated capital debentures and private loans which may be included in the calculation of the capital ratio. The capital debentures and private loans relate to debentures subordinated to all current and future liabilities of ING Bank and also debentures taken up by group companies.

The interest rate on the subordinated liabilities as at year-end is 6.2% (2001: 6.1%) consolidated and 6.2% (2001: 6.0%) for the company. The interest expense during the year 2002 was EUR 779 million (2001: EUR 699 million) consolidated and EUR 549 million (2001: EUR 446 million) for the company.

SUBORDINATED LIABILITIES TO GROUP COMPANIES AND TO THIRD PARTIES

	CONSOLIDATED 2002	CONSOLIDATED 2001	COMPANY 2002	COMPANY 2001
Group companies	**1,560**	237	**1,335**	239
Third parties	**11,615**	10,890	**8,562**	7,735
	13,175	11,127	**9,897**	7,974

20 SHAREHOLDERS' EQUITY

BREAKDOWN OF SHAREHOLDERS' EQUITY

	COMPANY 2002	COMPANY 2001
Share capital	**525**	525
Reserves	**13,544**	13,819
Profit available for distribution	**595**	1,326
	14,664	15,670

SHARE CAPITAL

	ORDINARY SHARES (PAR VALUE EUR 1.13) NUMBER X 1,000	ORDINARY SHARES (PAR VALUE EUR 1.13) AMOUNT	PREFERENCE SHARES (PAR VALUE EUR 1.13) NUMBER X 1
2002			
Authorised share capital	**1,600,000**	**1,808**	**50**
Unissued share capital	**1,134,965**	**1,283**	**43**
Issued share capital	**465,035**	**525**	**7**
2001			
Authorised share capital	1,600,000	1,808	50
Unissued share capital	1,134,965	1,283	43
Issued share capital	465,035	525	7

MOVEMENTS IN ISSUED SHARE CAPITAL

	ORDINARY SHARES NUMBER X 1,000	ORDINARY SHARES AMOUNT	PREFERENCE SHARES NUMBER X 1
Issued share capital as at 1 January 2001	465,035	528	6
Issued to ING Group			1
Conversion of share capital into euros		– 3	
Issued share capital as at 31 December 2001	465,035	525	7
Issued to ING Group			
Issued share capital as at 31 December 2002	**465,035**	**525**	**7**

The par value of the shares is currently EUR 1.13. In 2001, the par value of the shares was converted from NLG 2.50 into EUR 1.13. As part of the conversion, the share capital was decreased. This decrease was added to the share premium reserve.
In 2001 ING Bank issued 1 preference share with a nominal value of EUR 1.13 and a paid-in share premium of EUR 521 million.

RESERVES

	TOTAL	PREFERENCE SHARE PREMIUM RESERVE	SHARE PREMIUM RESERVE	REVALUATION RESERVE	RESERVE FOR PARTICIPATING INTERESTS	EXCHANGE DIFFERENCES RESERVE	OTHER RESERVES
Balance as at 31 December 2000	12,921	2,499	6,693	744	81	-256	3,160
Unrealised revaluations after taxation	-391			-390	-3		2
Exchange differences	91	122				-31	
Net profit not recognised in the profit and loss account	-300	122	0	-390	-3	-31	2
Write-off of goodwill	-142						-142
Conversion of share capital into euros	3		3				
Profit appropriation previous year	1,749						1,749
Paid-in share premium	613	521	92				
Dividend	-939						-939
Other movements	-86		2		3	-1	-90
Balance as at 31 December 2001	13,819	3,142	6,790	354	81	-288	3,740
Unrealised revaluations after taxation	**-57**			**-48**	**-9**		
Exchange differences	**-454**	**-140**				**-314**	
Net profit not recognised in the profit and loss account	**-511**	**-140**		**-48**	**-9**	**-314**	
Realised revaluations released to the profit and loss account	**-117**			**-117**			
Write-off of goodwill	**-738**						**-738**
Profit appropriation previous year	**1,326**						**1,326**
Paid-in share premium							
Dividend	**-298**						**-298**
Other movements	**63**						**63**
Balance as at 31 December 2002	**13,544**	**3,002**	**6,790**	**189**	**72**	**-602**	**4,093**

The revaluation reserve and the reserve for participating interests include the statutory reserves. Share premium includes a non-distributable amount of EUR 3 million from the conversion of share capital into euros.

Tax benefit and net profit not recognised in the profit and loss account amounts to EUR -176 million (2001: EUR – 105 million). The aggregate current tax relating to items that are charged or credited to *Shareholders' equity* amounted to EUR -208 million (2001: EUR – 101 million). The aggregate deferred tax relating to items that are charged or credited to *Shareholders' equity* amounted to EUR 65 million (2001: EUR 124 million).

21 CAPITAL AND RESERVES OF STICHTING REGIO BANK

Capital and reserves of Stichting Regio Bank is shown separately by virtue of Stichting Regio Bank's legal status. The increase reflects the profit for 2002.

ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED AND COMPANY BALANCE SHEET OF ING BANK

amounts in millions of euros, unless stated otherwise

ANALYSIS OF CERTAIN ASSETS AND LIABILITIES BY MATURITY

CONSOLIDATED

2002	ON DEMAND	UP TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	TOTAL
ASSETS						
Banks	**5,396**	**26,280**	**7,354**	**4,806**	**1,846**	**45,682**
Loans and advances	**19,652**	**77,538**	**22,817**	**50,931**	**113,700**	**284,638**
LIABILITIES						
Banks	**4,185**	**78,105**	**10,718**	**1,604**	**1,655**	**96,267**
Funds entrusted:						
— savings accounts	**98,943**	**9,243**	**1,277**	**2,517**	**3,176**	**115,156**
— other funds entrusted	**31,243**	**79,434**	**10,607**	**7,566**	**3,109**	**131,959**
Debt securities	**1,483**	**27,490**	**15,253**	**23,684**	**7,583**	**75,493**
Subordinated liabilities		**159**	**580**	**3,970**	**8,466**	**13,175**

2001	ON DEMAND	UP TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	TOTAL
ASSETS						
Banks	11,365	29,400	7,295	3,087	2,935	54,082
Loans and advances	25,476	69,122	19,571	40,963	100,760	255,892
LIABILITIES						
Banks	20,601	72,025	11,527	1,513	2,144	107,810
Funds entrusted:						
— savings accounts	61,971	3,500	1,388	2,291	412	69,562
— other funds entrusted	68,011	47,295	5,256	6,784	6,961	134,307
Debt securities		25,560	14,261	23,070	11,517	74,408
Subordinated liabilities		259	708	3,622	6,538	11,127

ANALYSIS OF CERTAIN ASSETS AND LIABILITIES BY MATURITY

2002	ON DEMAND	UP TO THREE MONTHS	THREE MONTHS TO ONE YEAR	ONE YEAR TO FIVE YEARS	OVER FIVE YEARS	COMPANY TOTAL
Assets						
Banks	**9,318**	**16,481**	**3,146**	**1,198**	**2,842**	**32,985**
Loans and advances	**13,272**	**46,301**	**11,545**	**15,178**	**50,582**	**136,878**
Liabilities						
Banks	**26,562**	**46,288**	**5,913**	**740**	**341**	**79,844**
Funds entrusted:						
— savings accounts	**13,511**	**383**	**170**	**1,182**	**1,924**	**17,170**
— other funds entrusted	**27,500**	**20,167**	**3,300**	**3,223**	**980**	**55,170**
Debt securities		**21,013**	**7,238**	**6,881**	**4,801**	**39,933**
Subordinated liabilities		**100**	**145**	**2,412**	**7,240**	**9,897**
2001	**ON DEMAND**	**UP TO THREE MONTHS**	**THREE MONTHS TO ONE YEAR**	**ONE YEAR TO FIVE YEARS**	**OVER FIVE YEARS**	**TOTAL**
Assets						
Banks	5,771	16,175	6,850	509	2,753	32,058
Loans and advances	10,202	23,338	9,320	11,977	41,858	96,695
Liabilities						
Banks	26,644	37,086	6,143	514	514	70,901
Funds entrusted:						
— savings accounts	12,117	780	354	799	264	14,314
— other funds entrusted	23,116	17,083	2,017	4,224	2,609	49,049
Debt securities		19,371	9,444	4,619	5,573	39,007
Subordinated liabilities		205	475	2,009	5,285	7,974

Assets not freely disposable

The assets not freely disposable primarily consist of interest-bearing securities pledged to secure deposits from the Dutch Central Bank and other banks, serve to secure margin accounts and are used for other purposes required by law. Of these assets EUR 1,275 million (2001: EUR 2,228 million) relates to guarantees provided for certain liabilities included in the balance sheet as well as off-balance-sheet contingent liabilities.

ASSETS NOT FREELY DISPOSABLE

	FUNDS ENTRUSTED AND DEBT SECURITIES		BANKS		CONTINGENT LIABILITIES		TOTAL	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001
Cash		12		2		1		15
Short-dated government paper				305				305
Banks	**8**				**4**	11	**12**	11
Loans and advances	**762**	618					**762**	618
Interest-bearing securities		272	**445**	946			**445**	1,218
Shares						9		9
Other assets	**55**	48	**1**			4	**56**	52
	825	950	**446**	1,253	**4**	25	**1,275**	2,228

22 CONTINGENT LIABILITIES

BREAKDOWN OF CONTINGENT LIABILITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Discounted bills	**6**	6	**6**	6
Guarantees	**16,783**	20,013	**15,010**	15,183
Irrevocable letters of credit	**6,030**	5,776	**3,778**	3,739
Other	**464**	189	**214**	143
Contingent debts	**23,283**	25,984	**19,008**	19,071
Irrevocable facilities	**63,866**	63,269	**32,501**	34,938
	87,149	89,253	**51,509**	54,009

CONTINGENT DEBTS

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Group companies	**25**	108	**8,588**	3,515
Third parties	**23,258**	25,876	**10,420**	15,556
	23,283	25,984	**19,008**	19,071

IRREVOCABLE FACILITIES

	CONSOLIDATED		COMPANY	
	2002	2001	**2002**	2001
Group companies		30	**5,496**	8,468
Third parties	**63,866**	63,239	**27,005**	26,470
	63,866	63,269	**32,501**	34,938

Contingent liabilities

In response to the needs of its customers, ING Bank offers financial products related to loans (discounted bills). The underlying values of these products are not recorded as assets or liabilities in the balance sheet. For these products, the underlying values represent the maximum potential credit risk to which ING Bank is exposed, i.e. assuming that all counterparties failed completely to perform in accordance with the terms of the contracts and that any existing collateral or security proves to be of no value.

Guarantees relate both to credit and non-credit substitute guarantees. Credit-substitute guarantees are guarantees given by ING Bank in respect of credit granted to customers by a third party. Many of them are expected to expire without being drawn on and do not necessarily represent future cash outflows. Besides, general guarantees within the meaning of Section 403, Book 2, of the Dutch Civil Code have been given on behalf of a number of group companies. Also guarantees have been given on behalf of several group companies in the Netherlands. The last two kinds of guarantees are not included in the above-mentioned scheme. It is not expected that these guarantees will be called upon in the future.

Irrevocable letters of credit mainly secure payments to a third party for a customer's foreign and domestic transactions in order to finance a shipment of goods. ING Bank's credit risk in these transactions is limited since these transactions are collateralised by the commodity shipped and are of a short duration.

Other contingent liabilities mainly relate to acceptances of bills and are of a short-term nature.

Irrevocable facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients. Many of these facilities are for a fixed duration and bear interest at a floating rate. Most of the unused portion of irrevocable credit facilities is secured by customers' assets or counter-guarantees by the central government and exempted bodies under the regulatory requirements.

Irrevocable facilities also include commitments made to purchase securities to be issued by governments and private issuers.

Special Purpose Entities (SPE)

ING Bank has established a number of SPEs and engages in activities with SPEs for example as investor, administrator or provider of other financial services. A number of SPEs which are controlled by ING Bank are included in the consolidated financial statements.

The non-consolidated SPEs include asset-backed commercial paper programmes. In the normal course of business, ING Bank structures financing transactions for its clients assisting them in obtaining sources of liquidity by selling the clients' receivables or other financial assets to an SPE. The SPE issues asset-backed commercial paper to the market to fund the purchases. ING Bank, in its role as administrative agent, facilitates these transactions by providing structuring, accounting, funding and operations services. As ING Bank has no ownership and controlling interest in the SPE nor does it service the transferred assets, the SPE is not included in the consolidated financial statements.
ING Bank supports the commercial paper programs by providing the SPE with short term stand by liquidity facilities. Primarily these liquidity facilities are meant to cover temporarily disruptions in the commercial paper market. Once drawn these facilities bear normal credit risk. A number of programs are supported by granting structured liquidity facilities to the SPE, in which ING Bank in addition to normal liquidity facilities to a certain extent covers the credit risk incorporated in these programs itself, and as a consequence might suffer credit losses from it. Furthermore under a Program Wide Credit Enhancement ING Bank guarantees to a limited amount all remaining losses incorporated in the SPE to the commercial paper investors. All facilities, which vary in risk profile, are granted to the SPE subject to normal ING Bank analysis procedures regarding credit risk and liquidity risk. The fees received for services provided and for facilities are charged on market conditions.
The normal non-structured stand by liquidity facilities and the structured facilities are reported under irrevocable facilities.

Future rental commitments

FUTURE RENTAL COMMITMENTS FOR LEASE CONTRACTS AS AT 31 DECEMBER 2002

2003	2,713
2004	2,738
2005	1,613
2006	1,071
2007	596
years after 2007	1,603

Legal proceedings

ING Bank companies are involved in lawsuits and arbitration cases in the Netherlands and in a number of other countries, relating to claims by or against these companies arising in the course of ordinary activities, and also from acquisitions, including the activities as lender, employer, investor and taxpayer. Several of these cases involve claims of either large or indefinite amounts. Although it is not feasible to predict or to determine the outcome of current or impending legal proceedings, the Executive Board is of the opinion that the outcome is unlikely to have any material adverse effects on the financial position or results of ING Bank.

Derivatives

USE OF DERIVATIVES ING Bank uses derivative financial instruments in the normal course of business for non-trading and trading purposes. Derivatives are financial instruments, which include forwards, futures, options and swaps, whose value is based on an underlying asset, index or reference rate.

NON-TRADING ACTIVITIES ING Bank's principal objective in holding or issuing derivatives for non-trading purposes is risk management. To achieve its risk management objective, ING Bank uses a combination of interest-rate instruments, primarily interest-rate swaps. Net positions in foreign currencies are subject to changes in value as exchange rates change. These fluctuations are managed by entering into currency swaps, forwards and options.

NOTIONAL AMOUNTS AND THE POSITIVE AND NEGATIVE FAIR VALUES OF DERIVATIVE FINANCIAL INSTRUMENTS USED FOR NON-TRADING PURPOSES

	NOTIONAL AMOUNT		POSITIVE YEAR-END FAIR VALUE		NEGATIVE YEAR-END FAIR VALUE	
	2002	2001	**2002**	2001	**2002**	2001
Interest-rate contracts	**298,751**	237,696	**4,764**	3,434	**5,109**	3,515
Currency contracts	**22,704**	25,317	**328**	249	**426**	409
Equity contracts	**629**	2,989	**70**	77	**19**	118
Other contracts						
	322,084	266,002	**5,162**	3,760	**5,554**	4,042

ING Bank's use of these instruments is changed from time to time in response to changing market conditions as well as changes in the mix of the related assets and liabilities.

TRADING ACTIVITIES ING Bank trades derivative financial instruments on behalf of clients and for its own account. Derivative financial instruments used for risk management purposes to control risks of trading portfolios, are reported as being held for trading purposes.

NOTIONAL AMOUNTS, THE AVERAGE FAIR VALUES AND YEAR-END FAIR VALUES OF TRADING DERIVATIVE FINANCIAL INSTRUMENTS

	NOTIONAL AMOUNT		AVERAGE POSITIVE FAIR VALUE		AVERAGE NEGATIVE FAIR VALUE		POSITIVE YEAR-END FAIR VALUE		NEGATIVE YEAR-END FAIR VALUE	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Interest-rate contracts	**867,312**	674,918	**10,468**	5,486	**10,500**	4,970	**14,809**	8,763	**15,216**	8,481
Currency contracts	**323,921**	368,463	**6,451**	6,255	**6,376**	5,911	**6,231**	7,436	**7,707**	6,853
Equity contracts	**32,680**	30,028	**1,835**	1,292	**1,080**	833	**2,349**	1,231	**1,447**	889
Other contracts	**19**									
	1,223,932	1,073,409	**18,754**	13,033	**17,956**	11,714	**23,389**	17,430	**24,370**	16,223

NUMERICAL INFORMATION ABOUT DERIVATIVES ACTIVITIES The tables on the following pages give numerical information about the derivatives activities, detailing types of derivatives, credit risks, counterparties and use of the derivatives transactions.

The first table illustrates the relative importance of the various types of derivative products, showing the notional amounts at year-end 2002 and year-end 2001. Notional amounts represent units of account which, in respect of derivatives, reflect the relationship with the underlying assets (bonds, for example, in the case of interest-rate futures). What they do not reflect, however, is the credit risk assumed by entering into derivative transactions.

Listed derivatives are standardised and include futures and certain option contracts. Over-the-counter derivatives contracts are individually negotiated between contracting parties and include forward contracts, options and swaps.

Forward contracts are commitments to exchange currencies or to buy or sell other financial instruments at specified future dates. Futures contracts are similar to forwards. However, major exchanges act as intermediaries and require daily cash settlement and collateral deposits.

Option contracts give the purchaser, for a premium, the right, but not the obligation, to buy or sell within a limited period of time a financial instrument or currency at a contracted price that may also be settled in cash. Written options give the issuer the obligation to buy or sell within a limited period of time a financial instrument or currency at a contracted price that may also be settled in cash. This subjects ING Bank to market risk, but not to credit risk, since the counterparties have already performed in accordance with the terms of the contract by paying a cash premium up front.

Swap contracts are commitments to settle in cash at a specified future date, based on differentials between specified financial indices as applied to a notional amount. Generally, no cash is exchanged at the outset of the contract and no principal payments are made by either party.

The positive year-end fair value represents the maximum loss that ING Bank would incur on its derivatives transactions if all its counterparties at year-end defaulted. This fair value can and will fluctuate from day to day due to changes in the value of the underlying assets. In order to arrive at an estimate of credit risk at any given time, a margin is added to the fair value figures to arrive, in accordance with internationally accepted criteria, at what is called the unweighted credit equivalents.

The weighted credit equivalents are the unweighted credit equivalents multiplied by the weighting factors determined in accordance with standards of the international supervisory authorities. Under certain conditions, the credit risk can be reduced by entering into bilateral netting agreements. In the case of non-observance of the obligation by the counterparty, this kind of agreement gives the right to net off receivables and payables in respect of open derivatives contracts. The effect of reducing the risk by means of bilateral netting agreements is shown at the bottom of the table.

OPEN CONTRACTS AS AT YEAR-END

	Notional amount	Positive fair value	Unweighted credit equivalent	Weighted credit equivalent	Notional amount	Positive fair value	Unweighted credit equivalent	Weighted credit equivalent
				2002				2001
INTEREST-RATE CONTRACTS								
Over-the-counter:								
– swaps	**881,416**	**18,483**	**22,503**	**5,464**	740,719	11,644	15,146	3,635
– forwards	**75,074**	**106**	**134**	**28**	51,604	98	140	31
– options purchased	**68,145**	**982**	**1,322**	**345**	44,188	449	674	171
– options written	**48,533**				36,276	5		
Listed:								
– options purchased	**2,130**	**2**			3,020	1		
– options written	**1,111**				1,756			
– futures	**89,654**				35,051			
CURRENCY CONTRACTS								
Over-the-counter:								
– swaps	**33,560**	**1,120**	**2,589**	**802**	31,186	1,355	2,792	860
– forwards	**260,085**	**5,010**	**8,012**	**2,001**	317,932	5,747	9,348	2,488
– options purchased	**24,918**	**429**	**687**	**167**	19,846	583	812	213
– options written	**27,771**				21,542			
Listed:								
– options purchased	**6**							
– options written	**155**							
– futures	**130**				3,274			
EQUITY CONTRACTS								
Over-the-counter:								
– swaps	**5,775**	**667**	**1,017**	**433**	4,688	331	619	298
– forwards	**64**	**23**	**27**	**13**	67	9	13	2
– options purchased	**7,967**	**1,110**	**1,640**	**418**	8,786	536	1,127	286
– options written	**7,759**				8,620	1		
Listed:								
– options purchased	**5,537**	**619**			5,230	431		
– options written	**6,161**				5,519			
– futures	**46**				107			
OTHER CONTRACTS								
Over-the-counter	**19**							
Listed								
	1,546,016	**28,551**	**37,931**	**9,671**	1,339,411	21,190	30,671	7,984
Effect of contractual netting		**-14,449**	**-17,187**	**-4,019**		-9,756	-12,484	-2,948
		14,102	**20,744**	**5,652**		11,434	18,187	5,036

Collateral held, which do not meet the criteria for contractual netting, would additionally reduce the total weighted credit equivalent with an amount of EUR 498 million (2001: EUR 112 million).

OPEN CONTRACTS BY REMAINING TERM, BASED ON THE NOTIONAL AMOUNTS, AS AT 31 DECEMBER

2002	UP TO 1 YEAR	1 TO 2 YEARS	2 TO 3 YEARS	3 TO 4 YEARS	4 TO 5 YEARS	OVER 5 YEARS	TOTAL
INTEREST-RATE CONTRACTS							
Over-the-counter:							
– swaps	393,175	135,745	69,315	58,869	59,760	164,552	881,416
– forwards	69,419	5,655					75,074
– options purchased	22,130	16,023	8,621	3,141	6,746	11,484	68,145
– options written	15,526	10,981	6,764	2,672	5,390	7,200	48,533
Listed:							
– options purchased	2,105					25	2,130
– options written	972				30	109	1,111
– futures	80,305	5,116	1,115	114	496	2,508	89,654
CURRENCY CONTRACTS							
Over-the-counter:							
– swaps	8,973	5,764	3,772	4,373	4,157	6,521	33,560
– forwards	245,183	8,820	3,308	1,238	1,258	278	260,085
– options purchased	24,377	328	182	23	2	6	24,918
– options written	27,311	353	76	23	2	6	27,771
Listed:							
– options purchased	6						6
– options written	155						155
– futures	72	9	36	13			130
EQUITY CONTRACTS							
Over-the-counter:							
– swaps	5,667				50	58	5,775
– forwards	64						64
– options purchased	5,700	653	999	168	103	344	7,967
– options written	5,232	871	1,007	261	142	246	7,759
Listed:							
– options purchased	4,336	470	471	260			5,537
– options written	4,669	778	290	424			6,161
– futures	46						46
OTHER CONTRACTS							
Over-the-counter	19						19
Listed							
	915,442	191,566	95,956	71,579	78,136	193,337	1,546,016

OPEN CONTRACTS BY REMAINING TERM, BASED ON THE NOTIONAL AMOUNTS, AS AT 31 DECEMBER

2001	UP TO 1 YEAR	1 TO 2 YEARS	2 TO 3 YEARS	3 TO 4 YEARS	4 TO 5 YEARS	OVER 5 YEARS	TOTAL
INTEREST-RATE CONTRACTS							
Over-the-counter:							
– swaps	312,148	113,428	75,784	51,242	49,827	138,290	740,719
– forwards	45,617	4,462			276	1,249	51,604
– options purchased	13,132	8,860	7,953	4,876	2,380	6,987	44,188
– options written	11,660	7,071	5,428	4,302	2,503	5,312	36,276
Listed:							
– options purchased	2,955		5			60	3,020
– options written	1,708					48	1,756
– futures	23,166	9,652	675		498	1,060	35,051
CURRENCY CONTRACTS							
– swaps	7,319	5,318	4,733	3,164	3,438	7,214	31,186
– forwards	304,981	5,733	973	1,859	4,020	366	317,932
– options purchased	18,904	810	79	30	23		19,846
– options written	20,905	572	22	20	23		21,542
Listed:							
– futures	3,185	38	5	31	15		3,274
EQUITY CONTRACTS							
Over-the-counter:							
– swaps	4,478	2	100			108	4,688
– forwards	67						67
– options purchased	5,653	1,925	560	534	7	107	8,786
– options written	5,785	1,457	562	573	99	144	8,620
Listed:							
– options purchased	4,135	697	280	110	8		5,230
– options written	4,286	770	338	116	9		5,519
– futures	107						107
	790,191	160,795	97,497	66,857	63,126	160,945	1,339,411

OPEN CONTRACTS BY COUNTERPARTY

	NOTIONAL VALUE	UNWEIGHTED CREDIT EQUIVALENT	WEIGHTED CREDIT EQUIVALENT	NOTIONAL VALUE	UNWEIGHTED CREDIT EQUIVALENT	WEIGHTED CREDIT EQUIVALENT
			2002			2001
Public sector	**119,106**	**305**		61,000	172	
Banks	**1,215,687**	**30,467**	**6,092**	1,073,091	23,977	4,796
Other	**211,223**	**7,159**	**3,579**	205,320	6,211	3,105
	1,546,016	**37,931**	**9,671**	1,339,411	30,360	7,901

Fair value of financial assets and liabilities

The following table presents the estimated fair values of ING Bank's financial assets and liabilities. Certain balance sheet items are not included in the table as they do not comply with the definition of a financial asset or liability. The aggregation of the fair values presented hereunder do not represent, and should not be construed as representing, the underlying value of ING Bank.

FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

	ESTIMATED FAIR VALUE	BALANCE SHEET VALUE	ESTIMATED FAIR VALUE	BALANCE SHEET VALUE
		2002		2001
FINANCIAL ASSETS				
Cash	**8,782**	**8,782**	8,050	8,050
Short-dated government paper	**8,398**	**8,398**	4,653	4,653
Banks (1)	**46,472**	**45,522**	54,082	53,933
Loans and advances (2)	**277,593**	**273,526**	249,524	247,137
Interest-bearing securities				
– investment portfolio	**80,428**	**77,200**	61,937	60,725
– trading portfolio	**22,794**	**22,794**	25,026	25,026
Shares				
– investment portfolio	**1,244**	**1,244**	2,877	2,877
– trading portfolio	**3,979**	**3,979**	5,339	5,339
– equity participations	**1,239**	**1,239**	920	920
– other	**1,558**	**1,558**	1,583	1,583
Other participating interests	**1,845**	**1,845**	1,113	1,113
Other assets	**5,919**	**5,919**	5,716	5,873
Accrued assets	**7,634**	**7,634**	11,204	11,205
Derivatives held for non-trading purposes	**5,162**	**1,851**	3,760	2,082
	473,047	**461,491**	435,784	430,516
FINANCIAL LIABILITIES				
Banks	**96,346**	**96,267**	108,901	107,810
Funds entrusted (3)	**249,849**	**247,115**	203,725	203,869
Debt securities	**76,146**	**75,493**	74,703	74,408
Other liabilities	**17,636**	**17,636**	16,378	16,337
Accrued liabilities	**8,759**	**8,759**	10,189	10,189
Subordinated liabilities	**13,703**	**13,175**	11,322	11,127
Derivatives held for non-trading purposes	**5,554**	**1,836**	4,042	1,750
	467,993	**460,281**	429,260	425,490

(1) Banks does not include receivables from leases.

(2) Loans and advances does not include receivables from leases. As at 31 December 2002, the estimated fair value and balance sheet value of receivables included in Loans and advances that are part of the trading portfolio amounted to EUR 2,097 million.

(3) As at 31 December 2002, the estimated fair value and balance sheet value of the liabilities included under Funds entrusted that are part of the trading portfolio amounted to EUR 277 million.

The estimated fair values correspond with the amounts at which the financial instruments could have been traded on a fair basis at the balance sheet date between knowledgeable, willing parties in arm's length transactions. The fair value of financial assets and liabilities is based on quoted market prices, where available. Because substantial trading markets do not exist for most of these financial instruments various techniques have been developed to estimate their approximate fair values. These techniques are subjective in nature and involve various assumptions about the discount rate and the estimates of the amount and timing of the anticipated future cash flows. Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values.

The following methods and assumptions were used by ING Bank to estimate the fair value of the financial instruments.

Financial assets

CASH The carrying amount of cash approximates its fair value.

SHORT-DATED GOVERNMENT PAPER The fair values of short-dated government paper are based on quoted market prices, where available.

BANKS The fair values of receivables from banks are estimated based on discounting future cash flows using available market interest rates offered for receivables with similar characteristics.

LOANS AND ADVANCES For loans that are repriced frequently and have had no significant changes in credit risk, carrying amounts represent a reasonable estimate of fair values. The fair values of other loans are estimated by discounting expected future cash flows using interest rates offered for similar loans to borrowers with similar credit ratings. The fair values of non performing loans are estimated by discounting the expected cash flows of recoveries. The fair values of mortgage loans are estimated by discounting future cash flows using interest rates currently being offered for similar loans to borrowers with similar credit ratings.

INTEREST-BEARING SECURITIES Fair values for interest-bearing securities are based on quoted market prices, where available. For those securities not actively traded, fair values are estimated using values obtained from private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment.

SHARES The fair values of shares are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. The fair values of equity participations are based on quoted market prices, where available.

OTHER PARTICIPATING INTERESTS The fair values of the shares of other participating interests are based on quoted market prices or, if unquoted, on estimated market values based on quoted prices for similar securities. Fair values of the receivables from other participating interests are determined using the same methods as described for interest-bearing securities.

OTHER ASSETS The carrying amount of other assets approximates its fair value.

ACCRUED ASSETS The carrying amount of accrued assets approximates its fair value.

Financial liabilities

BANKS The fair values of payables to banks are estimated based on discounting future cash flows using available market interest rates for payables to banks with similar characteristics.

FUNDS ENTRUSTED AND DEBT SECURITIES The carrying values of demand deposits and other deposits with no stated maturity approximate their fair values. The fair values of other deposits with stated maturities have been estimated based on discounting future cash flows using the interest rates currently applicable to deposits of similar maturities.

OTHER LIABILITIES For publicly traded debt, the fair values are based on quoted market prices. For non-traded, variable-rate debt, the carrying amounts approximate their fair values. For non-traded, fixed-rate debt, the fair values have been estimated using discounted cash flow calculations based on interest rates charged on similar instruments currently being issued.

ACCRUED LIABILITIES The carrying amount of accrued liabilities approximates its fair value.

SUBORDINATED LIABILITIES The fair value of subordinated liabilities are estimated using discounted cash flows based on interest rates that apply to similar instruments.

DERIVATIVES The fair values of derivatives held for non-trading purposes are based on broker/dealer valuations or on internal discounted cash flow pricing models taking into account current cash flow assumptions and the counterparties' credit standings. The fair values of derivatives held for non-trading purposes generally reflect the estimated amounts that ING Bank would receive or pay to terminate the contracts at the balance sheet date.

SUMMARY OF THE RISK-WEIGHTED VALUE AND CONTRACT AMOUNT OF OTHER OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

	RISK WEIGHTED VALUE	CONTRACT AMOUNT	RISK WEIGHTED VALUE	CONTRACT AMOUNT
		2002		2001
Guarantees	**8,220**	**16,783**	9,938	20,013
Irrevocable letters of credit	**1,483**	**6,030**	1,327	5,776
Other	**395**	**470**	146	195
Irrevocable facilities	**11,103**	**63,866**	9,723	63,269

Risk-weighted amounts have been calculated in accordance with the Dutch Central Bank guidelines which are based on the regulatory requirements of the European Commission. In view of the lack of an established market and difficulties involved in segregating the value of these instruments from their underlying degree of uncertainty, it is not considered to be meaningful to provide an estimate of the fair value for these instruments.

Regulatory requirements

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

CAPITAL POSITION

amounts in millions of euros

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

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK

INCOME

23 INTEREST

Interest income includes an amount of EUR 5,222 million (2001: EUR 4,116 million; 2000: EUR 3,742 million) in respect of interest-bearing securities. Interest expense includes an amount of EUR 3,964 million (2001: EUR 3,458 million; 2000: EUR 3,410 million) in respect of interest-bearing securities.

Despite the existence of a legal claim, interest income of EUR 105 million (2001: EUR 122 million; 2000: EUR 95 million) is not recognised in the profit and loss account because the realisation of the interest income is almost certainly not to be expected.

INTEREST INCOME AND EXPENSES

	2002	2001	2000
Interest income on loans	**16,097**	18,273	18,783
Interest income suspended	**-105**	-122	-95
Net interest income on loans	**15,992**	18,151	18,688
Origination fees and loan-servicing fees	**102**	167	222
Interest income on investment securities	**4,141**	3,478	3,328
Interest income on trading portfolio	**1,081**	638	414
Other interest income	**2,567**	2,366	2,084
Total interest income	**23,883**	24,800	24,736
Interest on deposits by banks	**2,071**	3,372	3,967
Interest on funds entrusted	**6,273**	6,230	5,429
Interest on debt securities	**4,073**	4,152	4,247
Interest on subordinated loans	**779**	699	565
Other interest expense	**3,209**	4,411	4,685
Total interest expense	**16,405**	18,864	18,893
Net interest result	**7,478**	5,936	5,843

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

	2002	2001	2000
Netherlands	**1.80%**	1.62%	1.89%
International	**1.01%**	0.77%	0.81%
Overall	**1.59%**	1.36%	1.46%

The change in the interest result compared with 2001 is for EUR 1,012 million due to an improvement of the interest margin by 23 basis points (2001 compared with 2000: EUR 401 million decrease) and for 530 million due to a growth in the average total assets (2001 compared with 2000: EUR 494 million).

24 INCOME FROM SECURITIES AND PARTICIPATING INTERESTS

BREAKDOWN OF INCOME FROM SECURITIES AND PARTICIPATING INTERESTS

	2002	2001	2000
Shares	**29**	324	144
Investments in associates	**67**	78	70
Other participating interests	**101**	155	338
	197	557	552

In 2000, Other participating interests includes the result of the sale of Crédit Commercial de France, domiciled in Paris, France, amounting to EUR 293 million being a gross result of EUR 430 million of which EUR 137 million has been allocated to an other ING Group company.

Other participating interests includes the valuation differences on equity participations.

25 COMMISSION

BREAKDOWN OF COMMISSION

	2002	2001	2000
Funds transfer	**592**	526	503
Securities business	**731**	884	1,572
Insurance broking	**117**	89	94
Management fees	**688**	751	853
Brokerage and advisory fees	**197**	203	266
Other	**290**	312	340
	2,615	2,765	3,628

In 2002, EUR 3,231 million (2001: EUR 3,248 million; 2000: EUR 4,169 million) was received and EUR 616 million (2001: EUR 483 million; 2000: EUR 541 million) was paid in respect of commission.

26 RESULTS FROM FINANCIAL TRANSACTIONS

Results from financial transactions includes results from securities valuation fluctuations in the securities trading portfolio as well as valuation differences on equity participations. Also included in this item are exchange differences in connection with holding assets and liabilities in foreign currencies, the results of the associated forward contracts and the results from financial instruments other than those serving to limit interest-rate risks. Asset trading results are also included in this item.

BREAKDOWN OF RESULTS FROM FINANCIAL TRANSACTIONS

	2002	2001	2000
Results from securities trading portfolio	**201**	617	674
Results from currency trading portfolio	**242**	464	379
Other	**11**	-1	478
	454	1,080	1,531

27 OTHER REVENUE

Other revenue includes income which cannot be classified with any of the above items, including rental income, results on the sale of property (EUR 153 million; 2001: EUR 204 million; 2000: EUR 137 million) and leasing income which is not classified as interest (EUR 52 million; 2001: EUR 128 million; 2000: EUR 87 million).

28 STAFF COSTS

BREAKDOWN OF STAFF COSTS

	2002	2001	2000
Salaries	**3,228**	3,349	3,405
Pension and early retirement costs	**298**	323	210
Social security costs	**453**	438	509
Other staff costs	**808**	958	803
	4,787	5,068	4,927

PENSION AND EARLY-RETIREMENT COSTS

		PENSION			HEALTHCARE			OTHER			TOTAL	
	2002	2001	2000	**2002**	2001	2000	**2002**	2001	2000	**2002**	2001	2000
Current service cost	**334**	210	196	**13**	10	12	**9**	33	31	**356**	253	239
Past service cost	**15**	10	-54			34				**15**	10	-20
Interest expenses	**363**	292	257	**14**	14	10	**31**	65	52	**408**	371	319
Expected return on assets	**-361**	-376	-345				**-14**	-15	-11	**-375**	-391	-356
Amortisation of unrecognised net (gains)/losses	**7**				-1	-1		2		**7**	1	-1
Effect of curtailment or settlement	**15**	-3	-6	**-2**	-8		**-128**			**-115**	-11	-6
Defined benefit post-employment plans	**373**	133	48	**25**	15	55	**-102**	85	72	**296**	233	175
Defined contribution plans										**2**	90	35
										298	323	210

Contributions to defined contribution plans are generally determined as a percentage of pay.

The actual return on the plan assets amounted to EUR -402 million (2001: EUR – 161 million; 2000: EUR 182 million).

Remuneration of the members and former members of the Executive Board and of the Supervisory Board

The remuneration of the members and former members of the Executive Board and Supervisory Board, who are also members of the Executive Board and Supervisory Board of ING Group, including pension contributions, is paid by ING Group. These and other expenses of ING Group, are charged in full by ING Group to its subsidiaries, on the basis of a general allocation formula.

Stock option plan

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

ING Group purchases direct or indirect its own shares at the time options are granted in order to fulfil the obligations with regard to the existing stock option plan and to hedge the position risk of the options concerned. The purpose of this policy is to avoid an increase in the number of ING Group shares, causing a dilution of the net profit per share. As at 31 December 2002, own shares were held in connection to the option plan. As a result the granted option rights were hedged taking into account the following parameters: strike price, opening price, zero coupon interest rate, dividend yield, expected volatility and employee behaviour. The costs in connection with the stock option plan primarily consist of costs of funding resulting from the purchase of own shares by ING Group. The costs are proportionally charged to ING Bank by ING Group.

The option rights are valid for a period of five or ten years. Option rights which are not exercised within this period lapse. Each year, the ING Group Executive Board will take a decision as to whether the option scheme is to be continued and, if so, to what extent. Option rights granted will remain valid (until expiry date) even if the option scheme is discontinued. The option rights are subject to certain conditions, including a certain continuous period of service. The exercise prices of the options are the same as the quoted prices of ING Group shares at the date on which the options are granted.

29 OTHER ADMINISTRATIVE EXPENSES

BREAKDOWN OF OTHER ADMINISTRATIVE EXPENSES

	2002	2001	2000
Computer costs	**584**	538	443
Office equipment	**105**	104	104
Travel and accommodation expenses	**130**	165	183
Advertising and public relations	**324**	299	273
External advisory fees	**289**	342	306
Restructuring costs	**128**		486
Other	**1,618**	1,317	1,571
	3,178	2,765	3,366

In 2002, the restructuring costs relate to the wholesale banking operations. These included EUR 61 million for employee related costs. The remaining part related to the write down of operating assets, termination of lease contracts and other exit costs.

In 2000, the restructuring costs related to the investment bank activities and included EUR 281 million for employee related costs.

30 DEPRECIATION

DEPRECIATION BY CATEGORY

	2002	2001	2000
Property	**76**	71	79
Equipment and other operating assets	**335**	378	488
	411	449	567

31 TAXATION

TAXATION BY TYPE

	NETHERLANDS 2002	INTERNATIONAL 2002	TOTAL 2002	NETHERLANDS 2001	INTERNATIONAL 2001	TOTAL 2001	NETHERLANDS 2000	INTERNATIONAL 2000	TOTAL 2000
Current taxation	**135**	**104**	**239**	434	303	737	185	700	885
Deferred taxation	**1**	**32**	**33**	-170	-141	-311		-153	-153
	136	**136**	**272**	264	162	426	185	547	732

RECONCILIATION OF THE STATUTORY INCOME TAX RATE TO ING BANK'S EFFECTIVE INCOME TAX RATE

	2002	2001	2000
Result before taxation	**949**	1,817	2,558
Statutory tax rate	**34.5%**	35.0%	35.0%
Statutory tax amount	**327**	636	895
Participating interests exemption	**-47**	-82	-443
Other tax exempt income	**-168**	-332	-176
Differences caused by different foreign tax rates	**-126**	-69	40
Non-recognised taxes on losses incurred	**154**	559	103
Other	**132**	-286	313
Effective tax amount	**272**	426	732
Effective tax rate	**28.7%**	23.4%	28.6%

ADDITIONAL INFORMATION RELATING TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING BANK

amounts in millions of euros, unless stated otherwise

SEGMENT REPORTING

STAFF BY GEOGRAPHICAL AREA (1)

	2002	2001	2000
Netherlands	**22,639**	23,474	23,311
Belgium	**12,072**	12,457	12,175
Rest of Europe	**20,155**	19,330	18,332
North America	**2,096**	2,082	2,828
South America	**438**	610	658
Asia	**3,287**	2,376	2,211
Australia	**427**	363	256
Other	**75**	79	89
	61,189	60,771	59,860

(1) Average number of staff employed on the basis of full-time equivalents.

INCOME BY GEOGRAPHICAL AREA

	2002	2001	2000
Netherlands	**4,832**	4,661	4,851
Belgium	**2,044**	1,993	2,414
Rest of Europe	**2,772**	3,018	2,835
North America	**602**	541	997
South America	**251**	237	271
Asia	**421**	476	537
Australia	**107**	55	37
Other	**7**	8	16
	11,036	10,989	11,958

RESULT BEFORE TAXATION BY GEOGRAPHICAL AREA

	2002	2001	2000
Netherlands	**1,317**	1,323	1,705
Belgium	**593**	524	832
Rest of Europe	**-328**	351	343
North America	**-475**	-446	-416
South America	**41**	23	159
Asia	**24**	191	85
Australia	**55**	-7	-9
Other	**-2**	-2	-1
	1,225	1,957	2,698
Additions to the Fund for general banking risks	**140**	140	140
Value adjustments to financial fixed assets	**136**		
	949	1,817	2,558

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS OF ING BANK

32 NET CASH FLOW FROM OPERATING ACTIVITIES

The net cash flow shown in respect of *Loans and advances* only relates to transactions involving actual payments or receipts. The *Value adjustments to receivables* which is deducted from the item *Loans and advances* in the balance sheet has been adjusted for the result before taxation and is shown separately in the cash flow statement.

The *Value adjustments to financial fixed assets* which is deducted from the items *Shares* and *Other participating interests* is also shown separately in the net cash flow statement.

Amsterdam, 10 March 2003

THE SUPERVISORY BOARD,

MIJNDERT VERVERS, CHAIRMAN
LUTGART VAN DEN BERGHE
LUELLA GROSS GOLDBERG
PAUL VAN DER HEIJDEN
AAD JACOBS
GODFRIED VAN DER LUGT
PAUL BARON DE MEESTER
JOHAN STEKELENBURG
HANS TIETMEYER
JAN TIMMER
KAREL VUURSTEEN

THE EXECUTIVE BOARD,

MICHEL TILMANT, CHAIRMAN
FRED HUBBELL
HESSEL LINDENBERGH
CEES MAAS, CHIEF FINANCIAL OFFICER
ALEXANDER RINNOOY KAN

OTHER INFORMATION

AUDITOR'S REPORT

Introduction

We have audited the annual accounts 2002 of ING Bank N.V. registered in Amsterdam, the Netherlands. These annual accounts are the responsibility of the company's management. Our responsibility is to express an opinion on these annual accounts based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual accounts. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall annual accounts presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of the company as at 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2, of the Dutch Civil Code.

Amsterdam, 10 March 2003

KPMG ACCOUNTANTS N.V.

PROFIT APPROPRIATION

The profit is appropriated pursuant to Article 36 of the Articles of Association of ING Bank N.V., the relevant stipulations of which state that the part of the profit remaining after the dividend to the preference shareholders is made payable, shall be at the disposal of the General Meeting of Shareholders.

PROPOSED PROFIT APPROPRIATION

amounts in millions of euros

Net profit	638
Due to holders of preference shares pursuant to Article 36 (3) of the Articles of Association	136
Non-distributable profit of Stichting Regio Bank, added to the reserves	43
At the disposal of the General Meeting of Shareholders	459
Add to Other reserves	455
Add to Reserve for participating interests	4
Dividend	0

DISCLAIMER

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

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