ANNUAL REPORT ON FORM 20-F 2000

ING Groep N.V.

ING GROEP N.V.

ANNUAL REPORT ON FORM 20-F

2000

Filed with the United States Securities and Exchange Commission

For the year ended December 31, 2000

ING GROUP

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2000

OR

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

Commission file number 1-14642

ING GROEP N.V.

(Exact name of registrant as specified in its charter)

The Netherlands

(Jurisdiction of incorporation or organization)

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

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

Title of each class	**Name of each exchange on which registered**
American Depositary Shares, each representing one ordinary share	New York Stock Exchange
Ordinary shares, nominal value EUR 0.48 per Ordinary share and Bearer Depositary receipts in respect of Ordinary shares*	New York Stock Exchange
7.70% Noncumulative Guaranteed Trust Preferred Securities	New York Stock Exchange
9.20% Noncumulative Guaranteed Trust Preferred Securities	New York Stock Exchange
8.439% Noncumulative Guaranteed Trust Preferred Securities	New York Stock Exchange

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

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

None

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

None

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

Ordinary shares, nominal value Euro 0.48 per Ordinary share	985,255,645
Bearer Depositary receipts in respect of Ordinary shares	984,843,301

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

Yes ✓ No

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

Item 17 Item 18 ✓

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PRESENTATION OF INFORMATION

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

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

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

Solely for the convenience of the reader, this Annual Report contains translations of certain euro amounts into U.S. dollars at specified rates. These translations represent such dollar or euro amounts, as the case may be, or could be converted into U.S. dollars or euros, as the case may be, at the rates indicated or at any other rate. Therefore, unless otherwise stated, the translations of euros into U.S. dollars have been made at the rate of euro 1.00 = $ 0.8929, the noon buying rate in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York (the “Noon Buying Rate”) on 16 March , 2001. Except as otherwise noted, financial statement amounts set forth in this Annual Report are presented in accordance with generally accepted accounting principles in the Netherlands (“Dutch GAAP”), which differ in certain significant respects from U.S. GAAP. Reference is made to Note 6 of Notes to the Consolidated Financial Statements for a description of the significant differences between Dutch GAAP and U.S. GAAP and a reconciliation of certain income statement and balance sheet items to U.S. GAAP. Certain amounts set forth herein may not sum due to rounding.

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

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

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

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

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

PART I

Item 1. Identity Of Directors, Senior Management And Advisors

Not Applicable.

Item 2. Offer Statistics And Expected Timetable

Not Applicable.

Item 3. Key Information

In the table below, we provide you with summary historical data of ING Group. We have prepared this information using the consolidated financial statements of ING Group for the five years ended December 31, 2000. The financial statements for the five fiscal years ended December 31, 2000 have been audited by Ernst & Young, independent auditors, except for the financial statements of ING Bank N.V., a direct wholly-owned subsidiary, which were audited by KPMG Accountants N.V. and whose report, only insofar as it relates to the 2000, 1999 and 1998 Consolidated Financial Statements, is based in part upon the reports of other auditors.

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

When you read this summary historical financial data, it is important that you read along with it the historical financial statements and related notes in our annual reports filed with the SEC, as well as the section of our annual and half-yearly reports titled “Operating and Financial Review and Prospects”.

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

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

	Year ended December 31,					
	2000	2000	1999	1998	1997	1996
	USD[1]	EUR	EUR	EUR	EUR (restated[8])	EUR[9]
	(in millions, except amounts per share and ratios)					
Dutch GAAP Consolidated Income Statement Data						
Operational income from insurance operations:						
Gross premiums written:						
Life	22,339	25,019	18,902	16,863	10,810	7,776
Non-life	3,656	4,095	3,510	3,585	3,535	3,261
Total	25,995	29,114	22,412	20,448	14,345	11,037
Investment income	7,578	8,486	11,209	7,830	6,544	5,025
Commission and other income	1,005	1,126	548	457	274	214
Total income from insurance operations	34,578	38,726	34,169	28,735	21,163	16,276
Operational income from banking operations:						
Interest income	21,684	24,285	18,558	18,649	10,641	9,191
Interest expense	16,518	18,499	12,906	13,448	7,125	5,901
Net interest result	5,166	5,786	5,652	5,201	3,516	3,290
Commission	3,241	3,630	2,856	2,323	1,645	1,201
Other income	1,685	1,886	1,368	890	1,145	825
Total income from banking operations	10,092	11,302	9.876	8,414	6,306	5,316
Total income[2]	**44,633**	**49,987**	**44,033**	**37,134**	**27,451**	**21,578**
Operational expenses from insurance operations:						
Life	26,425	29,595	26,849	21,820	15,170	11,030
Non-life	3,806	4,263	3,736	3,813	3,617	3,378
Insurance operations — general[3]	1,524	1,706	1,184	1,037	688	734
Total operational expenses from insurance operations	31,755	35,564	31,769	26,670	19,475	15,142
Total operational expenses from banking operations[4]	7,766	8,697	7,895	7,610	5,030	4,349
Total expenses[2]	**39,484**	**44,220**	**39,652**	**34,265**	**24,487**	**19,476**

	2000 USD[1]	2000 EUR	1999 EUR	1998 EUR	1997 EUR (restated[8])	1996 EUR[9]
	Year ended December 31, (in millions, except amounts per share and ratios)					
Operational result before taxation from insurance operations:						
Life	1,515	1,697	1,256	1,075	652	548
Non-life	234	262	182	157	300	198
Insurance operations — general[3]	1,074	1,203	962	833	736	388
Total	2,823	3,162	2,400	2,065	1,688	1,134
Operational result before taxation from banking operations	2,326	2,605	1,981	804	1,276	968
Operational result before taxation and dividend on own shares	5,149	5,767	4,381	2,869	2,964	2,102
Dividend on own shares					(44)	(33)
Operational result before taxation	5,149	5,767	4,381	2,869	2,920	2,069
Taxation	1,439	1,612	1,059	719	705	546
Third-party interests	131	147	93	47	35	16
Operational net profit	3,579	4,008	3,229	2,103	2,180	1,507
Non-operational items after taxation	7,122	7,976	1,693	566	26	
Net profit	10,701	11,984	4,922	2,669	2,206	1,507
Dividend on Preference shares of ING Groep N.V.	19	21	21	21	21	21
Net profit after deducting dividend on Preference shares of ING Groep N.V.	10,682	11,963	4,901	2,648	2,185	1,486
Dividend on Ordinary shares	1,940	2,173	1,573	1,178	867	708
Addition to shareholders' equity	8,741	9,790	3,328	1,470	1,318	778
Operational net profit per Ordinary share[5]	3.73	4.18	3.35	2.23	2.79	2.07
Net profit per ordinary share	11.20	12.54	5.12	2.84	2.83	2.07
Net profit per Ordinary share and Ordinary share equivalent[5] (fully diluted)	11.05	12.37	5.04	2.79	2.75	1.99
Dividend per Ordinary share	2.01	2.25	1.63	1.25	1.04	0.91
Interim Dividends	0.73	0.82	0.63	0.59	0.45	0.38
Final Dividend	1.28	1.43	1.00	0.66	0.59	0.53
Number of shares outstanding (× 1 million)	985.3	985.3	967.0	946.2	836.6	785.7
Dividend pay-out ratio	43.9%	43.9%	44.4%	43.9%	36.9%	43.9%
U.S. GAAP Consolidated Income Statement Data						
Net profit	9,755	10,925	3,790	2,347	2,447	2,121
Net profit per Ordinary share and Ordinary share equivalent[5]	10.06	11.27	3.88	2.45	3.05	2.81

	Year ended December 31,					
	2000	**2000**	**1999**	**1998**	**1997**	**1996**
	USD[1]	**EUR**	**EUR**	**EUR**	**EUR[8] (restated)**	**EUR[9]**
	(in billions, except amounts per share and ratios)					
Dutch GAAP Consolidated Balance Sheet Data						
Total assets	580.6	650.2	492.8	394.9	281.5	220.7 [7]
Investments:						
Insurance	195.7	219.2	137.5	109.7	94.8	69.0
Banking	52.8	59.1	59.5	41.2	17.8	18.8
Eliminations[6]	(1.0)	(1.1)	(1.2)	(1.1)	(1.7)	(2.3)
Total investments	247.5	277.2	195.8	149.8	110.9	85.5
Lending	220.4	246.8	201.8	153.7	113.8	92.8 [7]
Insurance provisions:						
Life	172.6	193.3	101.0	79.4	70.2	50.2
Non-life	6.2	6.9	6.5	5.2	5.3	4.9
Total	178.8	200.2	107.5	84.6	75.5	55.1
Funds entrusted to and debt securities of the banking operations:						
Savings accounts of the banking operations	46.8	52.4	47.0	42.5	30.1	30.3
Other deposits and bank funds	119.7	134.1	111.9	86.6	57.0	50.0
Debt securities of the banking operations	59.2	66.3	65.9	35.7	22.7	12.7
Total	225.7	252.8	224.8	164.8	109.8	93.0
Due to banks	84.6	94.7	75.3	76.0	43.0	32.9
Capital Stock (number × 1 million)	1.072.3	1,072.3	1,054.1	1,033.2	923.7	872.8
Shareholders' equity	22.6	25.3	34.6	29.1	21.9	16.1 [7]
Shareholders' equity per Ordinary share[5]	23.29	26.08	35.81	30.42	26.59	21.25 [7]
Shareholders' equity per Ordinary share and Ordinary share equivalent[5]	22.97	25.72	35.29	29.85	25.87	20.43 [7]
U.S. GAAP Consolidated Balance Sheet Data						
Total assets	619.1	693.4	509.7	417.4	295.3	230.4
Shareholders' equity	37.1	41.6	40.4	37.2	26.5	18.9
Shareholders' equity per Ordinary share and Ordinary share equivalent[5]	37.98	42.54	41.29	38.29	31.31	24.18

(1) Euro amounts have been translated into U.S. dollars at the exchange rate of $ 0.8929 to EUR 1.00, the noon buying rate in New York City on March 16, 2001 for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York.

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

(3) Insurance operations — general includes the results of insurance holding companies and non-insurance companies included within ING Insurance, as well as income from investments allocated to the capital and surplus of the Group's insurance companies. See Note 3.7.2. of Notes to the Consolidated Financial Statements.

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

(5) Net profit per share amounts have been calculated based on the weighted average number of Ordinary shares outstanding and shareholder's equity per share amounts have been calculated based on the number of Ordinary shares outstanding at the end of the respective periods. For purposes of this calculation, for the years 1996, 1997, 1999 and 2000, ING Groep N.V. shares held by Group companies were deducted from the applicable number of outstanding Ordinary shares. All amounts are presented after giving effect to all stock dividends and retroactive application of the Company's 2.5 for 1 stock split, which was effective June 3, 1996.

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

(7) With effect from the 1997 financial year, a part of the hidden reserve has been included in the new Fund for general banking risk, the remainder being added to Shareholders' equity. In the balance sheet of 1996 the comparative figures have been restated accordingly.

(8) With effect from the 1998 financial year, various changes have been made to the principles of valuation and determination of results. From an international perspective, these changes have resulted in a more appropriate presentation of the financial position and performance of

ING Group. The financial statements, including the comparative information for 1997, are presented as if the new accounting principles had always been in use. The cumulative effect of the changes to the principles is recognized in Sharehoders' equity.

(9) The 1996 figures are not restated as it is not practicable to obtain the information.

EXCHANGE RATES

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

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

	U.S. dollars per euro			
Calendar Period	**Period End**[1]	**Average Rate**[2]	**High**	**Low**
1996	1.2760	1.3048	1.3709	1.2550
1997	1.0867	1.1252	1.2738	1.0406
1998	1.1741	1.1113	1.2147	1.0549
1999	1.0070	1.0666	1.1812	1.0016
2000	0.9388	0.9207	1.0335	0.8270
2001(through March 16, 2001)[2]	0.8929	0.9150	0.9535	0.8929

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

(2) The average of the Noon Buying Rates on the last business day of each full calendar month during the period. The Noon Buying Rate on March 16, 2001 was $ 0.8929 to EUR 1.00.

RECENT EXCHANGE RATES OF U.S. DOLLARS PER EURO

The table below shows the high and low exchange rate of U.S. dollars per euro for each month through December 2000:

	High	**Low**
July 2000	0.9548	0.9237
August 2000	0.9228	0.8878
September 2000	0.8993	0.8462
October 2000	0.8806	0.8270
November 2000	0.8694	0.8382
December 2000	0.9388	0.8755

The noon buying rate for euro on December 29, 2000 was EUR 1.00 = $ 0.9388.

RISK FACTORS

Risks Related to the Financial Services Industry

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

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

In the Netherlands, which is the largest market for our banking operations and the second largest for our insurance operations, a national policy historically favoring open markets and the presence of large domestic competitors in both the insurance and banking sectors has resulted in intense competition for virtually all of our products and services. In addition, the Dutch market is a mature market and one in which we already have significant market shares in most lines of business.

Increasing competition in these markets may significantly impact our results if we are unable to match the products and services offered by our competitors.

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

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

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

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

COMPANY RISKS

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

In 2000, we derived approximately 34% of our operational income from our operations in the Netherlands. Accordingly, changes in the Dutch economy and levels of Dutch consumer spending and downturns in the Dutch real estate, securities and other markets may have a material adverse effect on our operations.

Similarly, we derived approximately 37% of our operational income from the North American market in 2000, and as a result, changes in the economy or financial markets of the United States and Canada may also have a material adverse effect on our results.

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

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

We publish our Consolidated Financial Statements in euros. In 2000, we derived approximately 57% of our operational income from operations outside the European Union. Because of this exposure to non-Euro currencies, fluctuations in the exchange rates used to translate foreign currencies, particularly the U.S. dollar, the Australian dollar, the Canadian dollar and the Japanese yen, into euros will impact our reported result from operations and cash flows from year to year. Exchange rate fluctuations will also affect the value (denominated in euros) of our investments in our non-European subsidiaries. Our obligations are primarily denominated in euros and we pay dividends on our Ordinary Shares in euros. The euro value of those dividends in other currencies is also subject to exchange rate fluctuations.

The contribution of North American operations to our results has grown substantially as a consequence of the acquisitions of ReliaStar and Aetna in 2000. As a result, our sensitivity to changes in the U.S. dollar has increased. A one-cent change in the U.S. dollar/euro exchange rate could have an effect on our net profit of approximately EUR 9 million. Based on our expectation that the euro will strengthen with regard to the U.S. dollar in the future, we have decided to hedge (at a spot rate of 0.868) the expected contribution of our North American operations to profit before taxation for the years 2001 and 2002. This means in practice that the impact of a change of the euro by one cent against the US dollar in the years 2001 and 2002 would have a very limited effect on the net profit of ING Group (approximately EUR 1 million).

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

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

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

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

Item 4. Information on the Company

GENERAL

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

The holding company is based in Amsterdam, The Netherlands the official address of ING Group is:

ING Groep N.V.
Strawinskylaan 2631
1077 ZZ Amsterdam
P.O. Box 810, 1000 AV Amsterdam
The Netherlands

We are a global financial institution of Dutch origin and are active in the fields of banking, insurance and asset management in 65 countries.

We provide a full range of integrated financial services to private, corporate and institutional clients through a variety of distribution channels, giving our clients the freedom to choose the option which best suits their individual needs.

ING Group comprises a broad spectrum of prominent companies working closely with our customers. Many of our companies operate under their own brand names. Our strategy is to achieve stable growth while maintaining healthy profitability. Our financial strength, broad range of products and services, the wide diversity of our profit sources and the diversification of risks forms the basis for our continuity and growth potential.

The Group markets its products and services under a variety of well-recognized and strong brand names, including Nationale-Nederlanden, ING Bank, and Postbank in the Netherlands, Bank Brussel Lambert ("BBL") in Belgium, BHF-BANK in Germany, Mercantile Mutual in Australia and ING Direct worldwide. At the same time, the Group's subsidiaries, particularly outside the Benelux countries, now increasingly choose to include the letters "ING" and the orange lion in their name and logo. Virtually all ING companies in North America have adjusted their name and logo during the past year (e.g.: ING Halifax, ING Commerce Group and ING Belair in Canada; and ING Security Life, ING Life of Georgia, ING Equitable and ING Furman Selz in the U.S.) in this manner.

In all our operations, we seek a careful balance between the interests of our customers, our shareholders and our employees. We are conscious of our responsibilities in a changing society, and responsiveness to the needs of customers, entrepreneurship, professionalism, teamwork and integrity are paramount in all our activities.

In 2000, ING had gross written premiums of EUR 29,114 million, making it the largest insurer in the Netherlands. For the year ended December 31, 2000, ING Group's total operational income was EUR 49,987 million and its net operational profit was EUR 4,008 million.

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

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
Netherlands	17,065	16,573	14,503
Belgium	3,544	3,255	3,268
Rest of Europe	4,572	3,686	2,246
North America	18,488	14,832	12,820
South America	600	567	445
Asia	2,602	1,747	1,386
Australia	3,373	3,406	2,484
Other	171	153	159
	50,415	44,219	37,311
Income between geographical areas	(428)	(186)	(177)
	49,987	**44,033**	**37,134**

CHANGES IN THE COMPOSITION OF THE GROUP

In January 2001, ING Group reached agreement on the sale of it's 100% interest in each of Tiel Utrecht Schadeverzekering N.V., Tiel Utrecht Levensverzekering N.V. and Tiel Utrecht Verzekerd Sparen N.V., insurance companies based in Utrecht, The Netherlands. The proceeds comprised a cash consideration and a 20% interest in De Goudse. The result on disposal is recognised in the profit and loss account over the financial year 2000, as part of Income from investments of the insurance operations. The results of Tiel Utrecht have been included in the consolidated financial statements of ING Group up to and including 31 December, 2000. As of 31 December, 2000, Tiel Utrecht is excluded from consolidation in the consolidated balance sheet of ING Group.

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

In September 2000, ING Group acquired a 100% interest in ReliaStar Financial Corp., a U.S. life insurance company. The total purchase price of the acquisition amounted to EUR 6.7 billion, including EUR 1.1 billion of assumed debt, and was paid primarily in cash (except for the assumed debt). The goodwill amounted to EUR 4.6 billion and has been charged to Shareholders' equity. As of September 2000, the results of ReliaStar have been included in the consolidated financial statements of ING Group.

In September 1999, ING increased its interest in BHF-BANK from 41.8% at December 31, 1998, to almost 100%. Since October 1, 1999, BHF-BANK has been consolidated into ING's Consolidated Financial Statements. In 1999 and 2000, BHF-BANK contributed EUR 41 million and EUR 83 million respectively, to Group net profit.

On August 28, 1998, ING Group acquired a 100% interest in Guardian Insurance Company of Canada, a non-life insurance company based in Toronto, Canada. As of the date of acquisition, the results of the company have been included in ING's consolidated results.

On August 28, 1998, ING Group disposed of its 100% interest in The Netherlands Insurance Companies ('TNIC"), the Group's U.S. non-life insurance company, and TNIC's results have been excluded from ING's consolidated results since such date.

On January 5, 1998, ING increased its interest in BBL to approximately 100% and since such time, BBL has been included in ING's consolidated results.

Recent developments

On March 8, 2001 the Polish Banking Supervisor approved and increase in ING's shareholding in Bank Slaski (BSK). Following this approval, ING made a tender offer to acquire the outstanding 45.02% of shares in Bank Slaski. Currently, ING holds 54.98% of the BSK shares. ING is offering a price of EUR 72.05 per share, representing a premium of 16.2% of the closing share price on Wednesday March 7, 2001 and a 18.6% premium to the six-month average of the BSK share price.

On January 30, 2001 ING announced it had entered into a definitve agreement to sell ING Barings US domestic investment banking business to ABN AMRO for EUR 296 million. The transaction is expected to close by the end of the second quarter of 2001, subject to regulatory approval.

On January 25, 2001 ING announced its intention to sell Westland/Utrecht, a credit institution specializing in real estate financing in the Netherlands. This intended sale fits into ING Group's continuous process of active portfolio management.

10 YEARS OF ING

After a decennium of rapid growth, we have progressed from a prominent Dutch financial institution to a major global institution. European integration, consolidation in the financial services sector and blurring borders between banking and insurance, prompted the founding of ING in 1991. This decision marked the creation of the first full, large-scale merger between a European insurance company and a bank. ING was among the first to appreciate the potential of a broad offering of banking, insurance and asset management products across multiple distribution channels. As others copied the ING approach, the Group improved its ability to integrate cultures and professions. As a result, ING's current market capitalization is sixteen times bigger than in 1991.

STRATEGY

Initial objectives have been met

ING began in 1991 with a set of clear-cut strategic objectives, each of which been met.

1. Integrated financial services in the Netherlands

Virtually all ING companies in the Netherlands offer a wide range of insurance, banking and asset management products and services through a variety of distribution channels, including the internet. In addition, they have developed new concepts that combine elements of ING's three core activities. Examples are employee benefits tailored to the needs of employers and employees and packages for special target audiences such as youngsters, senior citizens and ethnic groups.

2. Second home market in Europe

With the acquisition of BBL (1998), ING achieved a strong position in Belgium and Luxembourg. Close co-operation and integration of the activities of BBL and ING's other Belgian subsidiaries have created a solid integrated financial services platform. The 54% partnership with Bank Slaski (1995), combined with the launch of initiatives in the fields of insurance, pensions and asset management, gave ING a solid position in Poland. With 8,800 employees ING is now one of the key players in the Polish financial sector.

3. International banking operations: prominent position in selected market segments

The acquisition of Barings (1995) brought ING international prominence and specialized expertise in the fields of corporate and investment banking and additional scale in asset management. In spite of the recent reorganization and downscaling of the ING Baring's investment banking activities, the Barings acquisition has delivered added value in the corporate market. In addition, Baring Asset Management has grown to become one of the principal units of ING's asset management operations. The acquisitions of BBL (1998) in Belgium, BHF-Bank (1999) in Germany and Charterhouse (2000) in the UK have now considerably strengthened ING's position in the European wholesale market.

4. International insurance operations: reinforcement of existing operations

In the first years after the merger, the emphasis in ING's expansion policy was on banking. Later the expansion of our insurance activities was also pursued. The acquisitions of Equitable of Iowa (1997), ReliaStar (2000) and Aetna (2000) placed ING in the top 10 of US life insurers, while the addition of the international operations of Aetna has made ING a large foreign life insurer in Latin America and Asia. In Australia, the Group has extended and combined its operations into a successful integrated financial services platform. The life insurance greenfields concept -currently in 15 countries- has led to steady premium and profit growth. Most of the greenfield operations are transforming into mature businesses with expanded product and distribution capabilities. ING has also exported its employee benefits concept to other countries in Europe to respond to the privatization of state pension provisions.

5. Maximizing profit per share, together with profit growth and long-term continuity.

For investors who acquired ING shares at the time of the merger in 1991 and held on to their shares, the share price on January 2, 2001 of EUR 85.00 was 10 times higher than the issue price of EUR 8.49 in March 1991.

Total operational net profit rose by an average of 21% per year from 1991 to 2000, while the average annual growth figure for operational net profit was 15%.

Total assets have increased from EUR 135 billion in 1991 to EUR 650 billion in 2000 (+ 381%). Shareholder's equity went from EUR 6.3 billion to EUR 25.3 billion in the same period (+ 302%) Based on ING's market value at the end of December 2000, ING ranked third among European financial services institutions and was the 10th largest worldwide.

The following table shows the relative contributions of the Group's insurance and banking operations to the consolidated operational result before taxation in 2000, 1999 and 1998:

	Year ended December 31,					
	2000		1999		1998	
	(EUR millions)					
Insurance operations	3,162	55%	2,400	55%	2,065	72%
Banking operations	2,605	45%	1,981	45%	804	28%
Total	**5,767**	**100%**	**4,381**	**100%**	**2,869**	**100%**

Internationalization

In 1991 two-thirds of ING's employees worked in the Netherlands. In 2000, non-Dutch operations accounted for 68% of ING's workforce (including Aetna and ReliaStar). Based on 2000 financial results, international operations contributed 66% of the Group's revenue (1991: 41%) and 40% of the Group's result (1991: 27%). With the consolidation of the two major acquisitions of ReliaStar and Aetna, these international contributions will continue to increase in the future.

The internationalization of the Group is also reflected in its share ownership. Shortly after the 1991 merger, Dutch investors held 68% of the shares. Now they are in the minority with 25%. The UK (24%) and North America (21%) have become very important capital markets for ING.

The appointment of international members to the Supervisory Board, the Executive Board and the Executive Committees has been a logical and desired consequence of the Group's international expansion.

CORPORATE OVERVIEW

Corporate Governance

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

Mission

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

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

Financial objectives

In 2000, ING announced the following financial targets as of 2001:

Profitability: Operational net return on shareholders' equity of at least 18% (ROE).

This is including realized capital gains, the impact of leveraging at the Group level and after the effect of recent acquisitions. For ING's business units this means a ROE of 12%. The required return on investment for new businesses has changed from 10% to 12%, in line with the increase in the ROE target. The discount rate for embedded value calculations is differentiated on a country by country basis.

Profit growth: Annual organic growth in net operational profit per share of at least 12%.

This is excluding acquisitions, which is consistent with a doubling of net operational profit per share in a maximum of six years.

Efficiency

Insurance: a positive difference between premium income growth and expense growth of at least 2% and decreasing expense ratios.
Banking: a decreasing efficiency ratio (cost/income ratio) of less than 70% in total, with variations by individual business units.

CORPORATE ORGANIZATION

ING Groep N.V. has a Supervisory Board and an Executive Board. The Executive Board is responsible for the day-to-day management of the Group and its four major divisions, which are called Executive Centers. The function of the Supervisory Board is to supervise the policy of the Executive Board and the general course of events in the company, as well as to provide advice to the Executive Board.

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

The following sets forth the Group's four Executive Centers and the principal organizational structure of each as of January 2001:

ING EUROPE	**ING AMERICAS**	**ING ASIA/PACIFIC**	**ING ASSET MANAGEMENT**
(Integrated Financial Services)	*(Integrated Financial Services, mainly insurance)*	*(Integrated Financial Services, mainly insurance)*	*(Own and third-party funds management worldwide)*
Five functional areas:	USA	Australia	ING Investment Management
	Canada		
Retail	Mexico	Japan	Baring Asset Management
	Argentina	Taiwan	
Wholesale	Chile	Korea	ING Baring Private Bank
	Brazil	Philippines	
			ING Real Estate
	Neth. Antilles	Indonesia	ING Trust
Financial Markets	Aruba	Hong Kong	Parcom Ventures
Ops/IT	Peru	Singapore	Baring Private Equity Partners
E-Business (global unit)		China	
		India	ING Furman Selz Asset Management
Seven geographical regions:			
Netherlands			
South West Europe (Belgium, France, Spain, Switzerland, Portugal, Luxembourg)			
Central Europe (Central, Eastern and Northern Europe, Italy and Greece)			
Germany			
UK			
Americas C&IB			
Asia C&IB			
ING Direct (global unit)			

ING EUROPE

2000 HIGHLIGHTS

In 2000 ING reinforced its position as a financial services provider in the Benelux and Central Europe. There has been a move away from a business unit approach toward increased co-operation by country, comprising representatives of all ING domestic operations. Country co-ordination has proven successful in the implementation of the functional strategies and to address the European market in a more focused way.

ING Group announced its intention to integrate ING Barings into ING Europe. The corporate and investment banking activities of ING Barings, ING Bank, BBL, BHF-Bank and their subsidiaries are to be aligned along two lines of business: Wholesale and Financial Markets. In addition, ING Barings' US domestic investment banking businesses were sold to ABN AMRO in January 2001. ING remains committed to investment banking in Europe, Asia and Latin America. ING's goal is to build a single wholesale and financial markets organization centered around Europe that offers a comprehensive range of services to its European and international clients.

Executive Center Europe is grouped by functions (retail, wholesale, financial markets, Operations/IT, ING Direct and E-Business) and regions (management committees including The Netherlands, South West Europe, Central Europe, Germany and United Kingdom).

EUROPE STRATEGY

ING Europe's strategy is to have substantial retail and wholesale market shares in its home markets (The Netherlands, Belgium and Poland) and to offer its retail, corporate and institutional clients a comprehensive range of insurance, asset management and banking services. ING Europe has moved towards a higher level of organizational integration in order to maximize the benefits from economies of scale in marketing, operations and IT. ING Europe will accelerate the move toward the ING (lion) brand, although established local brands will remain used in various European countries.

RETAIL

Our retail strategy is built on the existing direct marketing expertise of the Postbank (exported via ING Direct, which is now one of the most successful examples of entering a mature market) and the strong sales force expertise of Nationale Nederlanden (NN) and RVS (which has built up customer relationships and long-term value with over 18,000 agents across Europe). ING has over 16 million European retail clients, most of which are based in our home markets of The Netherlands (54%), Belgium (15%) and Poland (15%), where clients are offered a full range of banking, insurance and asset management services through a wide choice of channels. The goal in these markets is to increase efficiency and move to a truly integrated product offering. In markets where ING is predominately present with ING Direct, the immediate focus will remain on fast growth (client acquisition) and cross-selling via direct marketing (call centers, mail, internet). The longer term focus is on gradually adding a structure for face-to-face advice in order to offer a wider range of wealth accumulation products.

WHOLESALE

ING's wholesale activities encompass corporate finance, M&A advisory, origination of capital market products, securitisation, corporate and structured lending, cash management and international payments, wholesale insurance and employee benefits. The wholesale strategy is to offer ING's global and European corporate and institutional clients a comprehensive range of corporate and investment banking services and tailor-made advisory and structured products.

The wholesale and financial markets strategy is based on ING's strong position in Europe, especially in Amsterdam, Brussels, Paris and Frankfurt, reinforced with its international hubs in London, New York, Hong Kong, Singapore and Tokyo and broadened with its emerging markets presence in Asia and Latin America. ING also has an investment-banking position in Central Europe. The wholesale strategy is built on unified and homogenous joint platforms comprising most of the existing services offered to the European and international wholesale clients of ING Bank, BBL and BHF-BANK. In the course of 2001, the objective is to harmonize and improve the internal policies, structures, procedures and business environment and to achieve a unified approach toward ING's corporate and institutional clients.

FINANCIAL MARKETS

The restructuring of ING's Corporate and Investment Banking Business has resulted in the consolidation of the old Financial Markets activities and remaining Equity Markets activities into one Financial Markets business unit. The main product lines in the new Financial Markets business unit are Debt Markets, Research, Treasury, Equities and Strategic Trading as well as Foreign Exchange, Money Markets and Derivatives.

The principal strategic objectives of Financial Markets are:

- Create a more transparent and complete face to the customer by providing an aligned product offering
- Emphasize the European and Emerging Markets in all product development and expansion
- Leverage ING's position in target markets and focus resources on target clients, including internal ING customers
- Consolidate common business and support activities in order to reduce operating expenses
- Manage all product lines to meet or exceed all Group hurdle rates

OPERATIONS AND IT

The Ops/IT strategy is to become a world class operator. The restructuring projects should lower costs, improve service quality and increase interrelation of distribution channels. In 2000, important steps were taken in the creation of Shared Service Centers in the Benelux, which represents the bulk of the European operational costs. The objective is to implement an IT upgrade, standardization and consolidation program for banking and insurance activities. Also, efficiency of front office operations is to be improved in line with the retail and wholesale strategies.

THE NETHERLANDS

ING Europe remains largely dependent on its home market, since almost 71% of ING Europe's operating results are realized in The Netherlands. Our Dutch companies have market positions in a number of areas including payments, consumer loans, mutual funds, savings products, individual life and group life. In order to meet our long-term growth targets in the mature Dutch market the focus will be on optimization of the use of our customer base, multi-distribution channels (including e-Business) and synergies in operations. Our ambition remains to be the best provider of financial services in terms of profitability, market share and customer satisfaction.

Products

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

Insurance products

Through the Group's Dutch insurance subsidiaries, ING Nederland markets a broad line of life and non-life products and was the largest group of insurance companies in the Netherlands based on 2000 gross premiums written. ING Nederland had total life gross premiums written of EUR 5,551 million in 2000, EUR 4,886 million in 1999 and EUR 4,381 million in 1998, representing 22%, 26% and 26% respectively, of all gross life premiums written by ING Group in such years. In the non-life sector, ING Nederland had gross written premiums of EUR 1,817 million in 2000, EUR 1,603 million in 1999 and EUR 1,465 million in 1998 representing 44%, 46% and 41% respectively, of all non-life gross premiums written by ING Group in such years. In individual life insurance and group life insurance, ING is the largest provider of life insurance and is the second largest provider of non-life insurance in the Netherlands.

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

	Year ended December 31, 2000	1999	1998
	(EUR millions)		
Life			
Individual	3,448	2,860	2,544
Group	2,064	1,977	1,806
Indirect	39	49	31
Total life	5,551	4,886	4,381
Non-life			
Fire	364	355	358
Automobile	353	341	320
Accident and Health	885	699	582
Other	215	208	205
Total non-life	1,817	1,603	1,465
Total	**7,368**	**6,489**	**5,846**

Life products

ING Nederland's life insurance products consist of a broad range of participating (with profit) and non-participating (without profit) policies written for both individual and group customers. Participating policies share in either the results of the issuing company or investment returns on specified assets. In recent years, an increasing number of ING Nederland's policies consist of policies that participate in the investment return of a specified investment fund, consistent with the trends in the Dutch market.

Individual. ING Nederland's individual products include a variety of endowment, term and whole life insurance policies designed to meet specific market needs. ING Nederland offers single and periodic premium policies used primarily for the funding of individual retirement benefits. These policies are often connected with tax incentives offered by Dutch law. Benefits under these policies are payable typically at age 60 to 65 or on premature death. The single premium endowment policies are mainly excess interest sharing, whereby interest above a guaranteed minimum rate is returned to the policyholder as a premium discount or rebate.

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

	Year ended December 31, 2000		1999		1998	
	(EUR millions)					
	EUR	%	EUR	%	EUR	%
Company bears investment risk:						
Periodic premiums						
Participating	1,006	29	1,038	36	912	36
Non-participating	162	4	160	6	274	11
Single premiums						
Participating	1,334	39	951	33	781	30
Non-participating	36	1	18	1	45	2
Policyholder bears investment risk:						
Periodic premiums	541	16	442	15	319	13
Single premiums	369	11	251	9	213	8
	3,448	**100%**	**2,860**	**100%**	**2,544**	**100%**

Group. ING Nederland's group policies are designed to fund private pension benefits offered by a wide range of businesses and institutions as a supplement to government provided benefits. These benefits include sums assured, annuities, disability benefits and widow's and orphan's benefits. For large groups, customized policies are offered to meet the needs of individual employers. For other groups, standardized policies providing specified benefit levels are offered.

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

	Year ended December 31,					
	2000		1999		1998	
	(EUR millions)					
	EUR	%	EUR	%	EUR	%
Company bears investment risk:						
Periodic premiums participating	500	24	467	24	477	26
Single premiums participating	331	16	464	23	539	30
Policyholder bears investment risk:						
Periodic premiums	586	29	533	27	461	26
Single premiums	647	31	513	26	329	18
	2,064	**100%**	**1,977**	**100%**	**1,806**	**100%**

Non-life products

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

Fire. ING Nederland's fire insurance policies provide coverage to both individual and commercial insured. Fire policies generally provide coverage for a variety of losses, including fires, storms, burglary and other perils. Individual coverage is provided on both a single-risk and multi-risk basis, with multi-risk policies providing coverage for loss or damage to dwellings, damage to personal goods and liability to third parties. Commercial coverage is provided to Dutch companies for buildings and facilities in the Netherlands and includes ordinary and commercial risks.

Automobile. The automobile policies provided by ING Nederland in the Dutch market provide coverage to individual and commercial (fleet) insurens for third party liability (including property damage and bodily injury), as well as coverage for theft, fire and collision damage. Coverage for third party liability is required by Dutch law to be maintained with respect to each licensed motor vehicle. Other coverage, including collision and first party medical, is optional. Dutch law does not require that insurance be maintained for damage suffered by the policyholder, the driver of the vehicle or the vehicle itself. Each of the various types of coverage provided by ING Nederland is available with deductibles, which allows policyholders to reduce the cost of coverage by selecting higher deductible amounts. Policies are generally written for a minimum period of one year.

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

Other Non-life. Other non-life insurance consists of transport and aviation insurance, third party liability insurance and indirect premiums (incoming reinsurance premiums).

Banking products

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

ING Bank is the largest provider of payment transfer services in the Dutch market.

Distribution channels

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

Postbank

General. At the time the Group was formed in 1991, NMB Postbank Groep N.V. consisted of NMB Bank N.V. and its wholly-owned subsidiary Postbank N.V. NMB Postbank Groep N.V. was formed in 1989 when NMB Bank N.V. acquired all the shares of Postbank N.V. ING Nederland's Postbank business unit principally utilizes the direct marketing distribution channel to access its clients, without having to resort to offices or intermediaries. Postbank reaches its 7 million private customers via home banking, telephone, mailings and electronic banking and through post offices.

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

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

Postbank Payments Systems. For over a hundred years, Postbank has had a leading position in the Dutch payments transfer system. Through its own Postal Giro System, a nationwide system of current accounts used by approximately 60% of Dutch households, Postbank allows a client to transfer an amount of money directly to another member of the system. In addition to the Postal Giro System, Postbank's payments services include national and international payments services such as Postbank payment cards, Postbank transfer systems, Postbank ATMs (Giromaten) and Postbank payment checks. Postbank's large, centrally computerized customer database and direct marketing system has enabled Postbank to develop its own market strategies for payments and other services.

The payment transfer systems and services of Postbank and of ING Bank are managed by the Postbank Payments Systems department, through which over 900 million financial transactions per year are carried out. The experience and technology expertise developed by Postbank Payment Systems have been utilized by the Group in other areas of its business, such as direct bank marketing and the automation of financial transaction processing.

In addition to the Postal Giro System, other Dutch banks, including ING Bank, have developed a common bank payments system of which all Dutch banks are members, whereby all individual members' payments systems are linked to a central system, known as "Bank Giro Centrale".

Postbank Retail Banking. Through Postbank Retail Banking, ING Nederland provides direct marketing of bank products to the Dutch retail market. Drawing on its position as the leader in the Dutch payment transfers market, Postbank's strategy is to develop a full relationship with its customers by offering an integrated package of retail banking and other financial products and services.

Post offices. The Post offices are additional outlets for Postbank's home banking concept. To this end, Postkantoren B.V. was formed as a 50/50 joint venture between Postbank and PTT Post. The joint venture's products include payment transfer and financial services for Postbank and postal services for PTT Post. Postbank has the exclusive right to sell banking and insurance products through the Post offices.

Postbank Insurance. Postbank Insurance provides direct marketing of insurance products for ING Nederland. Postbank Insurance offers both life and non-life insurance products, primarily to the Dutch retail market.

Independent intermediaries

ING Nederland also provides financial services to Dutch customers through several thousand independent intermediaries. These independent intermediaries are individuals or companies that represent various insurance companies in a sales and service capacity as third–party contractors. In this respect, ING Group competes with other companies providing financial products and services through independent intermediaries. Independent intermediaries are paid on a commission basis and are not employees of the companies they represent. The independent intermediaries mainly sell life and non-life insurance products, but also offer mortgages, personal loans and savings products. The independent intermediary channel is used by a number of ING Nederland's business units, including Nationale-Nederlanden, InterAdvies and Nationale Borg-Maatschappij ("Nationale Borg").

Nationale Nederlanden. The independent intermediary channel provided via Nationale-Nederlanden ('NN') allows ING Nederland to offer a wide range of products and services in the field of non-life, life, health and disability insurance, pensions, mortgage loans, savings and investment products. Combining life insurance, non-life insurance, healthcare and financial services within a single organization means NN is well equipped to continue updating its products and services and respond ever more flexibly to the changing market, thus providing even better support to independent intermediaries. In view of the lower capital market interest rates, NN, together with other insurers in the Netherlands, has based the premium rates for new sales of traditional, guilder-denominated policies with guaranteed returns on a guaranteed interest rate of 3% from September 1, 1999.

Both ING and NN are making use of the opportunities arising as a result of the rapid pace of technological change in e-business/e-commerce. Specifically, the support provided to intermediaries (business-to-business) in terms of information and communications technology was further extended and reinforced by NN during the course of 2000. Freeler was launched in 1999 in conjunction with Postbank and IBN. Further plans for e-business are in the process of being developed.

InterAdvies. InterAdvies offers through Regio Bank, NN Financiële Diensten, and NVB/Vola banking products and combinations of insurance and banking products through the independent intermediary channel.

Branches

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

ING Bank Nederland. ING Bank Nederland ("IBN") primarily targets customers who require personal advice and service. IBN provides a full range of commercial banking activities and life and non-life insurance products. The IBN bancassurance formula allows IBN's branches to render integrated financial services by delivering both bank and insurance products to the same client. IBN offers a complete package of financial services aimed at the needs of large, medium companies and institutions, small sized companies, as well as self-employed and other individuals. IBN is the largest provider of payment transfer systems in the Dutch market. At December 2000, IBN's residential mortgage portfolio amounted to EUR 28.3 billion.

IBN's strategy is to further develop and implement the concept of fully integrated financial services, drawing upon the knowledge and know-how developed in the rest of ING Group. IBN maintains its customer relationships through 400 branch offices. IBN's multi-channel policy optimizes the service to its customers by enabling them to buy products and services through various channels (branches, telephone, internet and agents).

Other banking units. The other banking units in the ING Nederland branch distribution channel are Westland/Utrecht and CenE Bankiers N.V. Westland/Utrecht is engaged in medium and long term lending. Its two main activities are corporate and personal mortgage lending. CenE Bankiers N.V. is one of the smaller banks in the Netherlands and is focused on complete financial planning for wealthy individuals as well as financing the medical sector.

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

Tied agents

In the Netherlands, RVS Insurance ("RVS"). is the largest insurance company with a direct sales organization. RVS services over 1.4 million private customers with a nationwide network of about 1100 tied agents. RVS is a typical personal lines composite insurer, which offers a unique combination of personal advice, competitive products and practical services, tailored to specific market segments, through its tied sales organization in combination with modern direct marketing techniques. RVS plans to develop its distribution strategy from a traditional mono-channel insurance company into a modern multi-channel financial services provider, using its tied agents organization in combination with direct mail, telephone and Internet distribution channels. Despite heavy competition in the Dutch individual insurance market, RVS' premium income rose more than 8% in 2000 to approximately EUR 638 million. RVS realized strong growth in unit linked insurance and in insurance linked mortgages.

Shared Service Centers

In 2000, progress was made with the creation of shared service centers for the mortgage loan systems of the main business units in The Netherlands (including Postbank, ING Bank, RVS and NN) as well as BBL. With the implementation of the new software 'Profile', InterAdvies will also perform back office services to other units (especially for employee savings). OBV (Funds Transfer Operations) will transform from a low cost, high volume back office payment process provider to a low cost shared service business partner for ING units within Europe. These examples reflect an essential part of the ING Europe strategy to improve operational efficiency by combining business units' operations. Another initiative is the integration of claims handling operations and the consolidation of the Dutch IT Data Centers.

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

SOUTH WEST EUROPE

South West Europe comprises the business units in Belgium (home market), Spain (focus on retail wealth accumulation/protection), France (organic growth in retail wealth accumulation), Switzerland (focus on private banking and trade and commodity finance), Luxembourg (center of excellence in asset management) and Portugal (corporate). For Corporate Financial Services the main target is to reach a profitable core bank status with an increasing number of clients. For Financial Markets the focus is on development of new products, broadening of distribution channels and establishing a stronger presence inside the region.

Belgium a segmented market approach, addressing consumer financial services, retail-, private- and corporate banking and broker distribution, was introduced in 2000 and is expected to result in higher service levels. Direct marketing activities (Self'Bank, My'Bank) and e-commerce (Home'Bank, 1-2-trade and Yucom) expanded strongly in 2000. Back office consolidation, with shared banking and insurance servicing centers, was also increased in 2000.

In 2000, Belgium had an average of 13,493 staff, based on full-time equivalents.

The 2000 operational result before taxation of Belgium increased 44.2% to EUR 630 million. Within this total, banking contributed EUR 517 million and insurance EUR 113 million. In 2000, aggregate assets under management at BBL Asset Management increased to EUR 61.8 billion, a rise of 10% from EUR 56.2 billion in 1999.

Spain. NN Spain sells individual life insurance and term products. The shift in demand from guaranteed interest to unit linked products was EUR 331 million in 2000, compared to products, as well as the reorganization of the sales force resulted in a life premium income of EUR 231 million in 1999 to EUR 331 million in 2000. Non-life premiums written in 2000 were EUR 13 million. NN Spain's products are marketed through a tied agent sales force. In 1998, an important step was made towards integrated financial services by adding employee benefits to the product range. In 2000, employee benefits generated EUR 116 million in premiums.

CENTRAL EUROPE

In 2000 increased its market share in twelve Central European countries, including Poland (40 million inhabitants), Hungary and the Czech Republic (10 million inhabitants each). In Central Europe, ING has built a strong corporate banking network and has achieved market leadership in pensions and retail insurance. In Poland, NN Pension Fund Polska has 1.7 million clients.

Czech Republic. Gross premiums written in 2000 were EUR 147 million. In cooperation with the largest Czech employers' association (the Association of Industry and Trade) and an Austrian Investment Company, a private pension fund was established, which began operations in March 1995 and in which ING has held a 100% interest since 1997. In October 1998, NN Czech Republic received a license for non-life products. The new non-life business, operating under the name NN Insurance, offers short-term disability and hospitalization insurance products through the tied agents sales force. In 1999, NN has begun to integrate the back offices of the insurance companies and the pension fund.

Greece. NN Greece acts on the Greek life and non-life insurance markets. NN Greece mainly sells individual life insurance and hospitalization riders, group life insurance and non-life insurance. Total premium income in 2000 was EUR 212 million. The non-life operation writes a modest book of fire and automobile insurance.

Hungary. In 2000, NN Hungary continued to grow, with gross premiums increasing to EUR 212 million from EUR 170 million in 1999. NN Hungary provides individual life insurance, including whole life and term products, as well as pension fund products.

Italy. ING Sviluppo, a Milan based financial services group, provides a wide range of financial products and services for private customers and institutional investors, including capital market products, security transactions, asset management, mutual funds and insurance. ING Sviluppo currently has a network of more than 700 promotori (investment products sales persons) and 225 life consultants (traditional life insurance products) who work on a commission basis and sell banking and investment products, as well as NN Italy's life insurance and pension products, to private customers. NN Italy's gross premium income was EUR 140 million in 2000.

Poland. NN Poland provides individual and group life, as well as investment-linked insurance products. These products are mainly sold through tied agents and partly through the branch offices of Bank Slaski, in which ING has a majority interest. Gross premiums written in 2000 were EUR 210 million. Together with Bank Slaski, NN obtained a license to commence a mandatory pension fund in 1999. The fund started operations in 1999, has approximately 1.6 million.

Romania. After receiving a life insurance license early 1997, NN Romania commenced greenfield insurance operations in July 1997. Gross premium income amounted to EUR 26 million in 2000.

Slovak Republic. NN Slovakia began selling insurance products in July 1996. The company focuses on individual life and saving policies, which are being sold through a network of tied agents. NN Slovakia generates EUR 38 million in premiums.

GERMANY

BHF-BANK is a leading specialist for German medium-sized companies, institutional investors and wealthy private clients. The bank has a high expertise in the core business activities of asset management, private banking, corporate banking and financial markets. The mortgage business of Deutsche Hypothekenbank is expected to continue its increase in terms of new business volume with an increasing share in foreign business.

Our objective is to increase the assets under management for institutional investors and retail investors. To fully exploit growth opportunities, we intend to strengthen the distribution channels by new co-operations and a new e-business approach as well as a broader range of products. In Private Banking the objective is to further improve its position as a provider of independent advisory-intensive services for high net-worth private clients in Germany.

BHF-BANK has intensified the co-operation with ING labels, combining its local strengths with ING's international resources in joint platforms, e.g. in trade & commodity finance, and in international cash management via Euronavigator. BHF-BANK is ING's center of competence for equity business on Germany's Neuer Markt, for trade in German equities and for Germany-related structured financings.

Drawing on the strengths of ING and a regrouping of its corporate banking activities, we believe that BHF-BANK is well positioned to compete with the big banks in Germany in the area of its core businesses. To achieve this goal, in 2001 BHF-BANK will establish in 2001 a new sector approach in servicing large corporates and growth industry clients and will be allocating broad resources for a new and powerful concept in private equity business.

ING DIRECT

The existing ING Direct operations grew successfully in 2000, attracting 501,000 new clients for all ING Direct operations (excluding Allgemeine Deutsche Direktbank – 'Diba') and reaching 768,000 clients (188% growth). ING Direct has also attracted EUR 5.0 billion in saving balances , for a total of EUR 7.0 billion. Other retail products volume grew in 2000 by EUR 0.8 billion.

Canada: By the end of 2000, ING Direct Canada was the largest direct bank in Canada, and attracted 115,000 additional clients in 2000, reaching a total of 342,000 clients. ING Direct Canada ended 2000 with 50,000 consumer loan accounts.

Spain: ING Direct Spain has become a large foreign retail bank in Spain and the largest direct bank in Spain, attracting 156,000 additional clients for a total of 186,000 clients by the end of 2000. ING Direct Spain started cross-selling mutual funds and pension products in the 4th quarter of 2000.

Australia: ING Direct Australia has with 104,000 clients added in 2000, for a total of 123,000 clients. ING Direct Australia is successfully selling mortgages and reached a volume of EUR 1.3 billion by the end of 2000.

France: The opening of ING Direct in France occurred in March 2000 and attracted 57,000 clients in 2000.

USA: ING Direct commenced operations in the USA in September and attracted 60,000 clients in the first 4 months of operation.

Italy, ING's Direct Italian operations are expected to launch in April 2001.

Germany: Diba (49% owned by ING, remaining 51% German Trade Union) grew by 79,000 accounts in 2000, reaching a total of 619,000 by the end of the year. Diba had 60,000 mutual fund and stock brokerage clients by the end of 2000.

INTEGRATION OF BARINGS INTO EC EUROPE

ING intends to integrate Barings into the Executive Center Europe to build a single wholesale and financial markets organization that offers a comprehensive range of services to its European and international clients. The wholesale activities encompass corporate finance, M & A advisory, origination of capital market products, securitisation, corporate and structured lending (project and trade finance, leasing, factoring), cash management and international payments, group insurance and employee benefits.

The financial markets activities comprise sales, trading and distribution of equity and debt market products, research, treasury, foreign exchange, money markets and derivatives. The strategic focus is on development of new products, broadening of distribution channels and establishing a stronger European presence. The introduction of a client account management function, as well as the establishment of a dedicated Financial Markets Research Department, is designed to enhance client driven performance. In addition, e-business capability will be developed to deliver products and services more effectively.

All operations and IT functions of ING Barings and Europe will be integrated in one structure. Integration of operations and IT, shared service centers, consolidation of booking centers, elimination of ING Barings head office functions and alignment with ING support functions in Amsterdam are all designed to create a lower cost structure.

Once implemented, the restructuring will involve the elimination of ING Barings' head office functions and the integration of operational networks, IT and head office functions. Over 1,300 staff will transfer with the sale of the US domestic investment banking business to ABN AMRO and there will be an additional reduction in headcount of staff of approximately 1,000 globally, mainly; in the support functions. For this restructuring, a one-off provision was established in 2000 of EUR 486 million (EUR 446 million after tax).

It is anticipated that the new structure will reduce operating costs by approximately EUR 500 million per calendar year and that the integrated structure will provide a solid base from which to meet ING's financial targets. The goal for 2001 is to increase corporate and investment banking (former Executive Center CIB) profits by approximately 40% and to reduce the cost/income ratio of the corporate and investment banking business from 79% in 2000 to 65% in 2001.

ING AMERICAS

The Executive Centre ING Americas is comprised of business units operating in three broad geographic-based units in the United States, Canada and Latin America. The primary products and services provided in ING Americas' units are various types of insurance, mutual funds, brokerage services and institutional products including reinsurance and guaranteed investment contracts (GIC). ING offers other products and services, including corporate and investment banking as well as retail and institutional asset management, in these geographic areas through businesses in other globally focused executive centers.

In 2000, ING completed two significant acquisitions that had a major impact on the size and scope of ING Americas' operations.

On September 1, 2000 ING acquired all of common stock of ReliaStar Financial Corp (ReliaStar) for approximately EUR 6.7 billion in cash. ReliaStar is a life insurance holding company whose subsidiary companies offer individual and corporate clients life insurance and annuities, employee benefits, retirement plans, reinsurance, mutual funds and bank and trust products.

On December 14, 2000 ING acquired the financial services and international businesses of Aetna, Inc. for approximately EUR 8.3 billion, including EUR 3.0 billion assumed debt and was paid in cash (except for the assumed debt). The lines of business acquired include Aetna Inc.'s international operations and all domestic defined contribution plan businesses, annuities and mutual funds, financial and investment products, and investment advisory services.

With these acquisitions, ING is now among the top 10 financial services providers in the U.S. based on premiuns, and with Aetna's international operations in South America, it ranks among the leading insurance providers in that part of the world.

As a result of the acquisitions, ING Americas restructured its business segments to more effectively serve the markets targeted. ING Americas provides a wide range of life and non-life products in the United States, Canada and Latin America. The following sets forth premium income for the U.S., Canadian, and Latin American operations by product for the years indicated:

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
USA[1]			
Life premiums			
Individual	9,850	5,814	4,550
Group	2,948	1,712	2,980
Indirect	550	467	378
Non-life premiums	93	122	627
Total	**13,441**	**8,115**	**8,535**
Canada			
Life premiums			
Individual		475	402
Non-life premiums	1,502	1,192	911
Total	**1,502**	**1,667**	**1,313**
Latin America			
Life premiums			
Individual	169	116	81
Group	25	19	22
Non-Life premiums	46	43	42
Total	**240**	**178**	**145**

(1) ReliaStar premium income is included only from September 1, 2000, the date of acquisition. Amounts included for ReliaStar for 2000 are as EUR 1,526 life premiums (individual).

UNITED STATES

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

The U.S. operations market a wide variety of individual life and annuity, group life, retirement plans, mutual funds, GICs, and life reinsurance products. During 2000, ReliaStar Life Insurance Company, Northern Life Insurance Company, Security Connecticut Life Insurance Company, ReliaStar Life Insurance Company of New York, Aetna Life Insurance and Annuity Company and Aetna Insurance Company of America were acquired. The other life insurance corporate entities in the United States include First Columbine Life (incorporated in 1999), First ING Life of New York (acquired in 1992), ING

Life of Georgia (acquired in 1979), Midwestern United (acquired in 1976), ING Security Life of Denver (acquired in 1997), ING Southland Life (acquired in 1989), ING Equitable Life Insurance Company of Iowa (acquired in 1997), USG Annuity & Life Company (acquired in 1997), Golden American Life Insurance Company (acquired in 1997), Ameribest Life Insurance Company (acquired in 1998), United Life and Annuity Insurance Company (acquired in 1999) and First Golden American Life Insurance Company of New York (acquired in 1997).

ING Americas operates in the United States in four business segments: Retail Financial Services, Worksite Financial Services, Mutual Funds, and Institutional Markets. Each unit is described more fully below.

RETAIL FINANCIAL SERVICES

The Retail Financial Services segment is comprised of a number of business units, including the Life Group, the Investment Products Group, ING Advisors Network and Investment Products Distribution.

Life Group

The Life Group markets a complete range of life insurance products to a broad range of consumers and businesses through a variety of distribution channels. Products include variable universal life, universal life, and term insurance for consumers as well as products focused on the corporate-owned life insurance market. Target markets range from lower to middle income markets served by ING Life of Georgia's full time agency force to middle income to affluent individuals and small businesses served by personal producing general agents, managing general agents and brokerage general agents of ING Security Life, ING Southland Life, ING ReliaStar Life and ING Security Connecticut.

Investment Products Group (IPG)

Investment Products Group offers a full range of annuity products including both fixed and variable annuities. IPG's strategy is to offer retirement savings products appealing to many consumers while utilizing broad-based distribution channels of independent and career insurance agents, banks and broker/dealers. The products are marketed through more than 68,000 independent and 450 career agents, 80 banks, 700 broker/dealers operating throughout the United States and the ING Advisors Networks.

ING Advisors Network

ING Advisors Network (the "network") consists of Locust Street Securities Inc., Vestax Securities Corporation, Multi-Financial Securities Corporation, IFG Network Securities, Inc., Financial Network Investment Corporation, PrimeVest Financial Services, Inc., Washington Square Securities, Inc. and Financial Northeastern Companies. The network is a full service broker/dealer, which has offices throughout the United States and is registered to conduct business in all 50 states. The firms are members of the National Association of Securities Dealers ("NASD") and the Securities Investors Protection Corporation ("SIPC"). In addition, they are registered as an investment adviser with the Securities and Exchange Commission. With more than 10,000 registered representatives, the network has access to and distributes a wide variety of investment products and services, including mutual funds, stocks and bonds, variable annuities, variable life insurance and fee-based asset management programs.

Investment Products Distribution

Investment Products Distribution (IPD) was formed in early 2000 to focus ING Americas' marketing efforts directed to third party distributors such as broker/dealers and financial institutions. IPD's objective is to lead the initiative of developing the integrated financial solutions approach to the marketplace. As part of that, IPD is working to strengthen the marketing of the complete range of ING products to broker/dealers and financial institutions and to coordinate the calling efforts of the 115 person wholesaling force.

WORKSITE FINANCIAL SERVICES

Worksite Financial Services offers a broad range of employee benefit related products and services including retirement plans, group life and disability insurance and tax sheltered annuities. This segment is comprised of business units from Aetna and ReliaStar.

The business unit from Aetna Financial Services principally offers financial services products to employer-sponsored retirement plans qualified under Internal Revenue Code Sections 401, 403, 408 and 457 (collectively "qualified plans"), and to individuals on a qualified basis. These products include annuity contracts that offer a variety of funding and payout options, mutual funds, and products that offer a combination of both. These products also include programs offered to qualified plans and nonqualified deferred compensation plans that package administrative and record keeping services. Financial services also includes investment advisory services, financial planning, pension plan administrative services and trust services.

The 401(k) Retirement Plan division of ReliaStar Life seeks to meet the needs of small and mid-sized companies. The division strives to achieve a competitive advantage through simplicity of product design, flexibility and quality service provided at a very competitive cost.

The Tax Sheltered Annuities operation, conducted through Northern Life Insurance Company, focuses on the retirement security needs of K-12 public and private school teachers. Northern's sales force specialize in the sale of tax-sheltered 403(b) annuities (TSA), providing both fixed and variable annuities. Northern distributes these products through a specialty field force of independent agents, including former teachers, that focuses exclusively on TSA sales.

ING Employee Benefits (formerly ReliaStar Employee Benefits) offers group life and disability insurance and employee benefit related services. Employee benefits products are marketed through major brokerage operations and through direct sales to employers by marketing professionals employed full-time by ReliaStar Life and located in regional offices throughout the United States.

MUTUAL FUNDS

The Mutual Funds segment is made up of funds and administrative functions consolidated from operations in ING, ReliaStar and Aetna. The segment currently has two primary divisions: a retail division operating primarily as ING Pilgrim which focuses on retail mutual funds sales to consumers and an institutional division operating primarily as Aeltus which focuses on institutional fund sales and management of assets in Worksite Financial Services variable products. The assets under management of this segment were EUR 85 billion at December 31, 2000.

ING INSTITUTIONAL MARKETS

ING Institutional Markets focuses on providing products to institutional customers in two areas, reinsurance and GIC. A unit which marketed structured settlement products was sold during the year.

ING Reinsurance is the professional life reinsurance arm of ING and based on sales is one of the top five life reinsurers in the United States. Its primary focus is assisting its clients in total life insurance risk management; its primary activities are individual life reinsurance, offered to insurance companies throughout the United States and special risk reinsurance offered through ReliaStar Life's reinsurance operations. ING Reinsurance's focus has been to strengthen its domestic reinsurance position and broaden its product line to new risk transfer products, risk management services and structured finance. It also plans to expand its business in the international market.

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

CANADA

ING's Canadian business strategy is centered around a core integrated financial services platform including a strong inter-dependency among business units, with more control over distribution and an emphasis on cross selling.

Canadian non-life operations are conducted through ING Commerce Group, ING Halifax Insurance, ING Western Union, ING Wellington and ING Novex, which distribute their products through more than 2,200 independent agents across Canada. ING Commerce Group offers all lines of non-life insurance in Quebec. ING Halifax Insurance operates in Ontario and the Maritimes, while ING Western Union operates in Alberta and British Columbia. These companies focus on the personal and small to medium sized commercial markets. ING Novex offers personal lines insurance to groups throughout Canada. ING Wellington offers commercial specialty lines products including marine and surety throughout Canada.
In addition to its independent agent channel, Canada provides non-life insurance on a direct response basis through Belair Insurance. Belair manages more than 324,000 home and automobile insurance policies to customers recruited generally through radio and television campaigns, billboard advertisements, and other media sources. Products are marketed and sold mainly by phone through two call-centers and 23 branches in Quebec, Ontario and New Brunswick. Recently, Belair has also focused on supporting rapid expansion of and investment in state-of-the-art call center technology.

ING Canada had previously purchased 15.5% of the common shares of Equisure Financial Services Network Inc, one of the largest publicly traded insurance and financial service brokerage networks in Canada. In 2000, ING Canada purchased the remaining 84.5%, for a total cash value of approximately EUR 103 million, excluding the shares ING Canada already owned. Equisure serves an estimated 350,000 clients through its broker network, providing general, life and group insurance, mutual fund and financial service products. This acquisition, along with ING's ownership position in IPC Financial Networks and the launch of ING's mutual funds operations, reinforces ING's presence in the Canadian brokerage distribution channel, and supports ING Canada's progress towards becoming a premier supplier of integrated financial services in Canada.

In 2000, the combined gross premiums of the Canadian non-life insurance companies was EUR 1,502 million. ING Canada ranked second in the Canadian non-life sector, based on market share.

LATIN AMERICA

ING Americas, through subsidiaries and joint venture affiliates, sells life insurance, health insurance and financial services products in selected markets in Mexico and South America.

ING Americas seeks to invest in emerging and other selected markets outside the U.S. that have the potential for attractive long-term returns. ING Americas intends to sharpen its focus on its Latin Americas' operations as part of its integration of units acquired in the Aetna transaction and may explore opportunities for additional international investments or divestitures, where appropriate.

ING Americas may invest in a new market or increase its position in a market through a combination of acquisitions, joint ventures and new initiatives. During 2000, ING invested more than EUR 1 billion in Mexico to acquire Seguros Comercial America, a lending insurance company, and an additional 49% of Afore Bital a pension company.

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

Each of the affiliates through which Latin America conducts business operates within guidelines established by ING. Methods of distributing products vary by country and product depending on local laws, customers and the needs of the particular customer segment. Distribution channels include career agents, independent agents and brokers, financial institutions and direct sales. Competition varies by country and includes well-established local companies, as well as foreign-based companies with a strong international presence.

Mexico

Further demonstrating ING's confidence in Mexico's financial future, the joint venture with Grupo Financiero Bital was finalized in mid-December 1998, making ING a 49 percent shareholder in the business of insurance and pensions. ING Seguros, a life greenfield, has been integrated into this joint venture structure, as well. The joint venture also includes a bancassurance channel and an annuity company. Afore Bital, the privatized pension business, begun in 1997, is already profitable with more than 1.8 million clients and assets under management exceeding EUR 1.5 billion. In October 2000, ING acquired another 49% of the shares for a total of 98%. As a result, Afore Bital is no longer part of the joint venture with Banco Bital, but a majority-owned subsidiary of ING. In 2000, ING Group acquired, through a joint-venture agreement with Savia, a 41.74% stake in Seguros Commercial American (SCA). SCA is the market leader in the Mexican insurance industry with premium income of approximately EUR 2.2 billion. SCA has market positions in commercial property & casualty business as well in health insurance. The growth focus is on life products.

Argentina

In 1995, ING bought a license to establish a life insurance operation in Argentina, and began operations in November 1996. The company is selling individual life insurance products, mainly unit linked products to middle and upper income earners. Products are sold through a sales force of tied agents (1,200 as at the end of 2000). In 2000, ING Insurance captured 25% of new business in Argentina and recorded EUR 52 million in life premiums. The Aetna International operations Aetna Vida (a life company) and AMSA (health business) are planned to be divested in the first half-year of 2001, due to the lack of a strategic fit with our existing operations.

Chile

In December 1997, ING acquired ING Seguros de Vida, one of the largest life insurance companies in Chile. The company, which has since been renamed ING Vida, is headquartered in Santiago, with branches across the country. ING Vida distributes individual and group life products through tied agents and annuities through independent brokers. Premium income was EUR 97 million in 2000. The acquisition of Aetna International included market positions in the life, health and pension business.

Brazil

The partnership with Sul America offers ING a market position in the largest South American insurance market. ING obtained, through the Aetna acquisition, a 49% share in SulAet, the health insurer in Brazil, with a 35% market share.

Peru

ING owned a 20% stake in Integra, a pension fund manager. Through the acquisition of Aetna International, an additional 40% was acquired. As a result, Integra has become a majority-owned subsidiary of ING. ING also has a minority position in Wiese-Aetna.

Netherlands Antilles and Aruba

ING Fatum is headquartered in Curacao, with sales offices in Aruba, St-Maarten and Bonaire. A complete range of individual and group life and non-life products is offered, modeled after Dutch products. At the end of 1999, ING Fatum ceased writing catastrophe insurance in the Windward Islands. 2000 premium income was EUR 90 million.

ING ASIA/PACIFIC

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

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

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

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

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

A major strategic focus for Asia/Pacific was to develop scale and effective presence in its key markets. In 2000 this strategy was strongly augmented by the ING Group acquisition of Aetna's financial services businesses in Asia/Pacific. Following closure of the Aetna transaction in December 2000, the integration and alignment, increasing market positions in Taiwan, Malaysia, Hong Kong and Indonesia and supporting ING existing presence in Australia, Japan and Korea.

A key focus in 2001 is to attain maximum synergy from the Aetna acquisition and integration together with the ING regional and global businesses.

Financials

The following table details the key financial results for the region;

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Gross Premiums written	4,036	3,884	2,899
Results before tax	232*	79	61
Number of full time employees	3,824	3,441	3,323
Assets under management	18,923	15, 512	8,034

* includes Australia for 15 months in 2000 in order to synchronize the Australian financial year with the financial year of ING Group.

ING Asia/Pacific enjoyed a strong operating result before tax in 2000 of EUR 232 million following good results and development in Australia, Japan and Korea. The results for 2000 do not incorporate Aetna operations which will be consolidated for the full year in 2001.

Products

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

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

The following table sets forth our revenues in Asia/Pacific by product line:

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Asia			
Life			
Individual premiums	1,750	1,108	834
Group premiums	14	11	9
Indirect	2	2	1
Non Life premiums	48	39	39
Assets under management	4,307	3,645	2,281
Australia			
Life			
Individual premiums	1,317	1,639	1,295
Group premiums	577	822	464
Non Life premiums	328	263	257
Assets under management	14,616	11,867	5,753

Taiwan

In 2000, premium production grew well above 1999 levels with significant pricing increases in health riders. The Aetna acquisition will increase our scale to a major manufacturer and distributor through the addition of markets. ING CHB Funds continues to perform well in a volatile market whilst Aetna credit card operations in joint venture with Sinopac Bank create new service opportunities for the retail sector.

Korea

Premiums grew rapidly through traditional distribution channels during 2000. A strategic investment in Housing and Commercial Bank (HCB) has seen commencement of limited bancassurance and fund management activity, which we plan to expand in 2001. We expect further deregulation of the Korean market to provide the opportunity over time to expand our Integrated Financial Services strategy.

Japan

Life premium production grew well in 2000 with increased development of the product range to include variable contracts. ING Funds marketes a full range of mutual funds but growth in 2000 was slow as a result of a difficult market environment where economic activity was slow and equity markets depressed. The ING Principal Pensions joint venture continued to develop systems, products and distribution for the launch of the new direct contribution business in 2001, when a new private pension law is expected to be enacted.

Indonesia

This life greenfield continued to grow in a difficult environment. The integration of ING business with the larger Aetna operations is expected to provide a base to further develop our business in 2001 and to gain synergy whilst building on an increase customer base and distribution capacity.

India

A new life greenfield is planned for 2001 and we expect to obtain regulatory approval for our license in the second quarter of 2001. We will operate through a joint venture with Vyzya Bank and Damani Group, who will provide local presence and knowledge.

Hong Kong

The Hong Kong non-life operations again achieved excellent profit contribution in 2000. The alignment of this business with Aetna's life and pensions operations in 2001 will significantly increase the size of our operations and is expected to create a new platform for growth and full service expansion in this competitive market.

Australia

Our business in Australia saw strong growth in assets under management but a slowdown in life premium growth as the market moves to fund management products. Our pensions business continued to grow strongly.

Our non-life operations were merged with QBE Insurance Group on April 19, 1999. The acquisition of Heine Funds Management (1998) contributed to strong growth in our retail funds business.

New E-Business initiatives provided on-line access for intermediaries and customers.

Co-operation with ING Direct produced strong growth in customers and deposits as well as in mortgage business written via multi channels.

THE FOLLOWING TABLE SETS FORTH OUR PRINCIPAL GROUP COMPANIES:

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

COMPANIES TREATED AS PART OF THE INSURANCE OPERATIONS

The Netherlands	
ING Verzekeringen N.V.	The Hague
AO Artsen-Verzekeringen N.V.	The Hague
Apollonia Levensverzekering N.V.	Rotterdam
ING Vastgoed Belegging B.V.	The Hague
N.V. Nationale Borg-Maatschappij	Amsterdam
Nationale-Nederlanden Levensverzekering Maatschappij N.V.	Rotterdam
Nationale-Nederlanden Schadeverzekering Maatschappij N.V.	The Hague
Nationale-Nederlanden Zorgverzekering N.V.	The Hague
Parcom Ventures B.V.	Utrecht
Postbank Levensverzekering N.V.	The Hague
Postbank Schadeverzekering N.V.	The Hague
RVS Levensverzekering N.V.	Rotterdam
RVS Schadeverzekering N.V.	Ede
Movir N.V.	Nieuwegein
Belgium	
RVS Verzekeringen N.V.	Brussels
De Vaderlandsche N.V.	Antwerp
Rest of Europe	
ING Sviluppo Finanziaria S.p.A.	Milan, Italy
Nationale-Nederlanden Poist'ovna A.S.	Bratislava, Slovakia
Nationale-Nederlanden Polska S.A.	Warsaw, Poland
NN Pension Fund Poland	Warsaw, Poland
Nederlanden Asigurari de Viata Romania S.A.	Bucharest, Romania
NN Greek Life Insurance Company S.A.	Athens, Greece
NN Greek General Insurance Company S.A.	Athens, Greece
NN Magyarországi Biztosító Rt.	Budapest, Hungary
NN Vida, Compañia de Seguros y Reasuguros S.A.	Madrid, Spain
NN Generales Compañia de Seguros y Reasuguros S.A.	Madrid, Spain

North America

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

South America

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

Asia

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

Australia

Mercantile Mutual Holdings Limited	Sydney, Australia

Reinsurance companies

ING Reinsurance Company International Ltd.	Dublin, Ireland
Nationale-Nederlanden Herverzekering Maatschappij N.V.	The Hague, the Netherlands

Branches

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

COMPANIES TREATED AS PART OF THE BANKING OPERATIONS

Netherlands

ING Bank N.V.	Amsterdam
Assurantiebedrijf ING Bank N.V.	Amsterdam
Bank Mendes Gans N.V. (97.77%)	Amsterdam
B.V. Kredietmaatschappij Vola	Amsterdam
CenE Bankiers N.V.	Utrecht
CW Lease Nederland B.V.	’s-Hertogenbosch
Extra Clearing B.V.	Amsterdam
ING Bank Corporate Investments B.V.	Amsterdam

ING Lease (Nederland) B.V.	Amsterdam
ING Trust (Nederland) B.V.	Amsterdam
ING Vastgoed B B.V.	The Hague
ING Vastgoed Ontwikkeling B.V.	The Hague
INIB N.V.	Amsterdam
InterAdvies N.V.	Amsterdam
MKB Investments B.V.	Amsterdam
Nationale-Nederlanden Financiële Diensten B.V.	Amsterdam
N.V. Nationale Volksbank (NVB)	Amsterdam
NMB-Heller Holding N.V. (50%)*	Amsterdam
Postbank N.V.	Amsterdam
Postbank Groen N.V.	Amsterdam
Postkantoren B.V. (50%)	Groningen
Stichting Regio Bank	Amsterdam
Runoto Leasing B.V.	Oldenzaal
Tunnel onder de Noord B.V.	Amsterdam
Westland/Utrecht Hypotheekbank N.V.	Amsterdam
Wijkertunnel Beheer II B.V.	Amsterdam
Belgium	
Bank Brussel Lambert N.V. (99.05%)	Brussels
CW Lease Belgium N.V.	Antwerpen
Rest of Europe	
Bank Slaski S.A. (54.98%)	Katowice, Poland
Banque Baring Brothers (Suisse) S.A. (70%)	Geneva, Switzerland
Baring Asset Management Holdings Ltd.	London, United Kingdom
Baring Brothers Ltd.	London, United Kingdom
Barings (Guernsey) Ltd.	Guernsey, Channel Islands
BHF-BANK A.G. (97.90%)	Frankfurt, Germany
BPEP Holdings Ltd.	London, United Kingdom
ING Bank (Hungary) Rt.	Budapest, Hungary
ING Bank (Luxembourg) S.A.	Luxembourg, Luxembourg
ING Bank (Schweiz) A.G.	Zürich, Switzerland
ING Baring Ltd.	London, United Kingdom
ING Finance (Ireland) Ltd.	Dublin, Ireland
North America	
Furman Selz Holding LLC	New York, NY, United States of America
ING Baring (U.S.) Financial Holdings Corporation	New York, NY, United States of America
ING Baring (U.S.) Securities Inc.	New York, NY, United States of America
ING Bank of Canada	Toronto, Ontario, Canada
South America	
ING Empreendimentos e Participações Ltda.	São Paulo, Brazil
ING Inversiones Ltda.	Bogota, Colombia
ING Servicios C.A.	Caracas, Venezuela
ING Sociedad De Bolsa (Argentina) S.A.	Buenos Aires, Argentina
ING Trust (Antilles) N.V.	Curaçao, Netherlands Antilles
Middenbank Curaçao N.V.	Curaçao, Netherlands Antilles
Australia	
ING Bank (Australia) Ltd.	Sydney, Australia

* Proportionally consolidated.

Asia

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

Branches

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

ING ASSET MANAGEMENT

Through its many activities, ING Group, with over EUR 503 billion in assets under management at December 31, 2000, generates sizeable assets that need to be managed carefully to accommodate the associated liabilities. As important, the Group's clients – corporate, institutional and retail – face similar challenges for which they seek professional support. Thus, the responsibilities of ING Asset Management comprise asset management for ING Insurance companies, management of ING's mutual funds, asset and relationship management for institutional investors, international private banking, real estate, private equity and venture capital activities.

ING Asset Management is comprised of the following eight business units:

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

In 2000, ING Asset Management had an average of 4,450 employees, based on full-time equivalents.

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

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR billions)	
Own funds	145	108	94
Third party funds	358	237	159
Total	**503**	**345**	**253**
Of which:			
ING Asset Management	331	325	234
Other ING subsidiaries*	172	20	19
Total	**503**	**345**	**253**

* For the year 2000, this comprises first time inclusions arising from the acquisition of ING ReliaStar (EUR 43 billion), Aetna (EUR 85 billion) and other ING US Insurance assets (EUR 18 billion). ING Asset Management will manage a significant part of those assets.

ING Investment Management

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

The investment portfolios of ING Group companies managed by IIM decreased by 4% to EUR 81.4 billion at December 31, 2000; excluding the sale of equities to finance the acquisitions of ReliaStar and Aetna, the portfolios grew by 10%. The fixed income portfolios are designed to match the currency and maturity structure of the corresponding insurance liabilities. The equity portfolio consists, to a large extent, of holdings of 5% or more of the outstanding stock of Dutch companies. Under Dutch tax law, dividends and capital gains of such holdings are tax exempt.

Assets under management of IIM on behalf of institutional clients increased by 21% to EUR 43.5 billion in 2000. The portfolio managed on behalf of institutional clients consisted of fixed income securities (approximately 63%) and equities (approximately 37%).

Innovation remains the key success factor for the introduction of new mutual funds. New successful additions made in 2000 by IIM to ING's portfolio of about 500 mutual funds were: Protected Mix funds, the Sustainable Investments fund, the Financial Fund, Dynamic Mix funds, a Euro Small Caps fund and BBL (L) New Technology Leaders. Assets in investment funds managed by IIM were at EUR 81.3 billion at the end of 2000, compared to EUR 81.7 billion at December 1999.

Baring Asset Management

Baring Asset Management provides a diversified spectrum of investment management services to a variety of institutional and private clients, directly and through the management of its private label investment funds. It manages equity, fixed-interest and balanced portfolios for pension funds, government agencies, charitable bodies, companies and private individuals. Baring Asset Management's business is structured into two business lines: Investment Management Group and Financial Services Group, which accounted for 65% and 35%, respectively, of Baring Asset Management's revenues in 2000. The main client regions are the United Kingdom, North America, Japan and Continental Europe. It has offices in Bahrain, Boston, Dublin, Frankfurt, Guernsey, Hong Kong, Isle of Man, Jersey, London, Paris, San Francisco, Sydney, Taipei, Tokyo and Toronto.

As a result of market declines, a small net outflow of institutional business and a significant net inflow in mutual funds, funds assets under management decreased by EUR 6 billion to EUR 49.7 billion at December 31, 2000.

ING Baring Private Bank

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

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

The Privilege discretionary portfolio management service introduced in 1999 proved to be successful in Europe, and is now offered worldwide. A new Privilege Managed Funds Service was launched in early 2000 and has since shown very promising results. ING's presence in Monaco will be converted to a full bank in the near future. In Asia, ING Baring Private Bank is creating a regional operating and product support center in Singapore.

Despite the volatile investment markets, particularly in the second half of the year, ING Baring Private Bank continued its strong performance in 2000. Assets under management increased by 8% to EUR 9.2 billion.

ING Real Estate

ING Real Estate's mission is to play a prominent role in providing real estate services in the fields of asset management, development and finance. The total portfolio under management amounted to EUR 26.0 billion at the end of 2000, an increase of EUR 5.3 billion from 1999.

Several new funds were created to take advantage of this strong position (e.g. ING Retail Fund Ibérica and the Lion Properties Fund, managed by Clarion USA). Both the existing and the newly introduced funds performed well and showed considerable growth.

ING Real Estate is a property developer in the Dutch and European markets. In 2000, it acquired a participation of 30% in the Spanish developer Promodeico and initiated several new projects. Important projects were realized throughout Western Europe as well as in the Dutch home market.

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

ING Trust

ING Trust offers primarily administrative services to multinational companies and to private banking customers. Its objective is to help optimize the fiscal situation of its customers. As such, fiscal reforms announced for the Netherlands and for Europe as a whole continue to affect its perspectives.

Parcom and Baring Private Equity Partners

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

Parcom Ventures invested EUR 77 million in 2000; at the end of the year, assets under management were EUR 0.4 billion. Parcom has invested selectively in a number of early stage Information Communication Technology (ICT) companies in 2000. Starting in 2001, the Life Science sector will also be covered by the Parcom Group: Parcom and ING Investment Management have committed EUR 45 million to invest in early stage companies in the Biotechnology sector. Parcom will consider acquisitions and alliances to further strengthen its position in Western Europe (Benelux, Germany, France and Italy) and in the technology and e-business sector. Midsize and large buy-outs and build-up companies are expected to continue to dominate the Parcom private equity portfolio.

Baring Private Equity Partners covers six regional markets (Western Europe, Central Europe, former Soviet Union, India, Asia and Latin America) with a team of investment professionals operating in 17 different countries worldwide. It ended the year 2000 with three new fund closings for Central Europe, Asia and the former Soviet Union, bringing total funds under management to EUR 2 billion. These closings enabled Baring Private Equity Partners to complete its international footprint and provide institutional investors with access to private equity opportunities in all major markets outside the USA.

ING Furman Selz Asset Management

ING Furman Selz Asset Management (IFSAM) is ING's platform for alternative asset management services. IFSAM's vision is to create an efficient, profitable and differentiated portfolio of asset management activities around specialized expertise. It has built a platform of hedge funds in equity, real estate and high yield fixed income, with assets under management standing at EUR 21 billion, and intends to further grow this business. A major development in 2000 was the acquisition of a controlling stake in the New York investment firm Pomona Capital, which will give IFSAM a presence in the private equity fund-of-funds business and secondary private equity markets.

REGULATION AND SUPERVISION

The insurance, banking and asset management business of ING are subject to detailed, comprehensive regulation in all the jurisdictions in which ING does business. In addition, certain European Union ("EU") directives discussed more fully below have had and will have a significant impact on the regulation of the insurance, banking industries, asset management and broker dealer businesses in the EU as such directives are implemented through legislation adopted within each member state, including the Netherlands.

A group of companies in the Netherlands may be engaged in both insurance and banking, although direct mergers between banking and insurance companies are not permitted. The Dutch Central Bank and the Pension and Insurance Supervisory Authority of the Netherlands ("Insurance Supervisory Board"), in consultation with the Ministry of Finance and with representatives of the banking and insurance industries, have entered into a protocol for the purpose of jointly regulating entities with interests in both banks and insurance companies (the "Protocol"). The first Protocol became effective on January 1, 1990. The presently effective Protocol was adopted by the Dutch Central Bank and the Insurance Supervisory Board on October 12, 1999. In a group of companies consisting of at least one bank and one insurance company (a "Mixed Group"), the banks continue to be regulated by the Dutch Central Bank and the insurers continue to be regulated by the Insurance Supervisory Board. ING Groep N.V., as the holding company of a Mixed Group in which banking and insurance operations account for a considerable proportion of total operations (a "Mixed Financial Group"), must furnish financial information to the Insurance Supervisory Board and the Dutch Central Bank twice per year, including information as to:

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

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

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

INSURANCE

The Netherlands

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

By law, Dutch life insurance companies are required to maintain a shareholders' equity level of generally 4% of insurance reserves (1% of separate account reserves) plus 0.3% of the amount at risk under insurance policies. The required shareholders' equity level for Dutch non-life insurers is the greater of two calculations, one based on premiums and one on claims. The former is based on 16% of gross premiums written for the year, the latter is based on 23% of a three-year average of gross claims. As of December 31, 2000, the shareholders' equity of ING Group's Dutch insurance subsidiaries substantially exceeded these minimum standards and amounted to EUR 9.5 billion, or 19% of actuarial reserves. Shareholders' equity is referred to in the Dutch insurance industry as the "solvency margin". See Item 5, "Operating and financial review and prospects – Liquidity and capital resources".

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

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

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

United States

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

U.S. Federal legislation has recently been enacted which authorizes financial services companies to affiliate and substantially eliminates barriers separating the banking, insurance and securities industries. The new legislation allows the formation of diversified financial service firms that can provide a broad array of financial products and services to their customers. Similarly, legislation has been enacted to expand permitted banking activities to encompass the insurance business. The Company cannot assess ultimate impact of the Company of the recent enactment at this time.

On November 12, 1999, the President signed into law the Gramm-Leach-Bliley Financial Modernization Act of 1999. The Modernization Act will:

- allow insurers and other financial service companies to acquire banks;
- establish the overall regulatory structure applicable to financial services companies that engage in banking, insurance and securities operations;
- allow bank holding companies meeting management, capital and Community Reinvestment Act standards to engage in a substantially broader range of non-banking activities than currently is

permissible, including insurance underwriting and making merchant banking investments in commercial and financial companies; and
- remove various restrictions that currently apply to bank holding company ownership of securities firms and mutual fund advisory companies

Since 1993, insurers, including the companies comprising ING Insurance's U.S. operations, have been subject to risk based capital ("RBC") guidelines. These guidelines provide a method to measure the adjusted capital (statutory capital and surplus plus other adjustments) that insurance companies should have for regulatory purposes, taking into account the risk characteristics of the company's investments and products. An insurance company's RBC ratio will vary over time depending upon many factors, including its earnings, the mix of assets in its investment portfolio, the nature of the products it sells and its rate of sales growth, as well as changes in the RBC formulas required by regulators. The RBC guidelines are intended to be a regulatory tool only, and are not intended as a means to rank insurers generally. Each of the companies comprising ING Insurance's U.S. operations was above its target and statutory minimum RBC ratios at year-end 2000.

On the basis of statutory financial statements filed with state insurance regulators, the National Association of Insurance Commissioners ("NAIC") annually calculates a number of financial ratios to assist state regulators in monitoring the financial condition of insurance companies. A "usual range" of results for each ratio is used as a benchmark. Departure from the "usual range" on four or more ratios generally leads to inquiries from individual state insurance commissioners. Based on these ratios, the NAIC examiner team assigns a "priority" to each insurance company that is used by the state regulatory authorities in prioritizing their workload.

The NAIC has undertaken a comprehensive codification of statutory accounting practices for insurers that has been completed. The new principles have been adopted as of January 1, 2001. The new principles are not expected to have a significant impact on the way ING's U.S. insurance companies conduct their business.

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

Belgium

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

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

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

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

Canada

ING Canada Holdings Inc., through its subsidiary ING Canada Inc., currently owns eight non-life insurance companies. The Commerce Group Insurance Company, The Nordic Insurance Company of

Canada (formerly Guardian Insurance Company of Canada), ING Novex Insurance Company of Canada (formerly Canadian Group Underwriters Insurance Company) and ING Wellington Insurance Company are regulated federally under the Insurance Companies Act. ING Western Union Insurance Company is an Alberta company and Belair Insurance Company Inc. and St. Maurice Insurance Company are Quebec chartered companies. The Halifax Insurance Company was incorporated by a special act of the Nova Scotia legislature, and is therefore a provincial company. The Insurance Companies Act, however, grants special status to Halifax so that it may be administered under federal regulation. Halifax files the same Office of the Superintendent of Financial Institutions (OSFI) reports as do the other OSFI-regulated companies and for all intents and purposes is administered as if it were incorporated federally. ING Canada is currently seeking a special act of the Nova Scotia legislature to continue Halifax as a federal corporation. ING Canada Holdings Inc. and ING Canada Inc. are federal companies incorporated pursuant to the Canada Business Corporations Act.

The various provincial statutes are almost identical. The law of Quebec, which is based on a Civil Code (modeled on the Napoleonic Code of France), varies in form but not substance from that of the other provinces. There are few significant differences between provinces in the administration of the insurance statutes, other than in the area of agent regulation. Ontario has recently introduced provisions that make insurers absolutely liable for the actions of their agents, even if that agent is acting outside the scope of his or her appointment. The only defense available to the insurer is one of fraud. Due diligence may be pleaded; however, unless the insurer can prove that its standards of education, monitoring and auditing of agents are of the highest level, the insurer will be held responsible for the agents' action. Quebec also has a statute that similarly makes the insurer responsible for the acts of its agents. As for mutual funds and other investment products, the various provincial statutes are almost identical and the rules are almost identical to the North American rules in this regard.

Japan

Despite the deregulation of the Japanese financial sector brought about by changes in the financial system and the revision of the Insurance Business Law, the Japanese life insurance industry still remains highly regulated by American and European standards. Furthermore the governmental authority responsible for supervising insurance business has been transferred from the Prime Minister to the Financial Revitalization Committee from December 15, 1998. A major part of the supervisory authority, however, has been delegated to the Commissioner of the Financial Supervisory Agency while the actual day to day supervision is handled by the Insurance Supervisory Division under the Supervisory Department of the Financial Supervisory Agency.

The Financial Services Agency (FSA) was established on July 1, 2000, by the integration of the Financial Supervisory Agency and the Financial System Planning Bureau of the Ministry of Finance. The FSA established a Planning and Coordination Department, which was set up to take responsibility for establishing policies governing financial institutions in Japan and managing the FSA organization.

On May 24, 2000 a law was established that amends part of the Insurance Business law and the law concerning special rules for the reorganization procedures of financial institutions. The law provides for:

- facilitation of the conversion of a mutual insurance company into a stock insurance company;
- arrangement of provisions concerning bankruptcy procedures for insurance companies;
- measures for the financial source of Life Insurance Policyholders Protection Corporation of Japan to set up regulations that enable government guarantee for loans.

The Financial Products Sales Law (FPSL) was passed on May 23, 2000 and will come into force on April 1, 2001. The FPSL stipulates laws for the protection for the users of financial services.

New products, revisions of existing products and changes in policy provisions require approval by the FSA. Premiums are, in most cases, not so much different, and vary between participating, semi-participating, and non-participating products.

Office of the Prime Minister ("OPM") and FSA ordinances stipulate the types of assets in which an insurance company can invest. In addition, ordinances limit the proportion of assets that an insurance company may invest in certain categories of investments.

The insurance business law further requires that an insurance company set aside a liability reserve for each policyholder every business period to provide for the fulfillment of the level of expected mortality and other assumptions that are applied in calculating liability reserves for long-term contracts.

An insurance company shall appoint a corporate actuary at a meeting of the board of directors and have such a corporate actuary be involved in the method of calculating premiums and other actuarial matters.

An external audit is required for all insurers. The auditors must report on whether the balance sheet and income statements show fairly the status of the insurer's assets and liabilities in conformity with relevant laws, OPM or FSA ordinances and the insurer's articles of incorporation. In addition to the external audit, statutory corporate auditors must be elected to examine whether there have been any serious violations of the law, relevant FSA ordinances or the insurer's articles of incorporation by the insurer's directors. The statutory corporate auditors are also responsible for accounting matters, depending on the results produced from the external audit and are required to draw up a report covering financial and non-financial issues, which is included in the annual report to shareholders.

Australia

The financial services activities of life insurance, investments, superannuation, general insurance and banking are currently governed by separate legislation under Australian Law.

The two main financial services regulators are the Australian Securities and Investment Commission ("ASIC") and the Australian Prudential Regulation Authority ("APRA").

APRA is responsible for the prudential regulation of banks and other deposit taking institutions, life and general insurance companies, superannuation funds and Retirement Savings Account Providers (RSA) providers. APRA's responsibilities include regulating capital and liquidity requirements and monitoring the management functions of product providers.

ASIC is responsible for consumer protection and market integrity across the financial systems, including the areas of insurance banking and superannuation.

An insurer may only carry on general insurance business in Australia if authorized under the Insurance Act 1973. APRA, through its general insurance group, administers the prudential supervisory provisions of the Insurance Act. APRA uses the information collected in specified returns to assess the value of assets and liabilities and hence an insurer's solvency. APRA also examines the insurer's liquidity and claims provisions, including the security and adequacy of reinsurance arrangements. The Insurance Act specifies that an insurer's solvency must be the greater of A$ 2,000,000, 20% of net written premiums or 15% of net outstanding claims.

The Insurance Council of Australia, the industry body for general insurers, has established a self-regulatory code, the General Insurance Code of Practice that addresses consumer issues.

There were many legislative developments during 2000. Most significantly, the federal government has continued to implement its package of tax and regulatory reform. On July 1, 2000, changes to the system of income tax, fringe benefits tax, collection of taxes via the pay as you go, withholding and entitlements system and indirect taxes commenced, marking the most fundamental restructure of the taxation system in Australian history. At the same time, the Australian financial services industry prepares to deal with the real issues raised by the Ralph Business Tax Reforms. The purpose of these reforms is to remove tax-planning opportunities, enhance competitive neutrality and make life insurance consistent with other investments. These reforms also streamline the rates of taxation associated with the different businesses of life insurance companies.

BANKING

Basle Standards

The bank regulatory authorities of the group of ten countries (the “Group of Ten”), which includes the United States, the Netherlands and eight other major industrialized countries, have cooperated in an effort to develop international capital adequacy guidelines based on the relationship between a bank’s capital and its credit risks. In this context, on July 15, 1988, the Basle Committee on Banking Regulations and Supervisory Practices adopted risk-based capital guidelines (the “Basle guidelines”), which have been implemented by banking regulators in the countries that has endorsed them. The Basle guidelines are intended to strengthen the soundness and stability of the international banking system. The Basle guidelines are also intended to reduce an existing source of competitive inequality among international banks by harmonizing the definition of capital and the rules for the evaluation of asset risks and by establishing a uniform target solvency ratio (capital to risk-weighted assets). Supervisory authorities in each jurisdiction have, however, some discretion in determining whether to include particular instruments as capital under the Basle guidelines and to assign different weights, within a prescribed range, to various categories of assets. The Basle guidelines have been adopted by the European Community and have been made part of Netherlands law. In June 1999, the Basle Committee proposed a review of the Basle guidelines of 1988.

In the year 2000 the proposals of the first consultative paper of the Basle Committee on Banking Supervision were further discussed by several international working parties. The comments and additional remarks resulted in a reused consultative paper. Main areas of change relate to the following:

- regulatory capital will be more risk-sensitive;
- capital requirements for operational risk shall be introduced;
- more specific description on the supervisory review process,
- further disclosure requirements on capital (adequacy) and risk exposure.

Once finalized, the implementation of 'The New Basle Capital Accord' is expected in 2004.

European Community Standards

The European Community, of which the Netherlands is a member, has adopted a capital adequacy regulation for credit institutions in all its 15 member states based on the Basle guidelines. In 1989, the EC adopted the Council Directive of April 17, 1989 on the “own funds” of credit institutions (the “Own Funds Directive”), defining qualifying capital (“own funds”), and the Council Directive of December 18, 1989 on a solvency ratio for credit institutions (the “Solvency Ratio Directive” and, together with the Own Funds Directive, the “EC Directives”), setting forth the required ratio of own funds to risk-adjusted assets and off-balance sheet items. The EC Directives required the EU member states, including the Netherlands, to transform the provisions of the Solvency Ratio Directive and the provisions of the Own Funds Directive into national law directly binding on banks doing business in the member states. The EC Directives permit EU member states, when transforming the EC Directives into national law, to establish more stringent requirements, but do not permit more lenient requirements.

The EC Directives are aimed at harmonizing banking regulations and supervision throughout the EU by laying down certain minimum standards in key areas, and requiring member states to give “mutual recognition” to each other’s standards of regulation. The concept of “mutual recognition” has also been extended to create the “passport” concept: the freedom to establish branches in, and to provide cross-border services into, other EU member states once a bank has been licensed in its “home” state. The single market program for banking was completed when the Capital Adequacy Directive (“CAD”) was implemented in the Netherlands with effect from January 1, 1996. In particular, the CAD introduces a new requirement for banks to provide capital for market risk. The implementation of CAD has had no material impact on the Group’s total capital position.

A Dutch credit institution is not permitted to start operations through a branch in another EU member state until it has received confirmation from the Dutch Central Bank that the information required by the Second Directive on the Coordination of Legislation to the Taking Up and Pursuit of the Business of Credit Institutions (the “Second Banking Coordination EC Directive”) has been submitted to the Dutch

Central Bank and until, following this confirmation, a period of two months has elapsed or until, before the expiry of this period, it has received confirming information by the Dutch Central Bank.

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

To compute the denominator of the solvency ratio, the assets of a bank are assigned to five broad categories of relative credit risk (0%, 10%, 20%, 50% and 100%) and the balance sheet value of each asset is multiplied by the percentage weight applicable to its risk category to arrive at the risk-adjusted value. With respect to off-balance sheet items, such as financial guarantees, letters of credit and foreign currency and interest rate contracts, first, their face value is adjusted according to their risk classification depending on the type of instrument (0%, 10%, 20%, 50% and 100%), then they are assigned, like on-balance sheet assets, to the credit risk categories depending on the type of debtor and multiplied by the applicable percentage weights.

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

Following the renewed Consultation Document of the Basle Committee on Banking Supervision the EC will launch a second round of consultation for a new EU capital adequacy framework in the first quarter of 2001. Implementation of the final paper is expected in 2004.

In December 2000 the EC issued a consultation document that will lead to a proposal for a directive on supervision of financial conglomerates in 2001. The consultation document sets out the present thinking concerning supervision of financial conglomerates and includes, among others, the recommendations of the Joint Forum on Financial Conglomerates.

Netherlands regulation

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

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

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

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

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

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

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

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

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

In the year 2000, DNB in co-operation with the Dutch Bankers' Association, has come up with a new and more elaborate liquidity test. Main changes relate to (partly) inclusion of foreign activities and derivatives.

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

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

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

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

Belgium

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

The Commission has the right to put an end to the authorization or to take exceptional measures if the credit institutions violates the law or fail to perform based on the norms laid down by the Commission relating to solvency, liquidity or profitability. Regular reporting to the Commission by accredited statutory auditors is required. The Commission also has the right to ask any document from a credit institution and to initiate inquires inside the banks.

Germany

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

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

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

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

To avert dangers, the Federal Banking Supervisory Office may issue instructions to an institution and its managers which are appropriate and necessary to prevent or remedy irregularities at the institution. In the event of concrete breaches of prudential requirements, the banking supervisory authorities have graded powers to intervene. Revocation of the license is possible as a last resort.

United Kingdom

The framework for supervision and regulation of banking and financial services in the United Kingdom is currently being reorganized and will result in all supervisory authorities merging into one authority (The Financial Services Authority). The principal legislation concerning the regulation of banks in the United Kingdom is the Banking Act 1987 (the "Banking Act"). Based on the Banking Act, the Bank of England acts as supervisory authority and has wide discretionary powers over banks authorized by it to carry on banking business. As part of its supervisory role, the Bank of England sets standards and ratios which serve as guidelines for the banks under its supervision. Each bank has to report on a regular basis to the Bank of England. Solvency requirements are in line with those prevailing in the Netherlands.

United States

The Group's banking activities in the United States currently consist of broker and dealer activities, although recent financial services legislation has the effect of allowing the Group to conduct a broad range of banking activities. See "Broker-dealer and investment management activities" and "– Insurance – United States".

Other countries

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

BROKER-DEALER AND INVESTMENT MANAGEMENT ACTIVITIES

Certain separate accounts supporting the variable products of our US life subsidiaries are also registered under the Securities Act of 1933 and the Commission's regulations thereunder. ING America Equities, Inc., a subsidiary of Security Life of Denver Insurance Company ("ING-AE"), Furman Selz Financial Services LLC and ING Barings (through ING Barings LLC and ING Barings (US)) Securities, Futures-Options Inc. Vestax Securities Corporation, Locust Street Securities, Inc. and ING Insurance Agency, Inc. are registered as broker-dealers under the Exchange Act. ING-AE and ING Barings are subject to extensive regulations and are members of, and subject to regulation by, the NASD and various other self-regulatory organizations ("SROs"). As a result of registration under the Exchange Act and SRO memberships, ING-AE and ING Barings are subject to overlapping schemes of regulation, which cover all aspects of their securities business. Such regulations cover matters such as capital requirements, the use and safekeeping of customers' funds and securities, record keeping and reporting requirements, supervisory and organizational procedures intended to assure compliance with securities laws and rules of the SROs and to prevent improper trading on "material non-public" information, employee-related matters, limitations on extensions of credit in securities transactions, and clearance and settlement procedures. A particular focus of the applicable regulations concerns the relationship between broker-dealers and their customers. As a result, ING-AE and ING Barings in some instances may be required to make "suitability" determinations as to certain customer transactions, and are limited in the amounts that they may charge customers.

Certain financial services subsidiaries of ING are also registered as investment advisers under the Investment Advisers Act of 1940, as amended (the "Investment Advisers Act") and the Commission's regulations thereunder. Many of the investment companies managed by these financial services subsidiaries, including a variety of mutual funds and other pooled investment vehicles, are registered with the Commission under the Investment Company Act. All aspects of such financial services subsidiaries' investment advisory activities are subject to various U.S. Federal and state laws and regulations and to the law in those other countries in which they conduct business. Such laws and regulations relate to, among other things, limitations on the ability of investment advisers to charge performance-based or non-refundable fees to clients, record-keepers and reporting requirements, disclosure requirements, limitations on principal transactions between an adviser or its affiliates and advisory clients, as well as general anti-fraud provisions. The failure to comply with such laws or regulations may result in possible sanctions, including the suspension of individual employees, limitations on the activities in which the investment adviser may engage, suspension or revocation of the investment adviser's registration as an adviser, censure and/or fines.

Baring Asset Management, a London-based broker-dealer, is regulated by the Securities and Futures Authority ("SFA") in the United Kingdom and, accordingly, is subject to the financial resources requirements of the SFA. A Tokyo-based broker-dealer is regulated by the Ministry of Finance (MOF). ING, ING-AE, Baring Asset Management have consistently operated in excess of their respective regulatory requirement and management believes that they currently do and will continue to do so.

Certain other U.S. and non-U.S. subsidiaries are subject to various securities, commodities and banking regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. The subsidiaries have consistently operated in excess of their applicable local capital adequacy requirements.

SELECTED STATISTICAL INFORMATION ON BANKING OPERATIONS

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

Average balances and interest rates

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

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

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

ASSETS

	Interest-earning assets								
	2000			1999			1998		
	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield	Average balance	Interest income	Average yield
	(EUR millions)		%	(EUR millions)		%	(EUR millions)		%
Time deposits with banks									
domestic	3,019	209	6.92	7,457	412	5.53	8,027	469	5.84
foreign	24,364	1,406	5.77	19,690	1,248	6.34	21,677	1,398	6.45
Loans and advances									
domestic	117,112	7,606	6.49	102,943	6,306	6.13	91,878	6,009	6.54
foreign	137,878	9,561	6.93	93,531	6,370	6.81	83,710	6,002	7.17
Interest-earning securities[(1)]									
domestic	17,014	460	2.70	15,767	453	2.87	16,658	740	4.44
foreign	66,752	3,109	4.66	46,097	2,708	5.87	45,727	2,477	5.42
Other interest-earning assets									
domestic	4,141	196	4.73	4,495	116	2.58	2,369	64	2.70
foreign	13,400	765	5.71	11,111	536	4.82	8,885	673	7.57
Total	383,680	23,312	6.08	301,091	18,149	6.03	278,931	17,832	6.39
Non-interest earning assets	24,476			20,280			20,773		
Total assets[(1)]	**408,156**			**321,371**			**299,704**		
Percentage of assets applicable to foreign operations			64.1%			57.8%			58.5%
Other interest income (reconciliation to Consolidated Financial Statements):									
– amortized results investments[(2)]		173			325			417	
– lending commission[(3)]		222			160			155	
– adjustment for interest on non-performing loans[(4)]		(95)			(84)			(80)	
– interest on off-balance instruments[(5)]		1,230			700			803	
– other		(557)			(692)			(478)	
Total interest income		**24,285**			**18,558**			**18,649**	

LIABILITIES

	Interest-earning liabilities								
	2000			1999			1998		
	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield	Average balance	Interest expense	Average yield
	(EUR millions)		%	(EUR millions)		%	(EUR millions)		%
Time deposits from banks									
domestic	21,384	1,395	6.52	19,250	1,021	5.30	19,680	1,030	5.23
foreign	45,132	2,572	5.70	35,802	2,138	5.97	39,537	2,283	5.77
Demand deposits(6)									
domestic	27,216	386	1.42	23,625	233	0.99	21,243	234	1.10
foreign	18,038	605	3.36	12,811	359	2.80	12,292	360	2.93
Time deposits(6)									
domestic	18,769	920	4.90	16,087	682	4.24	16,283	915	5.62
foreign	35,660	1,692	4.75	26,766	1,154	4.31	23,075	1,184	5.13
Savings deposits(6)									
domestic	36,783	1,199	3.26	36,821	1,175	3.19	34,340	1,220	3.55
foreign	16,659	627	3.76	13,370	397	2.97	11,490	423	3.68
Short term debt									
domestic	5,889	250	4.25	5,633	163	2.89	4,662	105	2.25
foreign	41,332	1,243	3.01	28,524	886	3.11	25,772	950	3.69
Long term debt									
domestic	18,028	1,014	5.62	15,529	897	5.78	12,294	850	6.92
foreign	24,118	1,740	7.22	10,677	902	8.45	7,712	575	7.46
Subordinated liabilities									
domestic	5,355	307	5.74	4,753	252	5.30	4,337	233	5.37
foreign	3,094	213	6.88	2,520	169	6.71	2,216	142	6.41
Other interest-bearing liabilities									
domestic	8,193	837	10.22	9,603	553	5.76	9,150	646	7.06
foreign	32,160	2,693	8.37	23,660	1,597	6.75	21,986	1,670	7.60
Total	357,810	17,693	4.95	285,431	12,578	4.41	266,069	12,820	4.82
Non-interest bearing liabilities	35,337			24,153			22,879		
Total Liabilities	393,147			309,584			288,948		
Group Capital	15,009			11,787			10,756		
Total liabilities and capital	**408,156**			**321,371**			**299,704**		
Percentage of liabilities applicable to foreign operations			61.9%			55.2%			55.2%
Other interest expense (reconciliation to Consolidated Financial Statements):									
– interest on off-balance instruments(7)		1,305			923			965	
– other		(499)			(595)			(337)	
Total interest expense		**18,499**			**12,906**			**13,448**	
Total net interest result		**5,786**			**5,652**			**5,201**	

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

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

(3) Lending commissions are recognized on a cash basis.

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

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

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

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

Analysis of changes in net interest income

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

	2000 over 1999 Increase (decrease) due to changes in			1999 over 1998 Increase (decrease) due to changes in		
	average volume	average rate	net change	average volume	average rate	net change
		(EUR millions)			(EUR millions)	
Interest-earning assets						
Time deposits to banks						
domestic	(307)	104	(203)	(31)	(25)	(56)
foreign	270	(112)	158	(126)	(24)	(150)
Loans and advances						
domestic	920	380	1,300	678	(381)	297
foreign	3,074	117	3,191	669	(301)	368
Interest-earning securities						
domestic	34	(27)	7	(26)	(262)	(288)
foreign	962	(561)	401	22	210	232
Other interest-earning assets						
domestic	(15)	95	80	55	(3)	52
foreign	131	98	229	107	(245)	(138)
Interest income						
domestic	632	552	1,184	676	(671)	5
foreign	4,437	(458)	3,979	672	(360)	312
Total	**5,069**	**94**	5,163	**1,348**	**(1,031)**	317
Other interest income (reconciliation to Consolidated Financial Statements)			564			(408)
Total interest income			**5,727**			**(91)**

	2000 over 1999 Increase (decrease) due to changes in			1999 over 1998 Increase (decrease) due to changes in		
	average volume	average rate (EUR millions)	net change	average volume	average rate (EUR millions)	net change
Interest-bearing liabilities						
Time deposits from banks						
domestic	140	234	374	(23)	14	(9)
foreign	532	(98)	434	(223)	79	(144)
Demand deposits						
domestic	51	102	153	23	(24)	(1)
foreign	174	72	246	15	(16)	(1)
Time deposits						
domestic	132	106	238	(8)	(225)	(233)
foreign	421	117	538	159	(189)	(30)
Savings deposits						
domestic	(1)	25	24	79	(124)	(45)
foreign	124	106	230	56	(82)	(26)
Short term debt						
domestic	11	76	87	28	30	58
foreign	385	(28)	357	85	(150)	(65)
Long term debt						
domestic	140	(23)	117	187	(140)	47
foreign	970	(132)	838	251	76	327
Subordinated liabilities						
domestic	35	20	55	22	(3)	19
foreign	39	5	44	20	7	27
Other interest-bearing liabilities						
domestic	(144)	428	284	26	(119)	(93)
foreign	712	384	1,096	113	(186)	(73)
Interest expense						
domestic	364	968	1,332	334	(591)	(257)
foreign	3,357	426	3,783	476	(461)	15
Total	**3,721**	**1,394**	**5,115**	**810**	**(1,052)**	**(242)**
Other interest expense (reconciliation to Consolidated Financial Statements)			478			(299)
Total interest expense			**5,593**			**(541)**
Net interest						
domestic	268	(416)	(148)	341	(79)	262
foreign	1,079	(884)	195	196	101	297
Net interest	**1,347**	**(1,300)**	**47**	**537**	**22**	**559**
Other net interest result (reconciliation to Consolidated Financial Statements)			87			(108)
Net interest result			**134**			**451**

Loan portfolio

Loans and advances to banks and customers

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

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

	Year ended December 31,				
	2000	1999	1998	1997	1996
	(EUR millions)				
By domestic offices:					
Loans guaranteed by public authorities	8,306	9,357	9,189	11,351	11,502
Loans secured by mortgages	65,585	58,196	52,237	45,052	37,523
Loans to or guaranteed by credit institutions	3,643	3,076	3,498	3,244	1,265
Other personal lending	3,532	3,281	2,991	2,697	2,516
Other corporate lending	33,715	30,755	22,738	22,013	18,948
Total domestic offices	114,781	104,665	90,653	84,357	71,754
By foreign offices:					
Loans guaranteed by public authorities	13,019	12,880	2,846	1,021	586
Loans secured by mortgages	14,048	14,794	6,815	1,319	1,369
Loans to or guaranteed by credit institutions	19,635	13,353	10,272	4,982	2,986
Other personal lending	2,790	2,086	1,821	215	349
Other corporate lending	102,484	70,806	54,150	31,123	21,187
Total foreign offices	151,976	113,919	75,904	38,660	26,477
Total gross loans and advances to banks and customers	**266,757**	**218,584**	**166,557**	**123,017**	**98,231**

The total net loans and advances to banks and customers amounted to EUR 262,485 million at December 31, 2000 and to EUR 214,062 million at December 31, 1999. The difference between total net loans and advances to banks and customers on the one hand and total gross loans and advances to banks and customers on the other, amounting to EUR 4,272 million, EUR 4,522 million and EUR 3,417 million at December 31, 2000, 1999 and 1998, respectively, represents the provisions for loan losses.

Maturities and sensitivity of loans to changes in interest rates

The following table analyzes loans and advances to banks and customers by time remaining until maturity as at December 31, 2000.

	1 year or less	1 year to 5 years	After 5 years	Total
	(EUR millions)			
By domestic offices:				
Loans guaranteed by public authorities	615	1,215	6,476	8,306
Loans secured by mortgages	12,649	5,200	47,736	65,585
Loans guaranteed by credit institutions	2,295	587	761	3,643
Other personal lending	3,160	355	17	3,532
Other corporate lending	19,108	6,388	8,219	33,715
Total domestic offices	37,827	13,745	63,209	114,781
By foreign offices:				
Loans guaranteed by public authorities	2,162	6,330	4,527	13,019
Loans secured by mortgages	1,905	1,495	10,648	14,048
Loans guaranteed by credit institutions	13,966	2,424	3,245	19,635
Other personal lending	1,110	1,453	227	2,790
Other corporate lending	84,103	11,095	7,286	102,484
Total foreign offices	103,246	22,797	25,933	151,976
Total gross loans and advances to banks and customers	**141,073**	**36,542**	**89,142**	**266,757**

The following table analyzes loans and advances to banks and customers by interest rate sensitivity by maturity as at December 31, 2000.

	1 year or less	Over 1 year	Total
		(EUR millions)	
Non-interest earning	3,727	430	4,157
Fixed interest rate	56,722	35,262	91,984
Semi-fixed interest rate(1)	3,328	66,119	69,447
Variable interest rate	77,296	23,873	101,169
Total	**141,073**	**125,684**	**266,757**

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

Risk elements

Non-accrual and past due loans

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

Under "Accruing but past due 90 days", all loans are reported which are still accruing but on which principal or interest payments are contractually past due 90 days or more. Domestic commercial loans combined with an overdraft facility, which make up approximately 50% of the reported amount in the domestic "Accruing but past due 90 days" category, were included in the 2000, 1999 and 1998 table below if the overdraft facility exceeded a specified limit for 90 days or more at December 31, 2000, 1999 and 1998, respectively. The amount of loans meeting these criteria in prior years was estimated by management based on the size of the underlying portfolio and specific risk factors.

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

	Year ended December 31,				
	2000	1999	1998	1997	1996
			(EUR millions)		
Non-accrual					
domestic	711	1,072	912	1,064	1,080
foreign	2,745	2,313	1,863	565	461
Sub-total	3,456	3,385	2,775	1,629	1,541
Accruing but past due 90 days					
domestic	1,112	573	575	461	524
foreign	756	952	555	319	62
Sub-total	1,868	1,525	1,130	780	586
Total	**5,324**	**4,910**	**3,905**	**2,409**	**2,127**

Restructured loans

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

	Year ended December 31,				
	2000	**1999**	**1998**	**1997**	**1996**
			(EUR millions)		
Troubled debt restructuring					
domestic	154	202	98	147	175
foreign	569	583	342	117	160
Total troubled debt restructuring	**723**	**785**	**440**	**264**	**335**

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

Interest income that would have been recognized in 2000 under the original terms of the non-accrual and restructured loans amounted to an estimated EUR 47 million from loans granted by domestic offices and an estimated EUR 281 million from loans granted by foreign offices. Interest income of approximately EUR 26 million from such domestic loans and approximately EUR 118 million from such foreign loans was recognized in the profit and loss account for 2000.

At December 31, 2000, ING Group had loans amounting to EUR 3,307 million that were not included in the risk elements schedule above. These loans are considered potential problem loans as the credit review officers obtained information that caused doubts as to the repayment of the loan by the borrower. Of this total, EUR 1,524 million relates to domestic loans and EUR 1,783 million relates to foreign loans. Appropriate provisions, following ING Group's credit risk rating system, have been established for these loans.

Cross-border outstandings

Cross-border outstandings are defined as loans (including accrued interest), acceptances, interest-earning deposits with other banks, other interest-earning investments and any other monetary assets that are denominated in euro or other non-local currency. To the extent that material local currency outstandings are not hedged or are not funded by local currency borrowings, such amounts are included in cross-border outstandings.
The following tables analyze cross-border outstandings as of the end of each of the last three years, stating the name of the country and the aggregate amount of cross-border outstandings to borrowers in each foreign country where such outstandings exceed 1% of total assets, by the following categories.

Guaranteed or secured loans are deducted from gross outstandings to arrive at net outstandings provided that political and transfer risks are also covered explicitly by the agreement. At December 31, 2000, there were no outstandings exceeding 1% of total assets in any country where current conditions give rise to liquidity problems which are expected to have a material impact on the timely repayment of interest or principal.

Cross – border outstandings

	Year ended December 31, 2000						
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Commit-ments (EUR millions)	Other	Total gross	Total net
United Kingdom	5	10,910	19,849	1,326	1,824	33,914	22,897
United States	95	3,205	17,376	3,346	8,480	32,502	15,227
Germany	4,494	5,037	5,357	1,495	9,992	26,375	11,029
Belgium	500	2,547	2,350	1,495	6,533	13,425	8,173
France	1,133	3,463	2,785	553	1,413	9,347	4,990

	Year ended December 31, 1999						
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Commit-ments (EUR millions)	Other	Total gross	Total net
United States	355	6,802	13,556	4,217	4,177	29,107	23,242
United Kingdom	8	8,241	7,881	1,029	1,539	18,698	18,698
Germany	3,885	4,729	1,405	1,464	10,098	21,581	14,773
France	320	5,281	1,690	206	1,936	9,433	9,411
Belgium	267	2,010	2,092	1,131	6,186	11,686	7,412
Italy	1,747	2,144	158	150	532	4,731	4,731
Switzerland	5	883	1,581	982	432	3,883	3,502

	Year ended December 31, 1998						
	Government & official institutions	Banks & other financial institutions	Commercial & industrial	Commit-ments (EUR millions)	Other	Total gross	Total net
United Kingdom	723	10,918	7,698	1,066	2,863	23,268	21,415
United States	148	2,893	10,922	1,791	3,420	19,174	15,456
Belgium	432	3,216	3,475	1,038	7,234	15,395	12,095
Germany	2,130	4,726	970	62	2,994	10,882	10,665
France	30	3,403	2,039	187	1,748	7,407	7,407
Luxembourg	7	3,459	802	209		4,477	4,477
Japan	21	1,329	676	83	2,090	4,199	3,969
Italy	641	1,663	1,125	141	539	4,109	4,108
Switzerland	5	1,360	702	316	616	2,999	2,687
Ireland	31	328	1,341	115	2,118	3,933	2,647

Commitments, such as irrevocable letters of credit are not considered as cross border outstanding under Sec rules. These commitments amounted to EUR 8,215 million at December 31, 2000; EUR 9,179 million at December 31, 1999 and EUR 5,007 million at December 31, 1998.

At December 31, 2000, 1999 and 1998, the following countries had cross-border outstandings between 0.75% and 1% of total assets:

	Cross-border outstandings Year ended December 31, (EUR millions)	
	Gross	**Net**
2000		
Italy	6,284	3,308
1999		
Japan	3,498	3,050
Luxembourg	2,865	2,865
1998		
The Netherlands Antilles	2,678	749
Spain	2,343	2,336
Brazil	2,211	37
Philippines	2,115	263

Loan concentration

The following industry concentrations were in excess of 10% of total loans as at December 31, 2000:

	Total outstandings (EUR millions)
Financial institutions	64,873
Service industry	50,143
Manufacturing	25,574

Bad and doubtful debts

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

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

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

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

On certain foreign outstandings, a country provision is calculated for which detailed instructions are given by the Dutch Central Bank. This provision is meant to reduce the risk of a foreign public authority failing to fulfil its obligations or impeding the transfer of funds from debtors in the country concerned to creditors in other countries, for reasons of a financial (transfer risk) or other (political risk) nature.

ING Group also maintains an unallocated provision for loan losses that is apportioned to major loan categories and is available for both domestic and foreign credit losses. This is required to adequately capture various subjective and judgmental aspects of credit risk assessment that is not considered on an individual basis. Considerable judgement is exercised in determining the extent of the provision and is based on the management's evaluation of the risk in the portfolio, current economic conditions, recent years' loss experience, credit and geographical concentration trends. No material changes have been made to this provision in 2000, 1999 and 1998.

When there is no prospect of recovering principal or interest, the outstanding debt and any suspense balances are written off.

Summary of loan loss experience

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

			Calendar period		
	2000	**1999**	**1998**	**1997**	**1996**
			(EUR millions)		
Balance at January 1	4,522	3,417	1,928	1,762	1,654
Change in the composition of the Group		834	874		
Charge-offs:					
Domestic:					
Loans secured by mortgages	(3)	(4)	(12)	(13)	(12)
Loans to or guaranteed by credit institutions		(10)			
Other personal lending	(77)	(26)	(24)	(25)	(25)
Other corporate lending	(198)	(170)	(163)	(55)	(149)
Foreign:					
Loans guaranteed by public authorities					(1)
Loans secured by mortgages	(1)	(1)	(6)	(1)	(7)
Loans to or guaranteed by credit institutions	(91)	(138)	(4)		
Other personal lending	(1)	(1)			1
Other corporate lending	(458)	(224)	(119)	(231)	(92)
Total charge-offs	(829)	(574)	(328)	(325)	(285)
Recoveries:					
Domestic:					
Loans secured by mortgages	5				19
Other personal lending	5	5	4	4	4
Other corporate lending	4	8	6	7	13
Foreign:					
Loans secured by mortgages	2			2	
Loans to or guaranteed by credit institutions	1	5	7		
Other corporate lending	34	1	1	16	3
Total recoveries	51	19	18	29	39
Net charge-offs	(778)	(555)	(310)	(296)	(246)
Additions (included in value Adjustments to receivables of the Banking operations), exchange and other adjustments	528	826	925	462	354
Balance at December 31	**4,272**	**4,522**	**3,417**	**1,928**	**1,762**
Ratio of net charge-offs to average loans and advances to banks and customers	0.31%	0.32%	0.18%	0.28%	0.28%

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

	Year ended December 31,									
	2000		1999		1998		1997		1996	
	EUR	%(1)	EUR	%(1)	EUR	%(1)	EUR	%(1)	EUR	%(1)
	(EUR millions)									
Domestic:										
Loans guaranteed by public authorities		3.11		4.28		5.52		9.21		11.71
Loans secured by mortgages	105	18.21	104	26.62	94	31.36	89	36.56	100	38.20
Loans to or guaranteed by credit institutions		1.37		1.41		2.10		2.63		1.29
Other personal lending	88	1.31	76	1.50	70	1.80	64	2.19	64	2.56
Other corporate lending	766	19.03	828	14.07	794	13.64	838	17.86	819	19.29
Total domestic	959	43.03	1,008	47.88	958	54.42	991	68.45	983	73.05
Foreign:										
Loans guaranteed by public authorities	7	4.88	46	5.89	18	1.71	43	0.83		0.60
Loans secured by mortgages	103	5.27	27	6.78	91	4.09	69	1.09	137	1.39
Loans to or guaranteed by credit institutions	70	7.36	322	6.11	362	6.18	65	4.04	48	3.04
Other personal lending	82	1.05	72	0.95	66	1.09	24	0.33	5	0.35
Other corporate lending	3,051	38.41	3,047	32.39	1,922	32.51	736	25.26	589	21.57
Total foreign	3,313	56.97	3,514	52.12	2,459	45.58	937	31.55	779	26.95
Total	**4,272**	**100.00**	**4,522**	**100.00**	**3,417**	**100.00**	**1,928**	**100.00**	**1,762**	**100.00**

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

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

	Year ended December 31,				
	2000	1999	1998	1997	1996
	(%)				
Domestic:					
Loans guaranteed by public authorities					
Loans secured by mortgages	0.16	0.18	0.18	0.20	0.27
Loans to or guaranteed by credit institutions					
Other personal lending	2.53	2.32	2.35	2.37	2.54
Other corporate lending	2.27	2.69	3.49	3.80	4.31
Total domestic	0.84	0.96	1.06	1.17	1.37
Foreign:					
Loans guaranteed by public authorities	0.06	0.36	0.63	4.24	
Loans secured by mortgages	0.73	0.18	1.33	5.10	9.96
Loans to or guaranteed by credit institutions	0.35	2.41	3.52	1.31	1.60
Other personal lending	2.94	3.47	3.62	5.86	1.59
Other corporate lending	2.98	4.30	3.55	2.37	2.78
Total foreign	2.18	3.08	3.24	2.41	2.94
Total	**1.60**	**2.07**	**2.05**	**1.56**	**1.79**

Deposits

The aggregate average balance of all the Group's interest-bearing deposits (from banks and customer accounts) increased by 10.53% to EUR 265,622 million. Interest rates paid reflect market conditions. The effect on net interest income depends upon competitive pricing and the level of interest income that can be generated through the use of funds.

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

Certificates of deposit represent 47% of the category 'Debt securities' (36% at the end of 1999). These instruments are issued as part of liquidity management with maturities generally of less than three months.

	2000		1999		1998	
	Average deposit (EUR millions)	Average rate %	Average deposit (EUR millions)	Average rate %	Average deposit (EUR millions)	Average rate %
Deposits by banks						
In domestic offices:						
Demand – non-interest bearing	9		185		1,273	
– interest bearing	1,783	3.8	2,065	3.9	1,276	5.6
Time	24,764	6.0	23,371	4.2	23,049	5.1
Total domestic offices	26,556		25,621		25,598	
In foreign offices:						
Demand – non-interest bearing	1,570		210		100	
– interest bearing	12,330	4.8	13,951	3.4	12,248	4.2
Time	59,102	5.6	49,474	6.6	46,248	5.6
Total foreign offices	73,002		63,635		58,596	
Total deposits by banks	**99,558**		**89,256**		**84,194**	
Customer accounts						
In domestic offices:						
Demand – non-interest bearing	10,501		7,994		9,666	
– interest bearing	35,243	2.4	34,281	2.4	31,046	2.7
Savings	18,207	3.6	18,817	3.5	19,689	3.8
Time	22,950	5.2	17,848	5.1	18,245	6.5
Total domestic offices	86,901		78,940		78,646	
In foreign offices:						
Demand – non-interest bearing	9,242		2,426		2,256	
– interest bearing	25,382	2.8	22,230	2.4	16,820	2.6
Savings	17,431	3.6	14,045	2.9	11,477	3.6
Time	48,430	4.2	44,240	4.5	27,026	5.2
Total foreign offices	100,485		82,941		57,579	
Total customers accounts	**187,386**		**161,881**		**136,225**	
Debt securities						
In domestic offices:						
Debentures	8,860	5.9	14,947	5.2	12,294	6.9
Certificates of deposit	9,397	5.0	4,074	2.3	3,586	2.9
Other	1,687	5.8	3	2.0	3	2.5
Total domestic offices	19,944		19,024		15,883	
In foreign offices:						
Debentures	16,855	7.1	21,923	4.9	7,712	7.5
Certificates of deposit	20,066	6.4	10,758	5.9	9,760	3.5
Other	8,023	5.2	5,950	4.2	3,888	3.5
Total foreign offices	44,944		38,631		21,360	
Total debt securities	**64,888**		**57,655**		**37,243**	

For the years ended December 31, 2000, 1999 and 1998, the aggregate amount of deposits by foreign depositors in domestic offices was EUR 27,538 million, EUR 46,979 million and EUR 41,360 million, respectively.

At December 31, 2000, the maturity of domestic time certificates of deposit and other time deposits, exceeding EUR 25,000, was:

	Time certificates of deposit		Other time deposits	
	(EUR millions)	%	(EUR millions)	%
3 months or less	2,222	24.9	29,599	78.0
6 months or less but over 3 months	1,119	12.5	3,882	10.2
12 months or less but over 6 months	1,180	13.2	2,279	6.0
Over 12 months	4,413	49.4	2,205	5.8
Total	**8,934**	**100.0**	**37,965**	**100.0**

The following table shows the amount outstanding for time certificates of deposit and other time deposits exceeding EUR 25,000 issued by foreign offices at December 31, 2000.

	Year ended December 31, 2000 (EUR millions)
Time certificates of deposit	68,945
Other time deposits	35,174
Total	**104,119**

Investments of the Group's banking operations

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

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Dutch government	2,919	6,150	5,443
German government	4,460	4,160	1,912
Central banks	794	665	833
Belgian government	13,870	16,137	12,692
Other governments	7,356	9,680	6,735
Corporate debt securities			
Banks and financial institutions	12,507	9,767	4,797
Other corporate debt securities	6,424	4,277	3,943
U.S. Treasury and other U.S government agencies	1,675	1,774	1,207
Other debt securities	2,509	2,340	496
Total debt securities	52,514	54,950	38,058
Shares and convertible debentures	3,495	2,687	1,545
Land and buildings[1]	3,124	1,900	1,578
Total	**59,133**	**59,537**	**41,181**

(1) Including commuted ground rents

Banking investment strategy

ING's investment strategy for its investment portfolio related to the banking activities is formulated by the Asset and Liability Committee (ALCO). The exposures of the investments to market rate movements are managed by modifying the asset and liability mix, either directly or through the use of derivative financial products including interest rate swaps, futures, forwards and purchased option positions such as interest rate caps, floors and collars. See Item 11, "Quantitative and Qualitative Disclosure about Market Risk".

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

Portfolio description

	1 year or less		Between 1 year and 5 years		Between 5 and 10 years	
	Book value (EUR millions)	Yield[1] %	Book value (EUR millions)	Yield[1] %	Book value (EUR millions)	Yield[1] %
Dutch government	57	7.6	273	6.0	2,611	4.6
German government	28	6.0	244	5.5	1,893	4.8
Central banks	311	10.1	219	7.5	180	6.6
Belgian government	1,614	7.9	4,260	6.7	7,091	6.1
Other governments	1,638	5.5	2,360	6.3	2,712	5.3
Banks and financial institutions	2,923	5.6	7,897	5.9	1,299	5.6
Corporate debt securities	1,926	5.9	3,285	5.4	766	5.3
U.S. Treasury and other U.S. government agencies	45	7.3	51	7.6	73	8.1
Other debt securities	810	6.6	714	6.0	80	6.2
Total	**9,352**		**19,303**		**16,705**	

	Over 10 years		Without maturity		Total		
	Book value (EUR millions)	Yield[1] %	Book value (EUR millions)	Yield[1] %	Book value (EUR millions)	premium/ (discount) (EUR millions)	Balance sheet value (EUR millions)
Dutch government	28	6.5			2,969	50	2,919
German government	2,282	5.5			4,447	(13)	4,460
Central banks	83	6.6			793	(1)	794
Belgian government	1,333	5.6			14,298	428	13,870
Other governments	744	7.1			7,454	98	7,356
Banks and financial institutions	334	5.7	93		12,546	39	12,507
Corporate debt securities	410	6.9			6,387	(37)	6,424
U.S. Treasury and other U.S. government agencies	1,506	6.5			1,675		1,675
Other debt securities	836	6.5	56		2,496	(13)	2,509
Total	**7,556**		**149**		**53,065**	**551**	**52,514**

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

At December 31, 2000, ING Group also held the following securities for the banking operations that exceeded 10% of shareholders' funds:

	2000		1999	
	Book value	Market value	Book value	Market value
	(EUR millions)		(EUR millions)	
Dutch government	2,974	2,935	6,241	6,107
Belgian government	14,298	14,518	15,885	16,011
German government	4,447	4,477	4,109	4,021

COMPETITION

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

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

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

RATINGS

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

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

Each of ING Verzekeringen N.V.'s and ING Bank N.V.'s long term senior debt is rated AA- by Standard & Poor's and Aa2 by Moody's. The 'AA' rating is the second highest of the seven ratings assigned by

Standard & Poor's, which range from 'AAA' to 'C'. Ratings from AA to B may be modified by the use of a plus or minus sign to show relative standing of the issuer within those rating categories. The 'Aa' rating is the second highest of the nine ratings assigned by Moody's, which range from Aaa to C. Ratings from Aaa to C may be modified by the use of numerical modifiers 1, 2 and 3, to show the relative standing of the issuer within those rating categories.

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

The following insurance subsidiaries all hold AA claims-paying ability ratings by Standard & Poor's: ING Security Life of Denver, ING Life of Georgia, ING Southland Life, First ING Life Insurance of New York, ING USG Annuity and Life Company, First Columbine Insurance Company, ING Golden American Life Insurance Company, First Golden American Life Insurance Company of New York, ING Midwestern United, ING EIC, ING ReliaStar Life Insurance Company, ING northern Life Insurance Company, ING ReliaStar Life Insurance Company of NY and ING Security-Connecticut Life Insurance Company. Standard & Poor's states that the 'AA' rating is assigned to those companies that, in its opinion, offer excellent financial security. The 'AA' rating is the second highest of the eight claims-paying ratings assigned by Standard & Poor's, which range from 'AAA' (Superior) to 'R' (Regulatory action). The following insurance subsidiaries all hold Aa2 financial strength ratings by Moody's: ING Security Life of Denver, ING Life of Georgia, ING Southland Life, ING USG Annuity and Life Company, ING EIC, ING ReliaStar Life Insurance Company, ING Northern Life Insurance Company, ING ReliaStar Life Insurance Company of NY and ING Security-Connecticut Life Insurance Company. Moody's states that the 'Aa2' rating is assigned to those companies that, in its opinion, offer excellent ability to repay punctually senior policyholder claims and obligations. The 'Aa2' rating is the second highest of the nine Financial strength ratings assigned by Moody's, which range from 'Aaa' (Exceptional) to 'C' (Lowest).

The Group's ING Verzekeringen N.V. holds an AA senior debt rating by Fitch Ratings (formely Duff & Phelps Credit Rating Co). The U.S. insurance subsidiaries ING Security Life of Denver, ING Life of Georgia, ING Southland Life, ING Golden American Life Insurance Company, ING First Golden American Life Insurance Company of New York, ING United Life and Annuity Insurance Company, ING USG Annuity and Life Company and ING EIC hold an AAA claims paying rating by Fitch Ratings. AAA ratings are assigned to companies that offer highest claims paying ability. The AAA rating is the highest of (18) rating symbols used by Fitch Ratings. ING ReliaStar Life Insurance Company, ING Northern Life Insurance Company, ING ReliaStar Life Insurance Company of NY and ING Security-Connecticut Life Insurance Company are all rated AA+. AA is the second highest rating symbol used by Fitch Ratings.

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

The following insurance subsidiaries, hold an A+ rating by A.M. Best: ING Security Life of Denver, ING Life of Georgia, ING Southland Life, ING USG Annuity and Life Company, ING Golden American Life Insurance Company, ING First Golden American Life Insurance Company of New York, First ING Life Insurance of New York, ING EIC, ING ReliaStar Life Insurance Company, ING Northern Life Insurance Company and ING ReliaStar Life Insurance Company of NY. In addition ING Midwestern United, ING United Life and Annuity Insurance Company, ING Security-Connecticut Life Insurance Company and ING Ameribest Life Insurance Company hold an A rating by A.M. Best. A.M. Best states that the 'A+' rating is assigned to those companies which, in its opinion, have demonstrated superior overall performance and have a very strong ability to meet their obligations to policyholders over a long period of time and that the 'A' rating is assigned to those companies which, in its opinion, have demonstrated excellent overall performance and have an excellent ability to meet their obligations to policyholders over a long period of time. The 'A+' rating is the second highest of 15 ratings assigned by A.M. Best, which range from 'A++' (Superior) to 'F' (In Liquidation).

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

INFORMATION TECHNOLOGY

For ING, information technology (IT) is critical to its position as a global financial institution. It is an integral part of the Group's strategy, not only to execute basic requirements, such as payments transfer, but also to secure a direct and decisive advantage for ING in the markets which it serves. The development and enhancement of information technology positively influences ING's position at a global level, strengthens the Group's presence in its existing markets and lowers the entry barriers in new markets. It also increases the introduction of products and services to our ever growing and demanding client base.

Information technology is always seen within the context of its contribution to the Group's commercial and operational objectives. Continued investment by the Group in developing and updating new technology will be necessary to maintain its competitive position. A significant portion of ING's IT budget will be used to have web enabled products and services for our customers, suppliers and employees.

While business units have a certain degree of autonomy, the Group's direction is to optimize the economies of scale by operating at the enterprise level in areas such as procurement, infrastructure services and support functions. Under the guidance of Corporate IT, ING has developed global IT standards and policies in order to increase the interoperability between business units and the flexibility to support changing business strategies and leverage the scale of the Group.

A recent study of our IT procurement procedures revealed a significant opportunity for cost reductions. The Corporate Procurement department began reporting directly to the Executive Board in October last year with the goal of better capturing these savings.

In the infrastructure area projects are underway that are designed to increase the functionality aligned with business needs and reduce costs. These projects cover infrastructure rationalization, global networking, security, electronic communications and e-Business enablement.

In addition, to further develop the Integrated Financial Services approach, ING intends to deploy customer centric solutions across our lines of business through exploiting technology, which will enhance multi-channel access and delivery through web enabled solutions.

DESCRIPTION OF PROPERTY

In the Netherlands, ING Group owns substantially all of the land and buildings used in the normal course of its business, and leases space for its headquarters in Amsterdam. Outside the Netherlands, ING Group predominantly leases all of the land and buildings used in the normal course of its business. At December 31, 2000, ING Group had more than 1,500 branch, representative and similar offices worldwide of which approximately 300, principally branch offices, were located in the Netherlands. In addition, ING Group has part of its investment portfolio invested in land and buildings. Management believes that the Group's facilities are adequate for its present needs in all material respects.

Item 5. Operating and financial review and prospects

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

FACTORS AFFECTING RESULTS OF OPERATIONS

ING Group's results of operations are affected by demographics (particularly with respect to life insurance) and by a variety of market conditions, including economic cycles, insurance industry cycles (particularly with respect to non-life insurance), banking industry cycles and fluctuations in interest and foreign exchange rates. In 2000, 34% of ING's total operational income and 60% of its consolidated operational results before taxation were derived from its Dutch operations. Accordingly, changes in the Dutch economy and levels of Dutch consumer spending and downturns in the Dutch real estate, securities and other markets may have a material effect on the Company's operations. Although management expects the foregoing factors will continue to affect ING Group's results of operations, management believes that the impact of any one of these factors, other than fluctuations in exchange rates, has been and continues to be reduced by ING Group's expansion into different geographic markets. However, management realizes that because of spin-off effects, a crisis in a major financial market can have a material negative impact on the results. Management further believes that the impact of economic cycles and insurance and banking industry cycles will increasingly be diminished by the increased proportion of ING Group's revenues derived from fee generating income. ING Group's geographic expansion, however, has increased the effect of fluctuations in exchange rates on ING Group's reported results.

GENERAL MARKET CONDITIONS

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

ING has significant commercial banking, investment banking and insurance operations in the emerging markets of South America, Asia and Central and Eastern Europe and is an active trader of emerging market loans and debt securities. Historically, the Group's capital markets and securities trading activities in emerging markets have been more volatile than those in developed countries and are subject to certain risks, such as political and currency volatility risks, which ING does not have in its more mature markets. During the last three years, the Company has experienced significant fluctuations in the results of its emerging markets trading operations and no assurance can be given that such fluctuations will not occur in future periods. In addition, ING's investment banking, securities trading and brokerage activities and the results therefrom tend to be more volatile than other parts of ING's businesses as they are significantly affected by the levels of activity in the securities markets, which in turn may be affected by, among other factors, the level and trend of interest rates. ING also offers a number of insurance and financial products which expose it to certain risks associated with fluctuations in interest rates, securities prices or the value of real estate assets.

Interest rates

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

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

The impact of interest rate fluctuations on the Group's life insurance business is reduced in part by product design, which partly or entirely transfers the exposure to interest rate movements from the Company to the policyholder. Examples of such products include unit-linked individual policies and segregated fund pension plans in group business. At December 31, 2000, approximately 37% (1999: 24%) of ING Insurance's investment portfolio consisted of investments relating to insurance policies where gains or losses arising from interest rate fluctuations are largely for the risk of policyholders. In addition, ING Insurance sells profit sharing life insurance policies, where profit sharing may be based either on total profits or on excess interest margins. In both cases, profit sharing may serve to moderate the impact of interest rate fluctuations on the Company's profit by transferring a portion of total profits or excess interest margins to policyholders. While product design reduces the interest rate sensitivity of ING Insurance, changes in interest rates may result in changes to interest income or affect the levels of new product sales or surrenders and withdrawals of business in force.

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

Exchange rate fluctuations

ING Group publishes its Consolidated Financial Statements in euros. Because a substantial portion of ING Group's income and expenses are denominated in currencies other than euros, ING Group has a financial reporting translation exposure attributable to fluctuations in the values of these currencies against the euro. Fluctuations in the exchange rates used to translate these currencies may have a significant impact on ING Group's reported results of operations from year to year. The impact of these fluctuations in exchange rates is mitigated to some extent by the fact that the revenues and related expenses, as well as assets and liabilities, of each of ING Group's non-Dutch subsidiaries are generally denominated in the same currencies. ING Group partially hedges against fluctuations in the values of these foreign currencies against the euro as a means to reduce this impact.

The contribution of North American operations to our results has grown substantially as a consequence of the acquisitions of ReliaStar and Aetna in 2000. As a result, our sensitivity to changes in the U.S. dollar has increased. A one-cent change in the U.S. dollar/euro exchange rate could have an effect on our net profit of approximately EUR 9 million. Based on our expectation that the euro will strengthen with regard to the U.S. dollar in the future. We have decided to hedge (at a spot rate of 0.868) the expected contribution of our North American operations to profit before taxation for the years 2001 and 2002. This means in practice that the impact of a change of the euro by one cent against the US dollar in the years 2001 and 2002 would have a very limited effect on the net profit of ING Group (approximately EUR 1 million).

Net profit for 2000 was favorably affected by EUR 61 million due to the appreciation of the US dollar compared with the euro. For the year 1999 as compared with 1998, net profit was unfavorably affected by EUR 28 million due to less favorable exchange rates of the Brazilian real and polish zloty, partly compensated for the appreciation of the US dollar compared with the euro.

On January 1, 1999, one single currency, the euro, was introduced for the foreign exchange and money markets, the stock exchanges and the bond markets in a number of European countries. From that day onward, a single European monetary policy is conducted by the European Central Bank in Frankfurt. The exchange rate has been fixed to 1.00 euro = NLG 2.20371.

For each of the years 2000, 1999 and 1998, the year-end exchange rates (which are the rates ING uses in the preparation of the Consolidated Financial Statements for balance sheet items not denominated in euros) and the average annual exchange rates (which are the rates ING uses in the preparation of the Consolidated Financial Statements for income statement items not denominated in euros) were as follows:

		Average	
	2000	**1999**	**1998**
U.S. dollar	0.9263	1.0671	1.1095
Australian dollar	1.5968	1.6676	1.7578
Belgian franc(1)	40.3399(1)	40.3399(1)	40.3241
Canadian dollar	1.3738	1.5903	1.6447
Dutch guilder	2.20371	2.20371	
German mark(1)	1.9558(1)	1.9558(1)	1.9549
Pound sterling	0.6085	0.6595	0.6685
French franc(1)	6.5596(1)	6.5596(1)	6.5534
Japanese yen	99.6408	120.6810	144.7904

		Year-end	
	2000	**1999**	**1998**
U.S. dollar	0.9300	1.0044	1.1694
Australian dollar	1.6748	1.5409	1.9080
Belgian franc(1)	40.3399(1)	40.3399(1)	40.3388
Canadian dollar	1.3927	1.4581	1.8108
Dutch guilder	2.20371	2.20371	
German mark(1)	1.9558(1)	1.9558(1)	1.9558
Pound sterling	0.6228	0.6216	0.7031
French franc(1)	6.5596(1)	6.5596(1)	6.5596
Japanese yen	106.8000	102.5200	132.7536

(1) In connection with the introduction of the euro, the exchange rate for these currencies into euros was also fixed.

CONSOLIDATED RESULTS OF OPERATIONS

The following table sets forth the consolidated results of operations of the ING Group for the years ended December 31, 2000, 1999 and 1998:

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
Operational results			
Insurance operations	3,162	2,400	2,065
Banking operations	2,605	1,981	804
Operational result before taxation	5,767	4,381	2,869
Taxation	1,612	1,059	719
Third-party interests	147	93	47
Operational net profit	4,008	3,229	2,103
Non-operational results after taxation	7,976	1,693	566
Net profit	**11,984**	**4,922**	**2,669**

The following table sets forth the breakdown of the non-operational results by operations:

	Year ended December 31,								
	Insurance operations			Banking operations			Total		
	2000	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
					(EUR millions)				
Operational result before taxation	3,162	2,400	2,065	2,605	1,981	804	5,767	4,381	2,869
Non-operational results:									
Result on sale Libertel		924	101	376	461	101	376	1,385	202
Result on sale CCF				853			853		
Provision for reorganization and relocation				(486)			(486)		
Result on sale NIB[1]		308						308	
Result on sale NCM[2]			24						24
Result on sale of US non-life operations			540						540
Result on sale Kredietbank						171			171
Result on sale of investments in shares regarding financing of acquisitions	7,368						7,368		
Provision for low interest risk			(211)						(211)
Provision for the calamity fund for the year 2000	91		(91)				91		(91)
Total non-operational results	7,459	1,232	363	743	461	272	8,202	1,693	635
Taxation on non-operational results	247	–	69	(21)	–	–	226	–	69
Non-operational results after taxation	**7,212**	**1,232**	**294**	**764**	**461**	**272**	**7,976**	**1,693**	**566**

(1) De Nationale Investeringsbank N.V. ('NIB')

(2) Nederlandsche Credietverzekering Maatschappij N.V. ('NCM')

The following table sets forth the operational result before taxation of the Group's consolidated operations by geographic region for the years ended December 31, 2000, 1999 and 1998:

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
The Netherlands	3,458	2,759	2,441
Belgium	630	437	912
Rest of Europe	783	572	(330)
North America	344	363	113
South America	165	110	92
Asia	210	97	(393)
Australia	141	80	53
Other	36	(37)	(19)
Operational result before taxation	**5,767**	**4,381**	**2,869**

The contribution of the insurance operations to the operational results of ING Group, before taxation and including dividends on its own shares, amounted to 54.8%, 54.8% and 72.0% in 2000, 1999, and 1998, respectively. The contribution of the insurance operations to the operational net profit of ING Group amounted to 58.6%, 60.5% and 77.6% in 2000, 1999 and 1998 respectively

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

Total operational income of ING Group increased EUR 5,954 million, or 13.5% to EUR 49,987 million, from EUR 44,033 million in 1999, reflecting increases in income of the Group's insurance and banking operations of 13.3% and 14.4%, respectively. Total operational expenditure increased EUR 4,568 million, or 11.5%, from EUR 39,652 million in 1999 to EUR 44,220 million in 2000, reflecting increases of 11.9% and 10.2% respectively, in total expenditure for the Group's insurance and banking operations. The Group's operational results before taxation increased in The Netherlands, Belgium, Rest of Europe, South America, Asia and Australia. North America showed a decline in the result before taxation.

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

Operational net profits increased EUR 779 million, or 24.1%, to EUR 4,008 million in 2000 compared to EUR 3,229 million in 1999, reflecting the increased pre-tax results and higher overall tax rates described above, as well as the effect of exchange rate movements between the euro and certain of the Group's primary operating currencies, which increased operational net profit in 2000 by EUR 61 million. Including the non-operational results, net profits increased EUR 7,062 million, or 143.5%, to EUR 11,984 million in 2000 compared to EUR 4,922 million in 1999.

The effect of the ReliaStar acquisition on profits was EUR 183 million before taxation (after taxation EUR 121 million). The contribution to operational net profit (after funding expenses and integration expenses) was EUR 81 million.

Year ended December 31, 1999 compared to year ended December 31, 1998

Total operational income of ING Group increased EUR 6,899 million, or 18.6% to EUR 44,033 million, from EUR 37,134 million in 1998, reflecting increases in income of the Group's insurance and banking operations of 18.9% and 17.4%, respectively. Total operational expenditure increased EUR 5,387 million, or 15.7%, from EUR 34,265 million in 1998 to EUR 39,652 million in 1999, reflecting increases of 19.1% and 3.7%, respectively, in total expenditure for the Group's insurance and banking operations. The Group's results before taxation increased in the Netherlands, Rest of Europe, North America, Asia and Australia. Belgium showed a decline in the result before taxation.

Consolidated operational results before taxation increased EUR 1,512 million, or 52.7%, to EUR 4,381 million in 1999 compared to EUR 2,869 million in 1998, reflecting increases of 16.2% and 146.4%, respectively, for the Group's insurance and banking operations. Including the non-operational results, results before taxation increased EUR 2,570 million, or 73.3%, to EUR 6,074 million in 1999 compared to EUR 3,504 million in 1998. The Group's consolidated operational taxes of EUR 1,059 million in 1999 and EUR 719 million in 1998 represented overall effective tax rates of 24.2% and 25.1%, respectively, compared to the statutory rates for the Group's primary Dutch and other non-domestic operating subsidiaries that ranged from 16.5% to 47%, and averaged 35%. The difference between statutory and effective rates was due primarily to a reduction in the taxes paid by the Group's Dutch subsidiaries, for which the statutory rate was 35% and the effective rate was 20.0% in 1999.

Operational net profits increased EUR 1,126 million, or 53.5%, to EUR 3,229 million in 1999 compared to EUR 2,103 million in 1998, reflecting the increased pre-tax results and lower overall tax rates described above, as well as the effect of exchange rate movements between the euro and certain of the Group's primary operating currencies, which decreased net profit in 1999 by EUR 28 million. Including the non-operational results, net profits increased EUR 2,253 million, or 84.4%, to EUR 4,922 million in 1999 compared to EUR 2,669 million in 1998.

The effect of the acquisition of BHF-BANK on profit before taxation in 1999 was EUR 103 million, while this acquisition contributed EUR 41 million to net profit.

SEGMENT REPORTING

ING Group's segments have been defined based on the management structure of the Group, which is different from its legal structure. Each Executive Center formulates its strategic, commercial and financial policy in conformity with the strategy and performance targets set by the Executive Board. Each Executive Center is also responsible for the preparation of its annual budget and each Executive Center monitors the realization of its policies and budgets and its business units. As of January 1, 2001 the management structure of ING has been changed (see 'Item 4, Information on the Company – General').

	Year ended December 31,					
	Total operational income			Operational result before taxation		
	2000	1999	1998	2000	1999	1998
	(EUR millions)					
Europe	23,758	22,043	18,798	4,264	3,419	3,313
Americas	17,834	14,424	12,630	612	425	365
Asia/Pacific	5,352	4,644	3,442	225	75	54
Corporate and Investment banking	2,446	2,313	1,319	280	217	(983)
Asset Management	1,198	1,000	663	325	343	160
Other(1)	(601)	(391)	282	61	(98)	(40)
Total Group	**49,987**	**44,033**	**37,134**	**5,767**	**4,381**	**2,869**

(1) Reflects intersegment eliminations.

The following table indicates the breakdown of the efficiency ratios for the (operational) banking activities by Executive Center in the years indicated. The efficiency ratio is the operating expenditure as a percentage of total income.

	Year ended December 31,	
	2000	**1999**
Europe*	67.1	71.0
Corporate and Investment banking	91.0	80.3
Asset Management	76.2	67.5
Total banking operations*	**72.1**	**73.6**

* excluding ING Direct

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

ING Europe

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

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

ING Americas

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

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

ING Asia / Pacific

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

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

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

ING Corporate & Investment Banking

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

ING Asset Management

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

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998, partially based on estimates

ING Europe

Gross premiums written in the life operations increased by EUR 874 million, or 15.0%, to EUR 6,715 million. Gross premiums written of the non-life operations showed an increase of EUR 148 million, or 8.7%, to EUR 1,848 million. Total operational income from the banking operations increased by EUR 913 million, or 14.9%, from EUR 6,127 million in 1998 to EUR 7,040 million in 1999, mainly due to higher commission income and the consolidation of BHF-Bank. Income from the commercial banking operations increased mainly due to higher income from securities and participating interests and financial transactions.

The operational result before taxation increased by 3.2% to EUR 3,419 million from EUR 3,313 million in 1998. The result before taxation of the insurance operations grew by 13.9%, while the result before taxation of the banking operations decreased by 6.6%, partially due to lower income and higher expenses in the Belgium operations, higher staff expenses, lower recuperation of VAT and higher investments in E-business and other activities. In addition, the results of the Polish and Hungarian banking activities were lower, as the costs of implementing the Direct banking activities were higher in 1999.

ING Americas

Gross premiums written in the life business increased by EUR 185 million, or 2.2%, from EUR 8,421 million in 1998 to EUR 8,606 million in 1999. Gross non-life premiums decreased EUR 246 million, or 14.6%, to EUR 1,440 million in 1999. This was the result of the sale of the Group's US non-life operations in August 1998.The operational result before taxation of the insurance operations increased by EUR 59 million from EUR 362 million to EUR 421 million.

ING Asia / Pacific

Gross premiums written in the life business increased by EUR 979 million, or 37.6%, from EUR 2,603 million in 1998 to EUR 3,582 million in 1999. Gross non-life pension premiums increased EUR 6 million, or 2.0%, to EUR 302 million in 1999.

The operational result before taxation of the insurance operations increased by EUR 19 million from EUR 57 million to EUR 76 million.

ING Corporate & Investment Banking

Total income increased by EUR 994 million, or 75.4%, from EUR 1,319 million in 1998 to EUR 2,313 million in 1999. This increase can be attributed to a low income figure in 1998 as a result of the crisis in the financial markets in the third and fourth quarter of 1998. The result before taxation increased EUR 1,200 million from EUR (983) million in 1998 to EUR 217 million in 1999. This increase is a result of the increased income and lower risk costs in 1999, as compared to 1998.

ING Asset Management

The assets under management of ING Group showed strong growth, as assets under management increased by 36.4%, from EUR 253.2 billion at the end of 1998 to EUR 345.3 billion at the end of 1999. The acquisition of BHF-Bank contributed EUR 17.9 billion to assets under management. The organic growth was EUR 74.2 billion, of which EUR 28.3 billion was related to new assets and EUR 45.9 billion to increases in the value of the existing portfolios. In line with international conventions, assets under management include advisory assets under management (EUR 12.7 billion at year end 1999). These relate to assets for which the asset manager offers advice on the investment policy within the agreement made with the client.

Assets managed by ING Group on behalf of third-parties increased from 62.7% to 68.8% of total assets under management in 1999. The total amount of investment funds under management increased by 55.0% from EUR 74.3 billion to EUR 115.3 billion. Total assets under management for institutional relations worldwide rose by 44.6%, from EUR 84.4 billion to EUR 122.1 billion. Assets managed on behalf of Group companies increased by 14.2%, from EUR 94.5 billion to EUR 107.9 billion. The result before taxation increased by EUR 183 million, or 114.4%, from EUR 160 million in 1998 to EUR 343 million in 1999.

CONSOLIDATED ASSETS AND LIABILITIES

The following table sets forth ING Group's consolidated assets and liabilities for the years ended December 31, 2000, 1999 and 1998:

	Year ended December 31,		
	2000	**1999**	**1998**
	(EUR billions, except per share amounts)		
Investments	277.2	195.8	149.8
Bank lending	246.8	201.8	153.7
Total assets	650.2	492.8	394.9
Insurance provisions			
Life	193.3	101.0	79.4
Non-life	6.9	6.5	5.2
Total insurance provisions	200.2	107.5	84.6
Funds entrusted to and debt securities of the banking operations (1)	252.8	224.8	164.8
Due to banks	94.7	75.3	76.0
Total liabilities	624.9	458.2	365.8
Shareholders' equity	25.3	34.6	29.1
Shareholders' equity per Ordinary share	26.08	35.81	30.42

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

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

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

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Total assets increased by 24.8% in 1999 to EUR 492.8 billion. The acquisition of BHF-BANK and the growth in the investment portfolio, as well as the increase in bank lending volume contributed to this increase. Investments grew by EUR 46.0 billion, or 30.7%, to EUR 195.8 billion in 1999 from EUR 149.8 billion in 1998, of which amount EUR 27.1 billion related to growth in insurance investments and EUR 18.9 billion related to growth in banking investments.

Bank lending grew EUR 48.1 billion, or 31.3%, rising to EUR 201.8 billion at the end of 1999 from EUR 153.7 billion at the end of 1998. Of this amount, EUR 101.2 billion related to lending in the

Netherlands and EUR 100.6 billion to international lending. Mortgage lending, primarily Dutch residential mortgages, accounted for EUR 5.3 billion of the EUR 48.1 billion increase.

Group shareholders' equity increased by 18.8% to EUR 34,556 million at December 31, 1999 compared to EUR 29,077 million at December 31, 1998. Write-offs of goodwill arising in connection with the acquisition of BHF-BANK and other acquisitions totaled EUR 1,427 million (which write-offs are directly charged in full to shareholders' equity). These write-offs were offset by the increase in the value of the investment representing shareholders' equity of ING's insurance subsidiaries of EUR 1,750 million, net profits of EUR 4,922 million, positive currency exchange rate movements of EUR 576 million and the exercise of warrants and options of EUR 78 million. In addition, the portion of the 1998 final dividend and 1999 interim dividend paid in cash and private placements caused shareholders' equity to decrease by EUR 420 million.

INSURANCE OPERATIONS

The following table sets forth selected financial information for the Group's consolidated insurance operations for the years ended December 31, 2000, 1999 and 1998:

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
Income from insurance operations:			
Gross premiums written:			
Life	25,019	18,902	16,863
Non-life	4,095	3,510	3,585
Total	29,114	22,412	20,448
Investment income	8,486	11,209	7,830
Commissions and other income	1,126	548	457
Total income(1)	**38,726**	**34,169**	**28,735**
Net premiums written:			
Life	24,006	18,280	16,431
Non-life	3,908	3,357	3,372
Total	**27,914**	**21,637**	**19,803**
Result before taxation from insurance activities:			
Life	1,697	1,256	1,075
Non-life	262	182	157
Insurance operations-general(2)	1,203	962	833
Total	3,162	2,400	2,065
Taxation	775	413	433
Third party interests	39	34	(1)
Operational net profit	**2,348**	**1,953**	**1,633**

(1) Under US GAAP total income in 2000 amounts to EUR 30,411 million (1999: EUR 24,595 million, 1998: EUR 18,966 million). The difference with Dutch GAAP mainly relates to contracts that do not expose the Company to significant mortality or morbidity risks. (See note 6.4.1 of Notes to the Consolidated Financial Statements).

(2) Insurance operations-general mainly consists of results of insurance holding companies and non-insurance companies included within ING Insurance, as well as income from investments allocated to the capital and surplus of the Group's insurance companies. (See Note 3.7.2. of Notes to the Consolidated Financial Statements).

The following table sets forth the breakdown of gross premiums written and results before taxation by geographic area for the Group's consolidated insurance operations for each of the years indicated:

	Gross premiums written			Result before taxation		
	2000	1999	1998	2000	1999	1998
	(EUR millions)			(EUR millions)		
The Netherlands	7,368	6,489	5,846	2,017	1,697	1,448
Belgium	1,194	1,038	812	113	96	109
Rest of Europe	1,330	1,036	883	190	124	100
North America	14,943	9,782	9,853	579	437	374
South America	240	178	145	(6)	(9)	(7)
Asia	1,814	1,160	883	82	(2)	7
Australia	2,222	2,724	2,016	150	81	54
Other	110	115	109	37	(24)	(20)
Premiums between geographic areas(1)	(107)	(110)	(99)			
Total	**29,114**	**22,412**	**20,448**	**3,162**	**2,400**	**2,065**

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

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

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

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

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

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

Total Income

Total income from insurance operations in 2000 increased by EUR 4,557 million, or 13.3%, to EUR 38,726 million, from EUR 34,169 million in 1999, reflecting increases in gross premiums written and in commissions and other income. Gross premiums written in the Group's life operations increased by 32.4% over 1999 levels, mainly due to ING's insurance operations in the Netherlands, Belgium, Rest of Europe, North America (the acquisition of ReliaStar contributed EUR 1,526 million) and Asia. Gross premiums in Australia decreased. Non-life gross premiums written were 16.7% higher than in 1999, primarily as a result of an increase in the Netherlands (Accident and Health), North America (Fire and Automobile) and Australia. The Group's overall retention level decreased from 96.5% in 1999 to 95.9% in 2000. Investment income decreased by 24.3% over 1999 levels, as a result of substantially lower investment income for risk of policyholders including (un)realized capital gains, arising from a poor equity market performance. Commissions and other income increased by EUR 578 million, or 105.5%, amongst others due to higher income from asset management activities (in Italy, North America and Australia) and the acquisition of ReliaStar (EUR 178 million).

The total impact of exchange rate movements, in particular the appreciation of the U.S. dollar against the Euro, amounted to EUR 2,445 million. Acquisitions divestments and 5 quarter effect Australia increased total income by EUR 1,953 million. The organic growth of total income, disregarding the influence of acquisitions, divestments and 5 quarter effect Australia and of exchange rate movements, was EUR 159 million or 0.5%, reflecting increases in gross premiums (Life and Non-life) of 14.4% and decreases in investment income, commissions and other income of 26.7%.

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

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

Result before taxation

The result before taxation from the Group's insurance activities increased in 2000 by EUR 762 million, or 31.8%, to EUR 3,162 million, from EUR 2,400 million in 1999, reflecting growth in life operations of 35.1%, non-life operations of 44.0% and insurance operations-general of 25.1%. The influence of exchange rate movements increased the result before taxation by EUR 67 million, mainly due to the positive impact of the change in the U.S. dollar exchange rate.

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

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

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

Taxation

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998.

On a consolidated basis, the Group's insurance operations contributed EUR 2,400 million and EUR 2,065 million to the Group's results before taxation in 1999 and 1998, respectively, and EUR 1,953 million and EUR 1,633 million to the Group's net profits in such years. Changes in income and result were affected by the sale in August 1998 of the Group's non-life operations in the United States (TNIC) and by a few smaller acquisitions (e.g. Guardian Insurance Company of Canada, Clarion in Canada, Heine Funds Management in Australia, United Life & Annuity Insurance Company in the United States, MOVIR and Apollonia in the Netherlands) and divestments (e.g. Medical Risk Solutions in the United States).

Total Income
Total income from insurance operations in 1999 increased by EUR 5,434 million, or 18.9%, to EUR 34,169 million, from EUR 28,735 million in 1998, reflecting increases in gross premiums written, investment income and commissions and other income. Gross premiums written in the Group's life operations increased by 12.1% over 1998 levels, mainly due to ING's insurance operations in the Netherlands, Belgium, Rest of Europe, Asia and Australia. Non-life gross premiums written, however, were 2.1% lower than in 1998, primarily as a result of a decrease in North America due to the sale of TNIC. The Group's overall retention level decreased from 96.8% in 1998 to 96.5% in 1999. Investment income increased by 43.2% over 1998 levels, reflecting increases in realized and unrealized gains on investments held for the benefit of policyholders, as well as overall growth in insurance investments. Commissions and other income increased by EUR 91 million, or 19.9%, mainly due to the strengthening of the asset management position (real estate) in USA and Australia, and higher income from asset management in the Netherlands, partly compensated by lower results from financial transactions.

The effect of foreign exchange rate movements increased the Group's 1999 insurance-related income, excluding acquisitions and disposals, in euros by EUR 764 million, consisting of EUR 557 million, EUR 54 million and EUR 153 million increases in life premiums, non-life premiums and investment income (including commissions and other income), respectively. The increases reflect the positive effect of the appreciation of the US dollar, Australian dollar and Japanese Yen compared with the Euro.

Result before taxation
The result before taxation from the Group's insurance activities increased in 1999 by EUR 335 million, or 16.2%, to EUR 2,400 million, from EUR 2,065 million in 1998, reflecting result growth in all operations: life 16.8%, non-life 15.9% and insurance operations-general 15.5%. The influence of exchange rate movements increased the result before taxation by EUR 21 million, mainly due to the positive impact of the change in the U.S. dollar exchange rate.

Operating expenses for 1999 increased by 13.7% over 1998. This increase in operating expenses reflects higher staff expenses, mainly in the Netherlands (increased salaries, number of staff and pension costs), North America (severance and pension costs) and Greenfields/Mutual Funds (increased number of staff). Operating expenses were favorably impacted by the capitalization of software as of January 1, 1999. For prudence reasons, the provision for the millenium calamity fund was not yet released at the end of 1999.

Taxation
The overall effective tax rate in 1999 for the Group's insurance operations was 17.2%, compared to a 21.0% rate in 1998. The decrease in the effective tax rate for the year 1999 was due in part to the increase of the tax-exempt dividend income from shares of Dutch listed companies in which the Group held more than 5% of the outstanding shares and a release of a tax provision.

Net profit
Net profit for the Group's insurance operations in 1999 increased by EUR 320 million, or 19.6%, to EUR 1,953 million compared with 1998.

Life insurance operations

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

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Gross premiums written	25,019	18,902	16,863
Net premiums written[1]	24,006	18,280	16,431
Investment Income	6,210	9,165	5,984
Other underwriting income	63	38	48
Total income	30,279	27,483	22,463
Life policy benefits paid or provided for	25,774	24,238	19,678
Operating expenses	2,718	1,980	1,705
Other expenses	90	9	5
Total expenses	28,582	26,227	21,388
Result before taxation	**1,697**	**1,256**	**1,075**

(1) Net of reinsurance premiums ceded of EUR 1,013 million, EUR 622 million and EUR 432 million, in 2000, 1999 and 1998 respectively.

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

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
The Netherlands			
Individual			
Single premium	1,739	1,220	1,039
Periodic premium	1,709	1,640	1,505
Total	3,448	2,860	2,544
Group			
Single premium	978	977	868
Periodic premium	1,086	1,000	938
Total	2,064	1,977	1,806
Reinsurance assumed	39	49	31
Total	**5,551**	**4,886**	**4,381**
Belgium			
Individual			
Single premium	655	529	380
Periodic premium	160	193	145
Total	815	722	525
Group			
Single premium	55	28	14
Periodic premium	94	71	62
Total	149	99	76
Reinsurance assumed			1
Total	**964**	**821**	**602**
Rest of Europe			
Individual			
Single premium	259	187	145
Periodic premium	911	784	650
Total	1,170	971	795
Group			
Single premium	111	20	51
Periodic premium	18	17	12
Total	129	37	63
Reinsurance assumed			
Total	**1,299**	**1,008**	**858**
North America			
Individual			
Single premium	6,542	4,838	3,571
Periodic premium	3,308	1,451	1,385
Total	9,850	6,289	4,956
Group			
Single premium	2,932	1,693	2,956
Periodic premium	16	19	24
Total	2,948	1,712	2,980
Reinsurance assumed	550	467	379
Total	**13,348**	**8,468**	**8,315**

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
South America			
Individual			
Single premium	76	51	35
Periodic premium	93	65	46
Total	169	116	81
Group			
Single premium	3	2	5
Periodic premium	22	17	17
Total	25	19	22
Reinsurance assumed			
Total	**194**	**135**	**103**
Asia			
Individual			
Single premium	168	27	11
Periodic premium	1,582	1,081	823
Total	1,750	1,108	834
Group			
Single premium			
Periodic premium	14	11	9
Total	14	11	9
Reinsurance assumed	2	2	1
Total	**1,766**	**1,121**	**844**
Australia			
Individual			
Single premium	990	1,418	1,100
Periodic premium	327	221	195
Total	1,317	1,639	1,295
Group			
Single premium	390	723	396
Periodic premium	187	99	68
Total	577	822	464
Reinsurance assumed			
Total	**1,894**	**2,461**	**1,759**
Other			
Reinsurance assumed	4	17	3
Premiums between geographic areas[(1)]	(1)	(15)	(2)
Total	**25,019**	**18,902**	**16,863**

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

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

Premium income

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

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

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

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

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

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

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

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

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

Life policy benefits paid or provided for

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

Operating expenses

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

Result before taxation

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

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

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

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

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

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

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

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

In *Australia*, results before taxation of Mercantile Mutual Life rose by EUR 33 million, to EUR 83 million due to higher margins on increased funds under management. The impact of the 5th quarter amounted to EUR 12 million.

Year ended December 31, 1999 compared to year ended December 31, 1998

Premium income

Gross premium income of the Group's life operations in 1999 increased by EUR 2,039 million, or 12.1%, over 1998 levels. Disregarding the effect of acquisitions (+EUR 19 million) and the effect of exchange rate movements (+EUR 557 million), gross premium income for the Group increased by EUR 1,463 million or 8.4%.

In *the Netherlands*, premium income increased by EUR 505 million, or 11.5%, to EUR 4,886 million for 1999. This increase was due to an increase in individual and group premiums of 12.4% and 9.5%, respectively. The 9.5% increase in group premiums was negatively affected by a one-time premium in 1998 of EUR 270 million. The 12.4% increase in individual premiums was mainly caused by single premiums which rose by 17.4% compared to 1998.

In *Belgium*, premium income increased by EUR 219 million, or 36.4%, to EUR 821 million, over 1998 levels. This increase, particularly, with respect to individual single premiums, was mainly caused by strong sales of unit-linked products.

In the *Rest of Europe*, premium income increased by EUR 150 million, or 17.5%, over 1998 levels. This growth was mainly attributable to the growth in individual periodic premiums of EUR 134 million. The premium income of the greenfield operations in Italy, Slovakia and Romania increased by an aggregate of EUR 54 million to EUR 185 million in 1999. The premium income of the ex-greenfield operations in Spain, Greece, Hungary, Czech Republic and Poland increased by an aggregate of EUR 95 million to EUR 823 million in 1999.

In *North America*, premium income increased by EUR 153 million, or 1.8%, to EUR 8,468 million in 1999. Excluding the positive impact of the dollar/euro exchange rate, premium income in North America decreased by 2.0%, mainly due to an intentional decrease in sales, (45.2)%, of Guaranteed Investment Contracts ('GICs'). However, excluding GICs, the growth was 22.1%, primarily due to the favorable growth of variable annuities.

In *South America*, premium income increased by EUR 32 million, or 31.1%, over 1998 levels. Premium income from the greenfield operation in Argentina increased by EUR 15 million to EUR 31 million. Life operations in Chile generated EUR 18 million higher premium income in 1999.

In *Asia*, premium income increased by EUR 277 million, or 32.8%, to EUR 1,121 million in 1999. Excluding exchange rate movements, the increase was 12.1%. This increase was mainly caused by an increase of EUR 258 million in individual periodic premiums. The growth in Japanese Yen of the premium income of ING Life Insurance Japan was limited to 3.5%, due to difficult market circumstances and the introduction of policies with lower guaranteed interest. The increase of premium income in Korea and Taiwan in local currency amounted to 90.6% and 33.7%, respectively, due to increased production and better persistency.

In *Australia*, premium income increased by EUR 702 million, or 39.9% to EUR 2,461 million. On a constant currency basis, the growth was 32.7%. Most of this increase was due to the growth of single premium business. Such growth was mainly driven by strong sales of unit-linked products.

Net premiums written in 1999 and 1998 reflected premiums ceded to reinsurers of EUR 622 million and EUR 432 million, respectively, resulting in overall retention levels of 96.7% in 1999 and 97.4% in 1998. Net premiums increased by EUR 1,849 million, or 11.3%, from EUR 16,431 million in 1998 to EUR 18,280 million in 1999.

Life policy benefits paid or provided for

Life policy benefits paid or provided for consist of life benefits paid to policy owners and beneficiaries, increases in life insurance provisions and profit sharing and rebates for policyholders. Total life policy benefits increased by EUR 4,560 million, or 23.2%, to EUR 24,238 million from EUR 19,678 million in

1998, in each case net of reinsurance. Life policy benefits paid and insurance provisions increased by EUR 3,848 million, or 21.1%, to EUR 22,119 million. This growth reflects increased investment income for policyholders and a growth in premiums written, resulting in an increase of provisions for life policy liabilities. Profit sharing and rebates, which consist of distributions (in the form of a reduction of premiums or credits) to policyholders with respect to portfolio yield or the results of the policy issuing company, totaled EUR 1,666 million in 1999 and EUR 1,000 million in 1998, and bonuses added to policies totaled EUR 453 million in 1999 and EUR 407 million in 1998.

Operating expenses

Life operating expenses (including other expenses), which consist primarily of salaries and commissions, increased by EUR 279 million, or 16.3%, from EUR 1,710 million in 1998 to EUR 1,989 million in 1999, principally reflecting the increase in premiums written (12.1%). In addition, an increase in staff expenses, due to higher salaries and pension and social security costs, and in expenses associated with the growth of greenfields operations.

Result before taxation

The result before taxation from life insurance operations in 1999 increased by EUR 181 million, or 16.8%, to EUR 1,256 million compared with 1998. This increase can be attributed primarily to growth in the result of the Group's Netherlands operations (EUR 145 million, or 20.3%) of which EUR 62 million was due to one-time exceptional dividend income and increased sales profits from equities, convertible bonds and real estate of EUR 39 million. With the exception of South America and Asia, all regions improved over 1998. The following table sets forth a geographic breakdown of the results before taxation of the Group's life operations:

	Year ended December 31,	
	1999	**1998**
	(EUR millions)	
Result before taxation		
The Netherlands	858	713
Belgium	33	27
Rest of Europe	44	34
North America	291	277
South America	(14)	(12)
Asia	(3)	3
Australia	50	36
Other	(3)	(3)
Total	**1,256**	**1,075**

In *the Netherlands*, results before taxation increased by EUR 145 million, or 20.3%, over 1998 levels. This increase was positively impacted by realized gains on investments and one-time exceptional dividend income. Excluding these special items the underlying result increased by approximately 12%, primarily as a result of improved mortality and morbidity experience.

In *Belgium*, results before taxation increased by EUR 6 million or 22.2% over 1998 levels, mainly because of higher results of unit-linked business due to the successful launch of new products.

In the *Rest of Europe*, the results before taxation increased by EUR 10 million, or 29.4%, to EUR 44 million, reflecting favorable performance in the life operations of the (ex)greenfields in Poland, Hungary, Greece and Czech Republic, which was partly offset by start-up losses for pension business in Poland. The results for life operations in Italy increased, despite costs on account of the introduction of Employee Benefits activities.

In *North America*, results before taxation increased by EUR 14 million, or 5.1%, to EUR 291 million. This increase reflects stronger results from the Canadian operations due to capital gains on equity-index-futures in 1999 and reserve strengthening in 1998. In the United States, the results decreased slightly due to, on balance, stronger results from variable annuities, stronger results from Guaranteed Investment Contracts, mainly due to a widening of spreads, and lower results from individual life operations.

In *South America*, results before taxation amounted to EUR (14) million, which was EUR 2 million lower than the result over 1998. Increased results of the life operations in Chile were offset by lower results in the Netherlands Antilles. Start-up losses in Argentina increased slightly.

In *Asia*, results before taxation amounted to EUR (3) million, which was EUR 6 million below the 1998 result before taxation, mainly due to lower results in Indonesia and in Taiwan. The results before taxation of the life company in Japan remained almost equal due to increased surrenders which were offset by capital gains, expense cuts and positive claim results.

In *Australia*, results before taxation of Mercantile Mutual Life rose by EUR 14 million, to EUR 50 million. The increase was mainly in the individual lump sum risk business caused by improved claims experience together with growth in business.

Non-life insurance operations

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

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
Gross premiums written	4,095	3,510	3,585
Net premiums earned[1]	3,867	3,335	3,255
Investment Income	424	407	384
Other underwriting income	6	1	1
Total income	4,297	3,743	3,640
Claims and claims expenses	2,886	2,508	2,430
Operating expenses	1,149	1,053	1,053
Total expenses	4,035	3,561	3,483
Result before taxation	**262**	**182**	**157**

(1) Net of reinsurance ceded of EUR 187 million, EUR 153 million and EUR 213 million, in 2000, 1999 and 1998 respectively and changes in provision for unearned premiums and unexpired insurance risks.

The following table sets forth the Group's non-life gross written premiums by geographic area and principal class of business:

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
The Netherlands			
Fire	364	355	358
Automobile	353	341	320
Accident and Health	885	699	582
Other	187	183	179
Reinsurance assumed	28	25	26
Total	**1,817**	**1,603**	**1,465**
Belgium			
Fire	48	45	45
Automobile	72	70	71
Accident and Health	90	83	77
Other	19	18	16
Reinsurance assumed	1	1	1
Total	**230**	**217**	**210**

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Rest of Europe			
Fire	11	10	10
Automobile	9	8	7
Accident and Health	9	8	7
Other	2	2	1
Reinsurance assumed			
Total	**31**	**28**	**25**
North America			
Fire	521	410	473
Automobile	838	668	710
Accident and Health	93	128	206
Other	143	108	142
Reinsurance assumed			7
Total	**1,595**	**1,314**	**1,538**
South America			
Fire	12	13	12
Automobile	15	14	12
Accident and Health	18	15	16
Other	1	1	2
Reinsurance assumed			
Total	**46**	**43**	**42**
Asia			
Fire	7	7	8
Automobile	7	6	6
Accident and Health	24	18	16
Other	8	6	6
Reinsurance assumed	2	2	3
Total	**48**	**39**	**39**
Australia			
Fire	145	110	106
Automobile	59	56	68
Accident and Health	55	51	41
Other	68	44	42
Reinsurance assumed	1	2	
Total	**328**	**263**	**257**
Other			
Reinsurance assumed	106	98	106
Premiums between geographic areas[1]	(106)	(95)	(97)
Total	**4,095**	**3,510**	**3,585**

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

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

Premium income

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

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

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

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

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

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

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

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

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

Claims and claims expenses

Claims and claims expenses for the Group's non-life business increased by EUR 378 million, from EUR 2,508 million in 1999 to EUR 2,886 million in 2000. Claims in the business lines Fire, Automobile and Accident and Health were EUR 102 million, EUR 133 million and EUR 110 million higher, respectively, than in 1999. Claims paid increased by EUR 343 million to EUR 2,574 million, while the addition to claims provisions increased by EUR 35 million to EUR 312 million in 2000.

The growth of net premiums earned (16.0%) surpassed the increase of claims and claims expenses (15.1%), resulting in a decrease in the overall non-life loss ratio of 0.6 percentage points to 74.6%. This improvement was a result of a decrease in the loss ratio in Belgium, Rest of Europe, South America and Australia, partly offset by an increase in the Netherlands, North America and Asia. The improvement of the loss ratio in Other areas (2000: 80.2%, 1999: 156.6%) was primarily due to in house reinsurance activities (NN Reinsurance) and reflects substantial losses in 1999 from the Sydney hailstorm, the Canada windstorm and an earthquake in Greece. By business line, the loss ratio of Fire increased by 3.4 percentage points to 60.4% in 2000 and the loss ratio of Automobile increased by 0.4 percentage points to 79.6%. The loss ratio of Accident and Health decreased by 3.4 percentage points to 82.5% in 2000 and the loss ratio of Other increased by 2.6 percentage points to 72.5%.

Operating expenses

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

Result before taxation

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

	Year ended December 31,	
	2000	**1999**
	(EUR millions)	
The Netherlands		
Fire	38	52
Automobile	(7)	
Accident and Health	84	80
Other	7	18
Reinsurance assumed	7	9
Total	**129**	**159**
Belgium		
Fire		2
Automobile	2	(4)
Accident and Health	15	8
Other	1	1
Reinsurance assumed		
Total	**18**	**7**
Rest of Europe		
Fire	1	
Automobile		2
Accident and Health	(1)	
Other		
Reinsurance assumed		
Total	**0**	**2**
North America		
Fire	36	30
Automobile	50	24
Accident and Health	8	(10)
Other	18	11
Reinsurance assumed		
Total	**112**	**55**
South America		
Fire	(1)	(1)
Automobile	1	
Accident and Health	1	
Other		
Reinsurance assumed		
Total	**1**	**(1)**

	Year ended December 31, 2000	1999
	(EUR millions)	
Asia		
Fire		
Automobile	1	
Accident and Health		1
Other	1	2
Reinsurance assumed		
Total	**2**	**3**
Australia		
Fire	(8)	(4)
Automobile	2	(4)
Accident and Health	5	(4)
Other	(3)	(5)
Reinsurance assumed		
Total	**(4)**	**(17)**
Other		
Fire	(2)	(23)
Automobile	3	(4)
Accident and Health	3	2
Other		(1)
Reinsurance assumed		
Total	**4**	**(26)**
	262	**182**

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

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

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

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

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

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

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

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

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Premium income

In 1999, gross premiums written from non-life operations decreased by EUR 75 million, or 2.1%, to EUR 3,510 million from EUR 3,585 million in 1998. Disregarding the aggregate effect of acquisitions and dispositions (EUR (180) million) and of exchange rate movements (EUR 54 million), gross premium income for the Group increased by EUR 51 million, or 1.6%.

Premium income in t*he Netherlands* increased by EUR 138 million or 9.4%. This increase was due to strong growth in the Accident and Health line of EUR 117 million (20.1%), as a result of higher sales/premium rates and the acquisition of MOVIR. In the Automobile line, premium income improved by EUR 21 million, or 6.6%, from 1998 levels, despite the fierce competition in the Dutch market.

In *Belgium*, premium income rose by EUR 7 million, or 3.3%, mainly due to an increase in premium income for the Accident and Health line.

Non-life premium income in the *Rest of Europe* increased by EUR 3 million, or 12.0%, to EUR 28 million, to which Fire line contributed EUR 10 million, Automobile line contributed EUR 8 million and Accident and Health line contributed EUR 8 million.

In *North America*, premium income decreased by EUR 224 million or 14.6% from EUR 1,538 million in 1998 to EUR 1,314 million in 1999. Excluding the effect of the sale of Group's non-life operations in the

United States, the acquisition of non-life operations in Canada and changes in exchange rates, premium income in North America decreased by EUR 50 million, due to increased competition in Canada, discontinued cancer insurance sales and the sale of Medical Risk Solutions in the USA.

In *South America*, non-life premium income for 1999 increased by EUR 1 million, or 2.4%, to EUR 43 million, due to higher income in the Automobile line.

In *Asia*, non-life premium income for 1999 amounted to EUR 39 million, equal to 1998. The income was mainly generated in Singapore, Hong Kong and Indonesia.

In *Australia*, non-life premiums for 1999 increased by EUR 6 million, or 2.3%, to EUR 263 million, from EUR 257 million for 1998. This increase was mainly due to an increase in the exchange rate of the Australian dollar with respect to the euro. On a constant currency basis premium income decreased by 2.7%, primarily due to the withdrawal from Compulsory Third Party Liability (Automobile) in New South Wales, which was partly offset by a strong growth in Personal Accident insurance.

Net non-life premiums written in 1999 and 1998 reflected premiums ceded to reinsurers of EUR 153 million and EUR 213 million, respectively, resulting in overall retention levels of 95.6% in 1999 and 94.1% in 1998. Net non-life premiums written amounted to EUR 3,357 million in 1999 compared to EUR 3,372 million in 1998, reflecting a slight decrease in gross premiums written as well as in the reinsurance premiums ceded.

Claims and claims expenses

Claims and claims expenses for the Group's non-life business increased by EUR 78 million, from EUR 2,430 million in 1998 to EUR 2,508 million in 1999. The claims of the business lines Accident and Health and Automobile were EUR 108 million and EUR 40 million, respectively, higher than in 1998, but claims of the Fire line decreased by EUR 57 million, primarily in North America. Claims paid increased by EUR 63 million to EUR 2,231 million, while the addition to claims provisions increased by EUR 15 million to EUR 277 million in 1999.

The increase of claims and claims expenses (3.2%) surpassed the growth of the net premiums earned (2.5%), resulting in an increase in the overall non-life loss ratio of 0.5 percentage points to 75.2%. This increase was a result of an increase in the loss ratio in all regions, except North America, South America and Asia. The high loss ratio in Other areas (1999: 156.6%; 1998: 156.0%), are primarily due to in house reinsurance activities (NN Reinsurance) and reflects losses from the Sydney hailstorm, the Canada windstorm and earthquake in Greece in 1999 and ice storms losses from Canada and the United States in 1998. By business line, the loss ratio of Fire decreased by 5.3 percentage points to 57.0% in 1999; Automobile, and Accident and Health however showed an increase of the loss ratio by 1.8 and 3.2 percentage points, respectively.

Operating expenses

Operating expenses (including other expenses), consisting primarily of salaries and commissions, amounted to EUR 1,053 million in 1999, which was equal to 1998.

Result before taxation

The result from non-life insurance operations in 1999 increased by EUR 25 million, or 15.9%, compared with 1998, to EUR 182 million. With the exception of Rest of Europe, Australia and Other areas (mainly NN Reinsurance) this increase was evident in all geographic areas, but particularly in the Netherlands and North America. The following table sets forth the results before taxation of the Group's non-life operations by geographic area and principal class of business:

	Year ended December 31,	
	1999	**1998**
	(EUR millions)	
The Netherlands		
Fire	52	34
Automobile		8
Accident and Health	80	77
Other	18	9
Reinsurance assumed	9	10
Total	**159**	**138**
Belgium		
Fire	2	(1)
Automobile	(4)	(4)
Accident and Health	8	6
Other	1	1
Reinsurance assumed		
Total	**7**	**2**
Rest of Europe		
Fire		1
Automobile	2	
Accident and Health		2
Other		
Reinsurance assumed		1
Total	**2**	**4**
North America		
Fire	30	(6)
Automobile	24	32
Accident and Health	(10)	2
Other	11	7
Reinsurance assumed		2
Total	**55**	**37**
South America		
Fire	(1)	(2)
Automobile		
Accident and Health		
Other		
Reinsurance assumed		
Total	**(1)**	**(2)**

	Year ended December 31, 1999	1998
	(EUR millions)	
Asia		
Fire		(1)
Automobile		(1)
Accident and Health	1	1
Other	2	
Reinsurance assumed		
Total	**3**	**(1)**
Australia		
Fire	(4)	(1)
Automobile	(4)	(3)
Accident and Health	(4)	3
Other	(5)	(3)
Reinsurance assumed		
Total	**(17)**	**(4)**
Other		
Fire	(23)	(14)
Automobile	(4)	
Accident and Health	2	(5)
Other	(1)	3
Reinsurance assumed		(1)
Total	**(26)**	**(17)**
	182	**157**

The following table sets forth loss, expense and combined ratio information for the Group's non-life operations by geographic area for the years 1999 and 1998.

	Loss ratio		Year ended December 31, Expense ratio (all figures %)		Combined ratio	
	1999	**1998**	**1999**	**1998**	**1999**	**1998**
The Netherlands	73.3	72.6	31.4	30.5	104.7	103.1
Belgium	86.1	84.2	37.1	38.6	123.2	122.8
Rest of Europe	56.3	45.7	44.5	42.7	100.8	88.4
North America	72.3	73.0	29.8	30.9	102.1	103.9
South America	59.5	62.1	45.4	45.0	104.9	107.1
Asia	45.3	53.4	51.4	54.5	96.7	107.9
Australia	85.8	85.3	30.6	27.0	116.4	112.3
Other	156.6	156.0	22.8	19.6	179.4	175.7
Total Non-Life	**75.2**	**74.7**	**31.4**	**31.3**	**106.6**	**105.9**

In *the Netherlands*, non-life results before taxation increased from EUR 138 million in 1998 to EUR 159 million in 1999, mainly due to higher sales profits from equities, convertible bonds and real estate and the one-time exceptional dividend income. Excluding these special items, the non-life result decreased slightly. Increased results from the Fire line, due to an improved claims ratio, and Other (strengthening of the Incurred but not reported ('IBNR') provision in 1998) were partly offset by a decrease of the Automobile line caused by poor results in 1999 from previous underwriting years.

In *Belgium*, non-life results before taxation increased from EUR 2 million in 1998 to EUR 7 million in 1999, mainly due to higher results of the Fire and Health lines. The increase of capital gains was offset by increased provisions the IBNR in order to strengthen claims reserves.

In the *Rest of Europe*, non-life results before taxation decreased from EUR 4 million in 1998 to EUR 2 million in 1999. Results of nearly all business lines decreased, except the result of the Automobile line, which rose by EUR 2 million.

In *North America*, non-life results increased by EUR 18 million, or 48.6%, to EUR 55 million in 1999. Results for Canada rose by EUR 25 million, which was mainly attributable to improved results in the Fire line, which was impacted by the ice storms in 1998, and in Other (liability). In the United States the decrease of the result was primarily caused by the sale of TNIC in 1998: the total non-life result of TNIC in 1998 was EUR 12 million, of which EUR 13 million was attributable to the Accident line.

In *South America*, non-life results increased by EUR 1 million, to EUR (1) million in 1999. This increase was due to the operations in the Netherlands Antilles, reflecting increased results in the Fire line, which was negatively impacted by Hurricane George in 1998.

In *Asia*, non-life results increased by EUR 4 million to EUR 3 million in 1999 due to improved results in nearly all business lines, especially in Indonesia and Singapore.

In *Australia*, non-life results decreased by EUR 13 million to EUR (17) million in 1999. The Sydney hailstorm losses of EUR 5 million had a negative impact on the Fire and Automobile lines. The result in the Accident line decreased due to deteriorated underwriting results relating to employers' liability. The line Other decreased due to reserve strengthening with respect to the Liability business.

The non-life results of *Other areas*, mainly regarding the in-house reinsurance activities (ING Reinsurance), decreased by EUR 9 million, to EUR (26) million in 1999, primarily due to a decrease in the results of the lines Fire, Automobile and Other, which was partly offset by increased results from the Accident and Health line. The claims in 1999 from the Sydney hailstorm, the Canada windstorm and the earthquake in Greece were approximately EUR 8 million higher than the claims in 1998 from the North America ice storm, resulting in a strong decrease of the results in the Fire line.

Insurance operations-general

Results of insurance holding companies and results of non-insurance companies included within ING Insurance are accounted for under the heading 'Insurance operations-general', together with the investment income allocated to the capital and surplus of the Group's insurance companies. Total net income from investments of the Group's insurance companies, allocated to such companies on a legal entity basis, is initially accounted for as net total investment income under the heading 'Insurance operations-general'. Subsequently, the net income from investments is allocated *pro rata* to 'Insurance operations-general' and the Life and Non-life operations based on the ratio of adjusted net equity/adjusted insurance provisions. However, all results from participating interests and results from investments for risk of policyholders and investments of annual life funds are allocated to the result from insurance operations-general and result from life underwriting, respectively. The Company does not believe that the trends in its life and non-life insurance results would have differed materially from those presented herein, had the investments of its insurance operations and related investment income been allocated to life and non-life operations solely on a legal entity basis. (See Note 3.7.2. of Notes to the Consolidated Financial Statements). The following table sets forth the results for insurance operations-general for the years indicated:

	2000	1999	1998
	Year ended December 31,		
		(EUR millions)	
Income from investments	8,486	11,209	7,830
Commission and other income	1,126	548	457
Total	9,612	11,757	8,287
Expenses[1]	(1,706)	(1,184)	(1,037)
	7,906	**10,573**	**7,250**
Allocated to:			
Life operations	(6,273)	(9,203)	(6,032)
Non-life operations	(430)	(408)	(385)
Results from Insurance operations-general	**1,203**	**962**	**833**

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

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

The results from Insurance operations-general in 2000 increased by EUR 241 million, or 25.1%, to EUR 1,203 million from EUR 962 million in 1999. This increase was primarily due to gains from divestments of NN Financial in Canada and Medical Risk Solutions in the US, gains from the partial sale of the life operations in Korea and higher asset management fees in Italy and Australia. ReliaStar contributed EUR 17 million to the result from insurance operations-general. The impact of exchange rate movements increased the result before taxation by EUR 17 million.

Year ended December 31, 1999 compared to year ended December 31, 1998

The results from Insurance operations-general in 1999 increased by EUR 129 million, or 15.5%, to EUR 962 million from EUR 833 million in 1998. This increase was primarily due to increased sales profits from equities, convertible bonds and real estate, one-time exceptional dividend income and higher investment income, due in part to the return from investments arising from retained profit in 1998.

Insurance investments

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

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Land and buildings[1]	7,766	5,790	5,094
Fixed-interest securities[2]	110,873	71,325	60,907
Shares and convertible debentures	18,657	26,677	22,530
Interests in investment pools of the insurance operations[3]	95	144	161
Deposits with insurers	30	28	42
Investments for the risk of policyholders and investments of annual life funds	81,947	33,522	20,989
	219,368	**137,486**	**109,723**

(1) Including commuted ground rents.

(2) Includes EUR 1,325 million, EUR 1,217 million and EUR 1,084 million at December 31, 2000, 1999 and 1998 respectively, representing intercompany balances between Group insurance and banking companies.

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

The component of the investment portfolio Fixed interest securities increased by EUR 39,548 million in 2000, of which EUR 34,466 million was due to the acquisitions in the US of Aetna (EUR 18.497 million) and ReliaStar (EUR 15,969 million).

The Shares and convertible debentures portfolio decreased for the funding of the Aetna and ReliaStar acquisitions.

Investments for the risk of policyholders and investments of annual life funds rose by EUR 48,425 million, or 144.5%, to EUR 81,947 million, from EUR 33,522 million in 1999. The strong increase also reflects the acquisitions of ReliaStar (EUR 6,461 million) and Aetna (EUR 38,453 million).

The following table sets forth the components of the income from investments (including Commission and Other income) of the Group's insurance operations for the years ended December 31, 2000, 1999 and 1998:

	2000		1999		1998	
	Income	**Pre-tax yield**(1)	**Income**	**Pre-tax yield**(1)	**Income**	**Pre-tax yield**(1)
			(EUR millions)			
Income from disposal of group companies	61		2		2	
Land and buildings	505	7.5%	453	8.3%	410	8.3%
Fixed-interest securities(2)(3)	6,004	7.9%	5,048	7.6%	4,580	7.8%
Shares and convertible debentures	1,497	6.6%	1,257	5.1%	1,011	5.0%
Investment for the risk of policyholders and investments of annual life funds	419		4,449		1,827	
Total(4)	8,486		11,209		7,830	
Commission and other income(5)	1,126		548		457	
Total	**9,612**		**11,757**		**8,287**	

(1) Pre-tax yield is calculated using interest, rental, dividend, realized gains on equities and convertible debentures in 2000, 1999 and 1998 and other income received for each period, divided by the average of beginning and year-end balances on related assets (excluding assets of Aetna at year-end 2000, assets of NN Financial at year-end 1999; assets of ReliaStar pro-rata).

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

(3) Includes mortgages and other loans.

(4) Includes EUR 86 million, EUR 58 million and EUR 84 million in 2000, 1999 and 1998 respectively, representing intercompany interest between Group insurance and banking companies.

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

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

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

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

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

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

In 1999, income from investments of the Group's insurance operations (including commission and other income) increased by EUR 3,470 million, or 41.9%, to EUR 11,757 million, from EUR 8,287 million in 1998. Disregarding the effect of acquisitions and dispositions (EUR (20) million) and the effect of exchange rate movements (EUR 153 million) income from investments increased by EUR 3,337 million, or 39.9%.

Excluding commission and other income, investment income increased by EUR 3,379 million from EUR 7,830 million in 1998 to EUR 11,209 million in 1999. The increase of EUR 246 million in income from investments in shares and convertible debentures was due in part to one-time exceptional dividend income and higher realized capital gains. Income from investments for the risk of policyholders, which is fully attributed to policyholders, increased by EUR 2,622 million due to the growth of the portfolio and, as a result of increased stock prices in 1999, higher revaluation results. Such income is reflected as profit sharing for policyholders and, as a result, gave rise to a corresponding increase in life policy benefits that were paid or provided for. The remaining investment income, consisting of income from fixed interest securities and land and buildings, increased by EUR 511 million from EUR 4,990 million to EUR 5,501 million, reflecting growth of the portfolio and changes arising from acquisitions.

Income from commissions increased by EUR 142 million, or 54.2%, to EUR 404 million, due in part to the acquisition of Clarion and higher income from asset management in the Netherlands. Other income decreased by EUR 51 million, from EUR 195 million to EUR 144 million, due to lower results from financial transactions in 1999. Expenses increased in 1999 by EUR 147 million, or 14.2%, to EUR 1,184 million, mainly due to higher expenses of Asset Management (the Netherlands), North America and start-up expenses of Mutual Funds.

BANKING OPERATIONS

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

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Interest income	24,285	18,558	18,649
Interest expense	18,499	12,906	13,448
Net interest result	**5,786**	**5,652**	**5,201**
Commissions	3,630	2,856	2,323
Other income			
Income from securities and participating interests	322	239	124
Result from financial transactions	1,154	749	379
Other revenue	410	380	387
Total other income	1,886	1,368	890
Total income	**11,302**	**9,876**	**8,414**
Staff costs	4,945	4,402	3,821
Other administrative expenses	2,876	2,451	2,387
Depreciation	476	462	494
Operating expenses	**8,297**	**7,315**	**6,702**
Operational result before addition to the provision for loan losses	3,005	2,561	1,712
Addition to the provision for loan losses	400	580	908
Operational result before taxation	**2,605**	**1,981**	**804**
Taxation	837	646	286
Third party interests	108	59	48
Operational net profit	**1,660**	**1,276**	**470**
Non-operational items net of tax	764	461	272
Total net profit	**2,424**	**1,737**	**742**

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

Overview

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

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

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

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

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

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

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

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

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

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

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

Effect of acquisitions/consolidations

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Overview

The result before taxation from ING's banking operations for 1999 increased EUR 1,177 million, or 146.4%, to EUR 1,981 million from EUR 804 million for 1998. This substantial increase can primarily be attributed to the strong improvement in the result from Corporate & Investment Banking (ING Barings), especially in Rest of Europe, North America and Asia. Due to the world-wide crisis in the financial markets, Corporate & Investment Banking suffered losses in the last six months of 1998. In addition to much lower risk costs resulting in a decrease of the total addition to the provision for loan losses of EUR 328 million, the increase of the result from Corporate & Investment Banking was due to a strong recovery of income supported by improved market conditions. The result before taxation for 1999 was favorably affected by the consolidation of BHF-Bank as of October 1, 1999.

The non-operational items in 1999 amounting to a net profit of EUR 461 million refer to realized gain on the sale of the shares of Libertel (EUR 461 million). In 1998 the realized gains on the sale of a portion of ING's interest in Libertel (EUR 101 million) and the sale of the participation in the Belgian Kredietbank (EUR 171 million) were included in non-operational items.

Total income from the banking operations grew by EUR 1,462 million, or 17.4%, of which EUR 243 million resulted from the consolidation of BHF-Bank. The remaining increase is mainly attributable to the strong improvement of the result from securities trading portfolio.

Operating expenses increased by EUR 613 million, or 9.1%, of which EUR 124 million was due to the consolidation effect of BHF-Bank (excluding the consolidation effect of BHF-Bank the increase was 7.3%).

The operational **efficiency ratio** (operating expenses as a percentage of total income) was 74.1% for 1999, compared to 79.7% for 1998.

Exchange rate movements (particularly the depreciation of the Polish Zloty and the Brazilian Real against the Euro) decreased result before taxation by EUR 67 million.

Within the banking operations, the **net interest result** for 1999 increased by EUR 451 million, or 8.7%, to EUR 5,652 million from EUR 5,201 million for 1998. The consolidation of BHF-Bank contributed EUR 131 million to this increase. The remaining increase was a result of the growth in average total assets, as well as a widening of the interest margin. The volume growth in the domestic operations was partly offset by a slight decrease in the international operations (excluding BHF-Bank). The widening of the interest margin took place in both domestic and international operations.

Commissions for 1999 increased by EUR 533 million, or 22.9%, to EUR 2,856 million, from EUR 2,323 million in 1998. The consolidation of BHF-Bank contributed EUR 77 million to this increase. The remaining increase was primarily due to securities commission and the strong increase in fees for asset management.

Other income for 1999, which includes results from financial transactions, increased by EUR 478 million, or 53.7%, to EUR 1,368 million from EUR 890 million for 1998. The consolidation of BHF-Bank contributed EUR 35 million to this increase. The strong increase was mainly due to the sharp increase of the result from securities trading, reflecting improved market conditions compared with the global financial crisis in the last six months of 1998.

The **addition to the provision for loan losses** amounted to EUR 580 million for 1999, a decrease of EUR 328 million, or 36.1%, compared with 1998, primarily as a result of much lower risk costs at Corporate & Investment Banking. In 1998, risk costs were incidentally high as a consequence of the financial crisis in Asia and Russia.

Effect of acquisitions/consolidations
The consolidation of BHF Bank as of October 1, 1999 contributed to the Group's 1999 total income, total operating expenditure and result before taxation as follows:

	Year ended December 31, 1999 (EUR millions)
Net interest result (after financing charges)	131
Commissions	77
Other income	35
Total income	**243**
Staff costs	71
Other expenses	53
Operating expenses	**124**
Gross result	119
Addition to the provision for loan losses	16
Result before taxation	**103**

Net interest result

The following table sets forth certain information concerning the total net interest result of the Group's banking operations. The interest income and net interest result figures in the following table (other than Other net interest result and Total net interest result) include interest on non-accruing loans and do not reflect (i) interest income on amortized results investments; (ii) lending commissions; (iii) interest income on off-balance sheet instruments; (iv) other interest income not considered to be directly related to interest-earning assets; (v) interest expense on off-balance sheet instruments; or (vi) other interest expense not considered to be directly related to interest-bearing liabilities, all of which are reflected in the Other net interest result and Total net interest result below, which corresponds to the net interest result line item in the Consolidated Financial Statements. A reconciliation of the interest income, interest expense and net interest result figures below to the corresponding line items in the Consolidated Financial Statements is contained in the table under Item 4, "Information on the Company – Selected Statistical Information on Banking Operations – Average Balances and Interest Rates".

	Year ended December 31,		
	2000	1999	1998
	(EUR millions)		
Total			
Interest income(1)	**23,312**	**18,149**	**17,832**
Net interest result(1)	5,618	5,571	5,012
Other net interest result(2)	168	81	189
Total net interest result	**5,786**	**5,652**	**5,201**
Average interest-earning assets	383,680	301,091	278,931
Average interest-bearing liabilities	357,810	285,430	266,069
Domestic			
Interest income(1)	8,471	7,287	7,282
Net interest result(1)	2,162	2,310	2,049
Average interest-earning assets	141,286	130,661	118,930
Average interest-bearing liabilities	141,618	131,300	121,990
Foreign			
Interest income(1)	14,841	10,862	10,550
Net interest result(1)	3,456	3,261	2,964
Average interest-earning assets	242,394	170,430	160,001
Average interest-bearing liabilities	216,192	154,130	144,079
Gross yield(3)			
Domestic	6.00%	5.58%	6.12%
Foreign	6.12%	6.37%	6.59%
Total	6.08%	6.03%	6.39%
Interest spread(4)			
Domestic	1.55%	1.79%	1.83%
Foreign	0.85%	1.44%	1.33%
Total	1.13%	1.62%	1.57%
Interest margin(5)			
Domestic	1.53%	1.77%	1.72%
Foreign	1.43%	1.91%	1.85%
Total	1.46%	1.85%	1.80%

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

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

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

(4) 'Interest spread' is the difference between the average interest rate earned on 'Average interest-earning assets' and the average interest rate paid on 'Average interest-bearing liabilities'. See Item 4, "Information on the Company – Selected statistical information on banking operations – Average balances and interest rates".

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

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

Net interest result

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

billion in average loans and advances and an increase of EUR 20.7 billion in interest bearing securities.

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

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Net interest result

The Group's total net interest result in 1999 increased by EUR 451 million, from EUR 5,201 million in 1998 to EUR 5,652 million in 1999, representing a EUR 22.2 billion, or 7.9%, increase in volume, combined with an increase of the interest margin of 5 basis points. Both domestic and international operations recorded volume growth, of 9.9% and 6.5%, respectively. The increase of the interest margin took place in both domestic and international operations, by 5 basis points and 6 basis points, respectively. The EUR 11.7 billion increase in volume of average interest-earning assets in the domestic operations was caused mainly by an increase of EUR 11.1 billion in average loans and advances. The increase in volume of the average interest-earning assets in the international operations of EUR 10.4 billion was fully attributable to the consolidation of BHF-Bank.

The change in total net interest result in 1999 can be allocated by average rate and volume effects as follows:

	(EUR millions)[1]
Increase due to changes in average rates	21
Increase due to changes in average balances	538
Increase due to changes in average rates and balances	559
Decrease due to changes in other net interest (from reconciliation)	(108)
Total changes in total net interest result	**451**

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

Commissions

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

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
Funds transfer	503	466	433
Securities Business	1,571	1,150	944
Insurance Broking	94	89	77
Management fees	853	572	377
Brokerage and advisory fees	266	202	140
Other	343	377	352
Total	**3,630**	**2,856**	**2,323**

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

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

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

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

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

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

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Commissions for 1999 increased by EUR 533 million, or 22.9%, to EUR 2,856 million, from EUR 2,323 million for 1998. Commissions from the consolidation of BHF-BANK amounted to EUR 77 million for 1999.

Funds transfer
Commissions from funds transfer increased by EUR 33 million, or 7.6%, to EUR 466 million from EUR 433 million for 1998. ING Bank's commissions from domestic funds transfer increased by EUR 15 million, or 5.3%, and commissions from international funds transfer increased by EUR 18 million, or 12.2%.

Securities Business
Commissions from the Company's securities business increased by EUR 206 million, or 21.8%, to EUR 1,150 million from EUR 944 million for 1998. Excluding the consolidation of BHF-Bank, securities commissions increased by EUR 166 million, or 17.6%, reflecting the improved performance of the international stock markets.

Insurance broking
The commission from insurance broking increased by EUR 12 million, or 15.6%, to EUR 89 million from EUR 77 million for 1998.

Management fees
The increase in management fees of EUR 195 million, or 51.7%, was partially due to the consolidation of BHF-Bank (EUR 14 million), but primarily a result of the strong growth of the Asset Management activities.

Brokerage and advisory fees
The increase in brokerage and advisory fees of EUR 62 million, or 44.3%, can be fully attributed to Corporate & Investment Banking (ING Barings), resulting from the strong recovery after the financial crisis in a number of markets in 1998.

Other
Other commissions increased by EUR 25 million, or 7.1%, to EUR 377 million from EUR 352 million for 1998. This increase was almost fully attributable to the consolidation of BHF-Bank.

Other income

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

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
Income from securities and participating interests	322	239	124
Result from financial transactions	1,154	749	379
Other revenue	410	380	387
Total	**1,886**	**1,368**	**890**

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

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

Income from securities and participating interests
Income from securities and participating interests consists of dividends, other income from shares held in the investment portfolio and the results from participating equity interests. Income from securities and participating interests increased by EUR 83 million, or 34.7%, to EUR 322 million from EUR 239 million.

Result from financial transactions
The result from financial transactions includes exchange rate differences and capital gains and losses on securities held in the trading portfolio, as well as valuation differences on equity participations. Also included in this item are exchange rate differences in connection with holding assets and liabilities in foreign currencies, the results of the associated forward contracts and the results from financial instruments other than those serving to hedge interest rate risks. Asset trading results are also included in this item. The accounting principle for recognition of result from financial transactions under US GAAP are different. (See Note 6.1.d of Notes to the Financial Statements).

The result from financial transactions can be analyzed as follows:

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

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

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

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

Other revenue

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Other income increased by EUR 478 million, or 53.7%. This increase is, next to the consolidation of BHF-Bank (effect EUR 35 million), mainly due to the strong increase in result from financial transactions, reflecting the improved market conditions compared to the global financial crisis in the last six months of 1998.

Income from securities and participating interests

Income from securities and participating interests increased by EUR 115 million, or 92.7%, to EUR 239 million from EUR 124 million for 1998. In addition to the consolidation effect of BHF-Bank (EUR 32 million), this increase was due to the sale of the stake in the Polish Bank Przemyslowo Handlowy SA ('BPH') and some other smaller participating interests.

Result from financial transactions

The result from financial transactions can be analyzed as follows:

	Year ended December 31,	
	1999	**1998**
	(EUR millions)	
Result from securities trading portfolio	784	(103)
Result from currency trading portfolio	228	341
Other results	(263)	141
Total	**749**	**379**

Result from securities trading portfolio. The result from the securities trading portfolio for 1999 increased by EUR 887 million to EUR 784 million, from EUR (103) million for 1998. The increase of EUR 887 million, of which EUR 791 million is attributable to Corporate & Investment Banking (ING Barings), reflects the strong recovery of the financial markets from the worldwide adverse developments in the last six months of 1998.

Result from currency trading portfolio. The result from the currency trading portfolio for 1999 decreased by EUR 113 million, or 33.1%, to EUR 228 million, from EUR 341 million for 1998. This decrease was mainly due to reduced trading opportunities at BBL due to the introduction of the euro.

Other results. The 'Other results' decreased sharply by EUR 404 million to EUR (263) million from EUR 141 million. This decrease was due to a negative adjustment related to the marked-to-market valuation of BBL's strategic non-euro derivatives portfolio (loss of EUR 127 million versus a profit on this portfolio of EUR 143 million for 1998) and lower derivatives trading result at Corporate & Investment Banking (Sao Paulo). This loss at Corporate & Investment Banking was largely caused by the downward valuation of interest and currency swaps to keep USD related assets within its limits and was compensated by extremely high interest results in the same period.

Other revenue
Income from 'Other revenue' for 1999 decreased by EUR 7 million, or 1.8%, to EUR 380 million from EUR 387 million for 1998. This decrease is mainly due to lower results from real estate.

Operating expenses

The following table sets forth the components of Operating expenses:

	Year ended December 31,		
	2000	**1999**	**1998**
		(EUR millions)	
Staff costs	4,945	4,402	3,821
Other administrative expenses	2,876	2,451	2,387
Depreciation	476	462	494
Operating expenses	**8,297**	**7,315**	**6,702**

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

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

Staff costs
Staff costs increased by 12.3%, to EUR 4,945 million in 2000. Adjusted for currency translation and excluding the consolidation effect of BHF-Bank, staff costs were EUR 152 million, 3.4% higher. This is

mainly due to an increased average number of staff, increased salaries and stock option expenses, partly offset by lower pension and retirement charges and lower bonuses. In the Netherlands, the number of staff (full time equivalents) rose by 0.9% from 23,100 in 1999 to 23,311 in 2000. Outside the Netherlands, the average number of staff employed increased by 3,297, or 9.9%, from 33,152 in 1999 to 36,449 in 2000. The consolidation of BHF-Bank contributed 2,064 to this growth.

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Operating expenses for 1999 increased by EUR 613 million, or 9.1%, to EUR 7,315 million, from EUR 6,702 million for 1998. Excluding the effect of the consolidation of BHF Bank, operating expenses increased by EUR 489 million, or 7.3%, to EUR 7,191 million. In ING's international operations (excluding BHF-Bank) the operating expenses increased by 13.4%, whereas in ING's domestic operations operating expenses decreased by 0.8% due to tight cost control. The increase of the operating expenses of the international activities was mainly a result of some smaller acquisitions and investments in the branch network and the Internet in Belgium.

Staff costs
Staff costs increased by 15.2%, to EUR 4,402 million in 1999. Excluding the consolidation of BHF-Bank, staff costs increased by 13.3%. This is mainly due to higher bonuses, increased salaries and an increased average number of staff. In the Netherlands, the number of staff (full time equivalents) rose by 5.7%, due to increased business volume. Outside the Netherlands, the average number of staff employed (excluding the BHF-Bank) increased by only 151, or 0.5%, from 32,315 in 1998 to 32,466 in 1999.

Other administrative expenses
Other administrative expenses rose by EUR 64 million, or 2.7%, to EUR 2,451 million in 1999. Excluding the effect of the consolidation of BHF-Bank, other administrative expenses increased by 0.6%.

Depreciation
Total depreciation declined by EUR 32 million, or 6.5%, from EUR 494 million in 1998 to EUR 462 million in 1999.

Addition to the provision for loan losses

The addition to the provision for loan losses decreased by EUR 180 million to EUR 400 million for 2000, primarily due to lower additions at Corporate and Investment Banking, including lower country risk provisions. For 1999, the addition to the provision for loan losses was EUR 580 million, as a result of higher additions at Corporate & Investment Banking.

Taxation

The overall effective taxation rate for the operational net profit of the banking operations was 32.1% (EUR 837 million), 32.6% (EUR 646 million) and 35.6% (EUR 286 million) in 2000, 1999 and 1998 respectively, compared to a statutory rate of 35% in each year in the Netherlands. The difference between the effective and statutory rates reflected the effect of foreign tax rates and other items.

Operational net profit from banking operations

Operational net profit for 2000 increased by EUR 384 million, or 30.1%, to EUR 1,660 million, from EUR 1,276 million for 1999.

Total net profit from banking operations

Total net profit for 2000 increased by EUR 687 million, or 39.6%, to EUR 2,424 million, from EUR 1,737 million for 1999. Non-operational items contributed EUR 303 million to this growth. The non-operational items in 2000, amounting to a net profit of EUR 764 million, refer to realized gains on the surrender of the CCF shares (EUR 834 million), result on the sale of the Libertel shares (EUR 376 million) and the addition to a special provision for restructuring the Corporate and Investment Banking operations (EUR 446 million). In 1999 the realized gain on the sale of the shares of Libertel (EUR 461 million) was included in non-operational items.

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

	Operational income Year ended December 31,			Operational result before taxation Year ended December 31,		
	2000	1999	1998	2000	1999	1998
	(EUR millions)			(EUR millions)		
The Netherlands	4,541	4,158	4,053	1,441	1,062	993
Belgium	2,069	1,837	2,089	517	341	803
Rest of Europe	2,791	2,269	1,047	593	448	(430)
North America	1,039	791	553	(235)	(74)	(261)
South America	271	320	235	171	119	99
Asia	538	463	404	128	99	(400)
Australia	37	25	19	(9)	(1)	(1)
Other	16	13	14	(1)	(13)	1
Total	**11,302**	**9,876**	**8,414**	**2,605**	**1,981**	**804**

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

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

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

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

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

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

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

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

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

Year ended December 31, 1999 compared to year ended December 31, 1998

The Netherlands. Total income for 1999 increased by EUR 105 million, or 2.6%, to EUR 4,158 million, from EUR 4,053 million for 1998. The net interest result decreased by EUR 30 million, or 1.0%. The effects of the increase in average interest-earning assets and the increase in the interest margin were offset by a strong decrease in amortization of realized capital gains on the investment portfolio, as well as a decrease in interest on off-balance instruments. Commissions increased by EUR 29 million, or 3.9%, compared to 1998, mainly due to higher commission from funds transfer, insurance brokerage and management fees, partly offset by a decrease in securities commission. Other income increased by EUR 105 million, or 28.9%, compared to 1998. Operating expenses decreased by EUR 22 million, or 0.8%, due to increased cost control. The operational result before taxation increased by EUR 69 million, or 6.9%, to EUR 1,062 million, from EUR 993 million for 1998.

Belgium. Total income for 1999 decreased by EUR 252 million to EUR 1,837 million, from EUR 2,089 million for 1998. This decrease was due to a lower marked-to-market valuation of the non-euro derivatives portfolio and lower results from foreign exchange trading (due to the introduction of the euro). Operational result before taxation decreased by EUR 462 million to EUR 341 million, from EUR 803 million for 1998, as the effect of the decrease in income was strengthened by the strong increase in operating expenses, as a result of some smaller acquisitions, incidental factors (costs of withdrawals from Africa and lower recuperation of VAT) and investments in the branch network and in the Internet.

Rest of Europe. Total income for 1999 increased by EUR 1,222 million, or 116.7%, to EUR 2,269 million, from EUR 1,047 million for 1998. Excluding the consolidation effect of BHF-Bank, total income increased by EUR 979 million, or 93.5%. This was primarily a result of low total income from financial transactions, as a result of the turmoil in several global financial markets. Operating expenses increased by EUR 367 million to EUR 1,648 million, of which EUR 124 million was attributable to the consolidation of BHF-Bank. The remainder can mainly be attributed to higher bonuses related to the strongly improved trading results. As a result, the operational result before taxation increased by EUR 878 million to EUR 448 million, from EUR (430) million for 1998, to which the consolidation of BHF-Bank contributed EUR 103 million.

North America. Total income in North America for 1999 increased by EUR 238 million, or 43.0%, to EUR 791 million, from EUR 553 million for 1998. The increase in total income was mainly due to low total income from financial transactions, as a result of the financial crisis in 1998 in Asia and South America. Operating expenses increased by EUR 96 million, or 13.1%, to EUR 831 million due to primarily higher bonuses in connection with improved trading results. The operational result before taxation increased by EUR 187 million to EUR (74) million, from EUR (261) million for 1998.

South America. Total income in South America for 1999 increased by EUR 85 million, or 36.2%, to EUR 320 million, from EUR 235 million for 1998, mainly due to low total income from financial transactions, as a result of the turmoil in 1998 in the financial markets. Operating expenses decreased by EUR 36 million, or 23.1%, to EUR 120 million, partly due to depreciation of the Brazilian Real. The addition to the provision for loan losses increased by EUR 101 million due in part to an additional country risk provision for Brazil (EUR 42 million) in 1999 versus a release of EUR 20 million in 1998. The operational result before taxation increased by EUR 20 million, or 20.2%, to EUR 119 million, from EUR 99 million for 1998.

Asia. Total income in Asia for 1999 increased by EUR 59 million, or 14.6%, to EUR 463 million, from EUR 404 million for 1998. The increase was mainly due to higher commissions (especially in the securities business), reflecting the recovery from the financial crisis in Asia in 1998. Operating expenses decreased by EUR 64 million, or 15.1%, to EUR 354 million, which was primarily due to the cost reduction program at Corporate & Investment Banking and the restructuring costs of ING Barings in 1998. The addition to the provision for loan losses decreased by EUR 376 million to EUR 11 million. The operational result before taxation increased by EUR 499 million to EUR 99 million, from EUR (400) million for 1998.

Australia. Total income in Australia for 1999 increased by EUR 6 million, or 31.6%, to EUR 25 million, in part due to an increase of EUR 5 million in net interest result. Operating expenses increased EUR 9 million, or 56.3%, mainly due to initial costs for ING Direct Australia. The operational result before taxation in both years was EUR (1) million.

Other. The decrease in the operational result before taxation by EUR 14 million is fully attributable to higher risk costs.

LIQUIDITY AND CAPITAL RESOURCES

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

ING Groep N.V.

As a holding company, ING Groep N.V.'s principal sources of funds are funds that may be raised from time to time from the issuance of debt or equity securities and bank or other borrowings, as well as cash dividends received from its subsidiaries. ING Groep N.V.'s total debt outstanding to third parties at December 31, 2000 was EUR 5,189 million, and at December 31 1999 and 1998 it was EUR 1,939 million and EUR 939 million respectively. The EUR 5,189 million of debt outstanding at December 31, 2000 consisted of EUR 485 million principal amount of 10% subordinated debentures due March 15, 2001 and debentures for a total amount of EUR 4,704 million. The debentures can be specified as follows:

Interest Rate (%)	Year of issue	Due date	Principal amount
	(EUR millions)		
6.125	2000	January 4, 2011	1,000
6	2000	August 1, 2007	750
5.5	2000	May 11, 2005	1,500
5.5	1999	September 14, 2009	1,000
7.125	1994	June 28, 2004	454

At December 31, 2000, 1999 and 1998, ING Groep N.V. also owed EUR 443 million, EUR 4,008 million, EUR 2,292 million, respectively, to ING Group companies pursuant to intercompany lending arrangements. Of the EUR 443 million owed by ING Groep N.V. to ING Group companies at December 31, 2000, approximately EUR 19 million was owed to ING Insurance companies, EUR 31 million was owed to ING Bank companies and EUR 393 million was owed to direct subsidiaries of ING Group companies as a result of normal intercompany transactions.

At December 31, 2000, 1999 and 1998, ING Groep N.V. had EUR 0 million, EUR 0 million and EUR 0 million, respectively, of available cash. Dividends paid to the Company by its subsidiaries amounted to EUR 1,319 million, EUR 57 million and EUR 118 million in 2000, 1999 and 1998, respectively, in each case representing dividends declared and paid with respect to the prior calendar year. In the year 2000 additional dividends were paid by ING Insurance, ING Bank and other ING Group companies of EUR 1,454 million. Of the amounts paid to the Company, EUR 673 million, EUR 1,251 million and EUR 29 million were received from ING Insurance in 2000, 1999 and 1998 respectively; EUR 646 million, EUR 248 million and EUR 89 million were received from ING Bank in 2000, 1999 and 1998 respectively and for 1999 EUR 12 million was received from other ING Group companies. The Company and its Dutch subsidiaries are subject to legal restrictions on the amount of dividends they can pay to their shareholders. The Dutch Civil Code provides that dividends can only be paid by Dutch companies up to an amount equal to the excess of a company's shareholders' equity over the sum of (i) paid-up capital and (ii) shareholders' reserves required by law. Further, certain of the Group companies are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise to ING Groep N.V.

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

ING Groep N.V. made dividend payments of EUR 21 million, EUR 21 million and EUR 21 million on its Preference shares and declared dividends of EUR 2,173 million, EUR 1,573 million and EUR 1,178 million on its Ordinary shares, in 2000, 1999 and 1998, respectively. Of the amounts paid as dividends on ING Groep N.V.'s Ordinary shares in 2000, 1999 and1998 EUR 874 million, EUR 702 million, EUR 529 million, respectively, were paid in the form of cash dividends and the remainder was paid in the form of stock dividends. The amount needed by ING Groep N.V. to pay such cash dividends was raised by the Company issuing approximately EUR 0 million, EUR 0 million and EUR 470 million of Bearer receipts on the open market in 2000, 1999 and 1998, respectively. See Item 3, "Key information – Dividends".

ING Group consolidated cash flows

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

Net cash provided by operating activities amounted to EUR (3,505) million for the year ended December 31, 2000, compared to EUR 23,585 million for the year ended December 31, 1999. The decrease in cash flow generated through the funds entrusted to and debt securities of the banking operations of EUR 28,028 million was used for the lending portfolio. The cash flow employed in lending decreased from a cash outflow of EUR 23,224 million in 1999 to a cash outflow of EUR 45,404 million in 2000.

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

Net cash flow from financing activities amounted to EUR 7,774 million in 2000, compared to EUR 4,114 million in 1999. The EUR 3,660 million increase in net cash flow from financing activities mainly reflects the issue of subordinated loans of group companies and bonds and loans contracted and the private placements of preference shares of group companies.

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

Year ended December 31, 1999 compared to year ended December 31, 1998

Net cash provided by operating activities amounted to EUR 23,585 million for the year ended December 31, 1999, compared to EUR 16,848 million for the year ended December 31, 1998. The increase in cash flow generated through the funds entrusted to and debt securities of the banking operations from EUR 1,904 million in 1998 to EUR 29,351 million was used for the lending portfolio. The cash flow employed in lending decreased from a cash inflow of EUR 2,090 million in 1998 to a cash outflow of EUR 23,224 million in 1999.

Net cash used in investment activities in 1999 was EUR 22,318 million, compared to EUR 15,850 million in 1998, an increase of EUR 6,468 million, or approximately 41%. The increase in cash used in investment activities stems primarily from higher investments and advances of fixed-interest securities.

Net cash flow from financing activities amounted to EUR 4,114 million in 1999, compared to EUR 5,588 million in 1998. The EUR 1,474 million decrease in net cash flow from financing activities mainly reflects private placements of ordinary shares in 1998, as a result of the BBL acquisition, which was partly offset by increased borrowing of ING Groep N.V. and ING Insurance.

The operating, investing and financing activities described above resulted in net cash and cash equivalents at year-end 1999 of EUR 14,827 million, compared to EUR 10,839 million at year-end 1998, an increase of EUR 3,988 million from 1998 levels.

ING Insurance cash flows

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

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

Premium income and income from investments totaled EUR 28,715 million and EUR 15,464 million in 2000, EUR 22,008 million and EUR 11,131 million in 1999 and EUR 20,166 million and EUR 8,294 million in 1998, respectively. Uses of funds by ING Insurance include underwriting expenditures (reinsurance premiums, benefits, surrenders, claims (including claims handling expenses) and profit sharing by life policyholders) and employee and other operating expenses, as well as interest expense on outstanding borrowings. Underwriting expenditures, employee and other operating expenses and interest expense for ING Insurance totaled EUR 29,523 million, EUR 4,711 million and EUR 768 million in 2000, EUR 27,104 million, EUR 3,644 million and EUR 539 million in 1999, EUR 22,580 million, EUR 3,545 million and EUR 552 million in 1998, respectively.

ING Insurance's liquidity requirements are met on both a short- and long-term basis by funds provided from insurance premiums collected, investment income and collected reinsurance receivables, and from the sale and maturity of investments. ING Insurance also has access to the commercial paper, medium-term note and other credit facilities described below as additional sources of liquidity. ING Insurance's balance of cash and cash equivalents was EUR 1,632 million at December 31, 2000, EUR 1,278 million at December 31, 1999 and EUR 1,251 million at December 31, 1998, respectively.

Net cash provided by operating activities was EUR 11,168 million, EUR 14,402 million and EUR 11,308 million in 2000, 1999 and 1998, respectively. The decrease in operating cash flow between 2000 and 1999 was mainly attributable to the sale of Libertel in 1999.
Net cash used by ING Insurance in investment activities was EUR 14,616 million, EUR 14,429 million and EUR 11,630 million in 2000, 1999 and 1998, respectively.
Cash provided by ING Insurance's financing activities amounted to EUR 3,806 million, EUR (126) million and EUR 312 million in 2000, 1999 and 1998, respectively.

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

Insurance companies in the Netherlands are supervised by the Dutch Insurance Supervisory Board. The Netherlands has adopted the EC Directives of 1973 and 1979, setting forth certain solvency requirements for non-life and life insurance companies, respectively. Such solvency requirements apply to all of the Group's insurance subsidiaries in the EU. As a group of companies in the Netherlands may be engaged in both insurance and banking, the Dutch Central Bank and the Insurance Supervisory Board, in consultation with the Ministry of Finance, have entered into a protocol for the purpose of jointly regulating groups with interests in both banks and insurance companies. See Item 4, "Information on the Company – Regulation and Supervision". As at December 31, 2000, the required solvency margin of the insurance companies of ING Group computed in accordance with these protocol directives amounted to EUR 7,989 million compared to EUR 5,123 million for 1999. The total capital and surplus of these companies was EUR 19,897 million as at December 31, 2000 compared to EUR 18,550 million for 1999.

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

ING Bank cash flows

The following analysis is based on the cash flow statement of ING Bank N.V., based on ING Bank N.V's accounting principles.

The principal sources of funds for ING Bank's operations are growth of the deposit base, private loans, repayments of loans, disposals and redemptions of investments, sales of trading portfolio securities, interest income and commission income. The major uses of funds are advances of loans and other credits, investments, purchases of trading portfolio securities, interest expense and administrative expenses. At December 31, 2000, 1999 and 1998, ING Bank had EUR 597 million, EUR 13,847 million and EUR 9,845 million, respectively, of cash and cash equivalents.

ING Bank's operating activities had a EUR 12,128 million cash outflow for the year ended December 31, 2000, compared with an cash inflow of EUR 9,445 million for the year ended December 31, 1999, and a cash inflow of EUR 2,658 million for the year ended December 31, 1998. The EUR 21,573 million decrease in cash provided from operations from 1999 to 2000 was largely attributable to the increase of loans and advances and the trading portfolio. The EUR 6,787 million increase in cash provided by operations from 1998 to 1999 was largely attributable to the increase in growth of funds entrusted and debt securities.

Net cash generated from investment activities was EUR 1,723 (cash outflow) million, EUR 7,880 (cash outflow) million and EUR 1,163 million in 2000, 1999 and 1998, respectively, mainly reflecting the investment in interest-earning securities and shares exceeding the dispositions and redemptions of interest-earning securities and dispositions in shares. Investment in interest-earning securities was EUR 32,380 million, EUR 31,091 million and EUR 35,652 million in 2000, 1999 and 1998, respectively. Dispositions and redemptions of interest-earning securities was EUR 31,335 million, EUR 24,392 million and EUR 37,589 million in 2000, 1999 and 1998, respectively.

Net cash flow from financing activities amounted to EUR 1,926 million, EUR 893 million and EUR 197 million in 2000, 1999 and 1998, respectively.

The operating, investment and financing activities described above resulted in a negative net cash flow of EUR 11,925 million in 2000 and a positive net cash flow of EUR 2,458 million and EUR 4,018 million in 1999 and 1998, respectively.

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

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

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

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

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

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

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

The following table sets forth the risk-weighted capital ratios of ING Bank N.V. as of December 31, 2000, 1999 and 1998 in each case calculated under the Netherlands' implementation of the relevant EC directives.

	Year ended December 31,		
	2000	1999	1998
	(EUR million, other than percentages)		
Risk-Weighted Assets	219,868	199,263	155,576
Consolidated group equity:			
Tier 1 Capital	15,882	13,998	11,109
Tier 2 Capital	7,709	6,703	5,638
Tier 3 Capital	283	228	347
Supervisory deductions	(237)	(250)	(196)
Total qualifying capital	23,637	20,679	16,898
Tier 1 Capital Ratio	7.22%	7.02%	7.14%
Total Capital Ratio (Tier 1, 2 and 3)	10.75%	10.38%	10.86%

As of December 31, 2000, ING Group had unused lines of credit available for the banking operations, including the payment of commercial paper borrowings presented above as part of the debt securities, totalling EUR 3,571 million (1999: EUR 865 million). The commercial paper programs of the insurance operations are presented as part of Other liabilities (see Note 7.9 of Notes to the Consolidated Financial Statements).

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

Item 6. Directors, senior management and employees

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

The members of the Executive Board are employees of ING Groep N.V. and are appointed by the Supervisory Board. Members of the Executive Board are appointed for an indefinite period. They retire on 1 June of the year they reach the age of 62. By mutual agreement the retirement date can be June 1 of the calendar year in which they turn 60 or 61.

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

Set forth below is certain information concerning the members of the Supervisory and the Executive Board of ING Groep N.V.

Supervisory Board of ING Groep N.V.

Name	Age	Year Appointed	Term Expires	Other Business Activities
Cor Herkströter, *chairman*	63	1998	2002	Former President and Chairman of the Committee of Managing Directors of the Royal Dutch/Shell Group. Member of the Advisory Committee of KPMG Netherlands. Member of the Board of Directors of Billiton Plc. Member of the Supervisory Board of Hollandse Beton Group. Chairman of the Advisory Committee of the AEX Euronext Listing Agreement. Member Advisory Committee Robert Bosch. Trustee of the International Accounting Standards Committee. Member of the Supervisory Board of DSM N.V. Professor International Management, University of Amsterdam.
Ger Verhagen, *vice-chairman*	71	1994	2001	Former Vice-Chairman of the Executive Board of Royal Pakhoed N.V. (shipping and storage). Chairman of the Supervisory Board of Ahoy Rotterdam N.V. Member of the Supervisory Board of Blauwhoed B.V. Chairman of the Supervisory Board of LON Beheer B.V. Chairman of the Supervisory Board of Participatiemaatschappij Mainport Rotterdam. Chairman of the Supervisory Board of Verenigde Tankrederij B.V. Member of the Supervisory Board of De Hypothekers Associatie B.V. Member of the Supervisory Board of Hypotrust B.V.

Supervisory Board of ING Groep N.V.

Name	Age	Year Appointed	Term Expires	Other Business Activities
Mijndert Ververs, *vice-chairman*	67	1994	2002	Former Chairman of the Executive Board of Wolters Kluwer N.V. (publisher). Vice-Chairman of the Supervisory Board of Getronics N.V. Vice-Chairman of the Supervisory Board of Océ N.V. Member Supervisory Board CSM N.V. Member Supervisory Board Laurus N.V.
Lutgart van den Berghe	49	1994	2002	Executive Director of the Vlerick Leuven Gent Management School. Extra-ordinary Professor of Corporate Governance at the University of Gent, Belgium. Member of the Supervisory Board of SHV-Holding. Member of the Board of CAPCO N.V. Member of the Supervisory Board of CSM N.V. Member of the Board of International Insurance Society.
Jan Berghuis	66	1991	2002	Former Vice-Chairman of the Executive Board of Royal Pakhoed N.V. (shipping and storage). Former member Executive Board Akzo Nobel N.V. Chairman of the Supervisory Board of Tc Strake B.V. Chairman of the Supervisory Board of Connexxion. Chairman of the Supervisory Board of Ziekenhuis Rijnstate (hospital).
Paul van der Heijden	51	1995	2003	Professor of labor law at the University of Amsterdam. Member of the Supervisory Board of Nuon N.V. Member of the Supervisory Board of Pink Roccade. Member of the Supervisory Board of Smit International.
Aad Jacobs	64	1998	2003	Former chairman of the Executive Board of ING Groep N.V. Chairman Supervisory Board Johan Enschedé, Member Supervisory Boards of Royal Dutch/Shell Group, IHC-Caland, Bührmann, VNU, Struktongroep, Dutch Railways, Euronext.

Supervisory Board of ING Groep N.V.

Name	Age	Year Appointed	Term Expires	Other Business Activities
Jan Kamminga	53	1994	2002	Former Chairman MKB-Netherlands (Dutch Association for small and medium sized companies), Governor of the Province of Gelderland in the Netherlands
Paul Baron de Meester	65	1998	2002	Former Member Board of Directors BBL. Chairman of the Executive Board of Besix N.V., Belgium
Johan Stekelenburg	59	1997	2002	Former Chairman of The Netherlands Trade Union Confederation FNV, Mayor of Tilburg. Chairman Supervisory Board of Weekbladpers Groep (publishers), member Supervisory Board of Tennet (electricity transmission system operator), De Sluis Groep, KLM and DSM.
Hans Tietmeyer	69	2000	2003	Former President of the Deutsche Bundesbank. Member Supervisory Boards of Depfa Bank, DWS Deutsche Bank, BDO Auditing Company.
Jan Timmer	67	1996	2001	Former President and Chairman of the Executive Board and Group Council of Philips Electronics N.V. President of the Supervisory Board of Dutch Railways. Member of the Supervisory Board of Royal Dutch/Shell Group. Member of the Supervisory Board of NPM Capital.

Executive Board of ING Groep N.V.

Ewald Kist, Chairman
(Born 1944, Dutch nationality)

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

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

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

Fred Hubbell
(Born 1951, American nationality)

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

Hessel Lindenbergh
(Born 1943, Dutch nationality)

In 1983 Hessel Lindenbergh joined NMB Bank. Until 1987 he was general manager of the domestic wholesale division. In 1987 he became Chairman of the general management of the international division. In 1992 he was appointed a member of the Executive Board of ING Bank. Since 1995 he has been a member of the Executive Board of ING Group. Together with Michel Tilmant, he also holds the position of Chairman of the Executive Committee of ING Europe since January 1, 2000.

Cees Maas, Chief Financial Officer
(Born 1947, Dutch nationality)

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

Alexander Rinnooy Kan
(Born 1949, Dutch nationality)

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

Compensation of Directors and Officers

Remuneration of the members of the Executive Board

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

Base salary

The base salaries are reviewed every two years against developments in the market. The salaries were not changed in 2000 as compared to 1999. The base salaries of the non-Dutch Executive Board members are related to local and international practices.

Short-term performance-related payment

In addition to the base salary, each year a performance-related payment can be earned up to a maximum of 30% of the annual base salary. The performance criteria for members of the Executive Board are determined by the Supervisory Board, on the basis of a proposal of its Remuneration and Appointments Committee. These criteria are related to the results of ING Group.

Long-term incentive

Long-term incentives for members of the Executive Board are provided through ING's stock option plan. This plan aligns the interests of shareholders and the members of the Executive Board. Acting on the advice of the Remuneration and Appointments Committee, the Supervisory Board each year has the discretionary power to grant ING stock options to members of the Executive Board. The number of stock options to be granted is related to the increase in the ING Group profit per share, with a maximum of 25,000 stock options to each member of the Executive Board.

Pensions

The pensions of the Dutch members of the Executive Board are based on defined benefit plans, which are insured through a contract with Nationale-Nederlanden N.V. Employment of members of the Executive Board ends on June 1 of the calender year in which they turn 62. By mutual agreement the retirement date can be June 1 of the calender year in which they turn 60 or 61. Their prospective pensions amount to a maximum of 60% of their base salaries. Just as for the other ING employees in the Netherlands, the pension rights of the members of the Executive Board are free of premium. The non-Dutch members of the Executive Board have a pension plan related to their home country.

The total remuneration of the members of the Executive Board as at December 31, 2000 is as follows:

	Amounts in thousands of euros	
Base salary	4,886	
Short-term performance-related payments	1,115	
Long-term incentives (market value options)	2,337	
	8,338	
Pension costs	1,713	
	10,051[1]	(1999: 11,011)

(1) David Robins, who joined the Executive Board on May 2, 2000 and resigned at December 4, 2000 is not included.

The base salaries, short-term performance-related payments and long-term incentives (market value options) of the members of the Executive Board are as follows:

Amounts in thousands of euros	Base salary	Short-term performance-related payments	Long-term incentives (market value options)
Ewald Kist	705	195	389
Michel Tilmant	1,144	177	392
Fred Hubbell (1)	936		
Hessel Lindenbergh	600	177	389
Cees Maas	600	177	389
Alexander Rinnooy Kan	600	177	389
Godfried van der Lugt (2)	301	212	389
	4,886	**1,115**	**2,337**

(1) Fred Hubbell joined the Executive Board on May 2, 2000.

(2) Godfried van der Lugt retired from the Executive Board on May 2, 2000.

The amount outstanding as at December 31, 2000 in respect of loans and advances to members of the Executive Board was EUR 2.7 million (1999: EUR 3.5 million) at an average interest rate of 4.4% (1999: 5.3%).

The following table summarizes information about the options outstanding and the movements during the financial year of options granted to the members of the Executive Board as in charge as at December 31, 2000:

	Number of options				Amounts in euros		
	Outstan-ding as at December 31,1999	**Granted in 2000**	**Exercised in 2000**	**Outstan-ding as at December 31, 2000**	**Exercise price**	**Share price at exercise date**	**Expiry date**
Ewald Kist	29,793		29,793 (2)		13.20	59.78	April 6, 2000
	27,480			27,480	23.50		May 20, 2001
	50,000			50,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		April 3,2005
Michel Tilmant	25,000			25,000	52.20		May 28, 2004
		15,000		15,000	57.36		April 3,2005
		10,000		10,000	56.60		April 3,2005
Fred Hubbell (1)				25,400	63.71		May 26, 2003
				20,000	52.20		May 28, 2004
				25,000	57.36		April 3,2005
Hessel Lindenbergh	31,095		31,095 (2)		9.37	59.78	April 6, 2000
	42,480			42,480	23.50		May 20, 2001
	50,000			50,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		April 3,2005
Cees Maas	42,480			42,480	23.50		May 20, 2001
	50,000			50,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		April 3,2005
Alexander Rinnooy Kan	17,000			17,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		April 3,2005

(1) Fred Hubbell joined the Executive Board on May 2, 2000.

(2) Exercised at expiry date.

In 2001, to each member of the Executive Board 25,000 options were granted relating to the financial year 2000 (1999: 25,000). The exercise price of these options was fixed (EUR 70.52) at the Euronext Amsterdam Stock Exchange opening price of ING shares on 15 March, 2001.

Remuneration of the members and former members of the Supervisory Board

In 2000, the remuneration of the members and former members of the Supervisory Board amounted to EUR 0.6 million (1999: EUR 0.5 million).

The remuneration of the chairman and vice chairman amounted to EUR 68,000; other members received a remuneration of EUR 39,000.

The amount outstanding as at December 31, 2000 in respect of loans and advances to members of the Supervisory Board was EUR 4.8 million (1999: EUR 4.5 million) at an average interest rate of 5.7% (1999: 6.2%).

Stock option plan

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

ING Group purchases, directly or indirectly, its own shares at the time options are granted in order to fulfill the obligations with regard to the existing stock option plan and to hedge the position risk of the options concerned. The purpose of this policy is to avoid an increase in the number of shares, causing a dilution of the net profit per share. As at December 31, 2000, all granted option rights were hedged, taking into account the expected staff turnover.

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

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

The total amount accrued for pensions, retirements or similar benefits for the Executive Board as at December 31, 2000 amounts to EUR 1.8 million.

BOARD PRACTICES

Payments on Termination

Upon retirement, a member of the Supervisory Board will not become eligible to receive a pension.

Audit Committee

The Audit Committee, chaired by Ger Verhagen, consists of four members: Ger Verhagen, Lutgart van den Berghe, Jan Berghuis and Aad Jacobs, and meets at least two times a year. It assists the Executive Board in observing its responsibility for ensuring that the Group's financial systems provide accurate and up-to-date information on its financial position and that the Group's published financial statements represent a true and fair reflection of this position. It also assists the Executive Board in ensuring that appropriate accounting policies, internal financial controls, and compliance procedures are in place. The auditors attend its meetings, as does the head of Corporate Control & Finance and the internal auditor.

Compensation Committee

The Remuneration and Appointments Committee, chaired by Cor Herkströter, consists of four members: Cor Herkströter, Mijndert Ververs, Paul van der Heijden and Jan Timmer, and meets, on average, two times a year. The Committee advises the Board on overall compensation policies and the composition of the Supervisory Board and Executive Board. The committee also determines, on behalf of the Executive Board, and with the benefit of advice from external consultants, the compensation packages of the members of the Executive Board and the Supevisory Board.

EMPLOYEES

The number of staff employed on a full time equivalent basis of ING Group averaged 92,650 in 2000, of which 34,803, or 38%, were employed in the Netherlands. The geographical distribution of employees with respect to the Group's insurance operations and banking operations over the past three years was as follows (full time equivalents):

	Insurance operations			Banking operations			Totals		
	2000	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
The Netherlands	11,492	10,875	10,272	23,311	23,100	21,860	34,803	33,975	32,132
Belgium	1,418	1,454	1,608	12,075	11,585	11,169	13,493	13,039	12,777
Rest of Europe	3,492	3,110	2,767	18,332	16,170	15,397	21,824	19,280	18,164
North America	10,281	8,822	8,910	2,828	2,285	2,360	13,109	11,107	11,270
South America	2,201	1,945	1,665	658	921	953	2,859	2,866	2,618
Asia	1,644	1,499	1,269	2,211	1,930	2,212	3,855	3,429	3,481
Australia	2,362	2,068	2,066	256	175	132	2,618	2,243	2,198
Other	10	15	18	89	86	92	89	101	110
Total	**32,890**	**29,788**	**28,575**	**59,760**	**56,252**	**54,175**	**92,650**	**86,040**	**82,750**

In addition, the number of staff employed by joint ventures included in the Group's consolidated accounts averaged 973 in 2000, 375 in 1999 and 365 in 1998. The group does not employ significant numbers of temporary workers. The percentage of the Group's employees allocated to the five Executive Centers was as follows for each of the years 2000, 1999 and 1998:

	2000	**1999**	**1998**
ING Europe	68	69	69
ING Americas	13	12	13
ING Asia / Pacific	4	4	4
ING Corporate & Investment Banking	9	10	10
ING Asset Management	5	4	4
Other(1)	1	1	–
	100 %	**100 %**	**100 %**

(1) Mainly central staff departments and for 1999 including the staff of BHF-BANK.

Substantially all of the Group's Dutch employees are subject to collective labor agreements covering the banking and insurance industries. The Group believes that its employee relations are generally good.

SHARE OWNERSHIP

The interests of the Supervisory Board and Executive Board in the bearer receipts/ADR's of the Company at March 15, 2001 were as follows:

	Bearer receipts/ADR's
Supervisory Board	
Cor Herkströter, *Chairman*	808
Ger Verhagen, *Vice-Chairman*	323
Mijndert Ververs, *Vice-Chairman*	None
Lutgart van den Berghe	413
Jan Berghuis	None
Paul van der Heijden	None
Aad Jacobs	945
Jan Kamminga	4,811
Paul Baron de Meester	2,485
Johan Stekelenburg	None
Hans Tietmeyer	None
Jan Timmer	None
Executive Board	
Ewald Kist, *Chairman*	None
Michel Tilmant, *Vice-Chairman*	None
Fred Hubbell (1),	428,000
Hessel Lindenbergh	None
Cees Maas, *Chief Financial Officer*	None
Alexander Rinnooy Kan	None

(1) See Note 3.2.3 of the Notes to the Consolidated Financial Statements.

None of the directors has a beneficial interest in the shares of any subsidiary, nor in the debenture stocks issued by the Company or any subsidiary.

Item 7. Major shareholders and related party transactions

As of December 31, 2000, Stichting Administratiekantoor ING Groep (the "Trust") held 984,843,301 Ordinary shares of ING Groep N.V., which represents 99.9% of the Ordinary shares outstanding. These holdings give the Trust voting control of ING Groep N.V. The following is a description of the material provisions of the Trust Agreement and the applicable provisions of Netherlands law. This description does not purport to be complete and is qualified in its entirety by reference to the Trust Agreement and the applicable provisions of Netherlands law referred to in such description. On October 17, 2000 the Trust agreement was amended to provide for the conversion of Dutch guilders into Euro. The amended Trust Agreement is attached as an exhibit to this Annual Report on Form 20-F for the year ended December 31, 2000, filed with the SEC.

Bearer receipts, which are negotiable instruments under Netherlands law, are issuable by the Trust pursuant to the terms of the Trust Agreement. Each Bearer receipt represents financial interests in one Ordinary share held by the Trust, as described herein. Holders of Bearer receipts (including those for which ADSs have been issued) are not entitled to exercise any voting rights with respect to the Ordinary shares underlying the Bearer receipts owned by the Trust. Such rights are exercisable only by the Trust pursuant to the terms of the Trust Agreement. Bearer depositary receipts are also issued by the Trust for Preference shares.

The Bearer receipts are in the form of bearer 'Centrum voor Fondsenadministratie' certificates ('CF Certificates'), with a dividend sheet without coupons or talons. The Centrum voor Fondsenadministratie provides central administration for the dividend sheets of the CF Certificates. The dividend sheets of CF Certificates, which do not trade separately from the CF Certificates, must be held by an eligible custodian. Transfer of title in the Bearer receipts in the form of CF Certificates together with the dividend sheet is effected by book-entry through the facilities of the Netherlands

Central Institute for Securities Book-Entry Transactions ('NECIGEF') and its participants pursuant to the Netherlands Act on book-entry transactions ('Wet giraal effectenverkeer'). Owners of Bearer receipts participate in the NECIGEF system by maintaining accounts with NECIGEF participants. There is no limitation under Netherlands law on the ability of non-Dutch citizens or residents to maintain such accounts that are obtainable through Dutch banks.

As of December 31, 2000, no other person is known to the Company to be the owner of more than 10% of the Ordinary shares or Bearer receipts. As at year end 2000, members of the Supervisory Board held 9,785 ING Group Bearer depositary receipts for shares, 22 ING Group Bearer depositary receipts for Preference shares and 486 ING Group warrants. If Supervisory Board members hold ING options that were granted in their former capacity as member of the ING Executive Board, these options are part of the ING Stock option plan specifications in Note 3.2.3. of the Notes to the Consolidated Financial Statements.

Holders of depositary receipts with a stake of 5% or more under the Dutch Act on the Disclosure of Significant Interests, to be best of our knowledge, three holders of depositary receipts with a (potential) interest of between 5% and 10% in ING Group were known as at December 31, 2000. They were ABN AMRO, Aegon and Fortis.
None of these major shareholders possesses voting rights different than those possessed by other shareholders. The voting rights of the ING shares are with the Stichting Administratiekantoor.
As of March 15, 2001 shareholders in the The Netherlands held 240 million bearer receipts, or approximately 25% of the total number of bearer receipts then outstanding.

Voting of the Ordinary shares by the Trust

The Trust is required, under the terms of the Trust's Articles of Association (Statuten) and the related Conditions of Administration (Administratievoorwaarden) (together the 'Trust Agreement'), to make use of the voting rights associated with the Ordinary shares of ING Groep N.V. in such a manner that the interests of ING Groep N.V. and of the enterprises sustained by ING Groep N.V. and the companies affiliated as a group with ING Groep N.V. are served in such a way that

- the interests of ING Groep N.V. and of those enterprises and all parties concerned are safeguarded as well as possible; and
- influences which could violate the independence, the continuity or the identity of ING Groep N.V. and those enterprises contrary to the aforementioned interests are barred to the greatest extent possible.

The Trust reserves the right to decide its vote without consulting the holders of Bearer receipts.

Holders of Bearer receipts are not entitled to give binding instructions to the Trust concerning the Trust's exercise of the voting rights attached to its Ordinary shares, although, whenever the Trust deems necessary or desirable, the Trust may consult holders of Bearer receipts to the degree and subject to such terms and conditions it considers appropriate.

Voting of the Ordinary shares by holders of Bearer receipts as proxy of the Trust

Holders of Bearer receipts are entitled to attend and speak at general meetings of shareholders of ING Groep N.V. but do not have any voting rights.

However, the Trust will, at the request of a holder of Bearer receipts (for Ordinary shares), subject to certain restrictions, grant a proxy to the effect that such holder of Bearer receipts may in the name of the Trust exercise the voting rights attached to the number of its Ordinary shares that corresponds to the number of Bearer receipts held by such holder of Bearer receipts. On the basis of such a proxy, the holder of Bearer receipts may vote according to its own discretion. The requirements with respect to the use of the voting rights on the Ordinary shares that apply for the Trust (set out in the paragraph above) do not apply for the holder of Bearer receipt voting on the basis of such a proxy.

The restrictions under which the Trust will grant a voting proxy to holders of Bearer receipts are:

- the relevant holder of Bearer receipts must be a natural person;
- the relevant holder of Bearer receipts must have deposited his Bearer receipts no later than on the 2nd stock exchange day before the day of the general meeting of shareholders observing the provisions laid down in the articles of association of ING Groep N.V.;
- the number of Ordinary shares to which the voting proxy relates will not exceed one per cent. of the total issued ordinary share capital of ING Groep N.V. This percentage will be reduced by the percentage of the ordinary share capital of ING Groep N.V. that is held by the relevant holder of Bearer receipts himself in form of (registered) Ordinary shares;
- the relevant holder of Bearer receipts may not delegate the powers conferred upon him by means of the voting proxy;
- the voting proxy will be valid for one specific general meeting of shareholders that has been designated in the voting proxy and will expire at the end of that meeting.

Administration of the Trust

Pursuant to the terms of its Articles of Association, the Trust is administered by a Management Board (the 'Management Board'), that consists of seven members. Two members of the Management Board (each a 'Managing Director-A') are appointed by the ING Groep N.V.'s Supervisory Board from among its members. The other five members of the Management Board (each a 'Managing Director-B', and together with Managing Directors-A, the 'Managing Directors') are appointed by the Management Board itself, subject to the approval of the Executive Board of ING Groep N.V. Managing Directors are appointed for terms of three years.

Valid resolutions may be passed only if at least one Managing Director-B is present or represented and all Managing Directors have been duly notified, except that in a case where there is no such notification valid resolutions may nevertheless be passed by unanimous consent at a meeting at which all Managing Directors are present or represented. A Managing Director may be represented only by a fellow Managing Director who is authorized in writing. All resolutions of the Management Board shall be passed by an absolute majority of the votes.

The legal relationship between holders of Bearer receipts and the Trust is governed entirely by Netherlands law.

Termination of the Trust

Should the Trust be dissolved or wish to terminate its function under the Trust Agreement, or should ING Groep N.V. wish to have such function terminated, ING Groep N.V. shall, in consultation with the Trustee and with the approval of the meeting of holders of Bearer receipts, appoint a successor to whom the administration can be transferred. The successor shall have to take over all commitments under the Trust Agreement. Within two months of the decision to dissolve or terminate the Trust, the Trust shall have the shares which it holds for administration transferred into its successor's name. Upon surrender of the Bearer receipts, the successor shall issue to holders of Bearer receipts new or altered Bearer receipts which shall be signed by the successor. In no case shall the administration be terminated without ING Groep N.V.'s approval.

Related Party Transactions

As of December 31, 2000, the amount outstanding in respect of loans and advances made to members of the Supervisory Board was EUR 4.8 million, at an average interest rate of 5.7%. The amount outstanding in respect of loans and advances, mostly mortgages to, members of the Executive Board was EUR 2.7 million, at an average interest rate of 4.4%. The largest aggregate amount of such loans and advances outstanding during 2000 was EUR 1.5 million.

Item 8. Financial information

Legal Proceedings, see item 18, “Financial Statements” on pages F-1 through F-126.

ING Group companies are involved in litigation and arbitration proceedings in the Netherlands and in a number of foreign jurisdictions, including the United States, involving claims by and against them which arise in the ordinary course of their businesses, including in connection with their activities as insurers, lenders, employers, investors and taxpayers. In certain of such proceedings, very large or indeterminate amounts are sought, including punitive and other damages. While it is not feasible to predict or determine the ultimate outcome of all pending or threatened legal and regulatory proceedings, management does not believe that their outcome will have a material adverse effect on the Group’s financial position or results of operations.

Over the past few years in Europe and, increasingly in the United States, considerable public attention has been directed to the full restoration of property rights to victims of the Holocaust. Several governments in Europe, in concert with private industry, have established commissions and similar organizations to review the extent to which the rights of Holocaust victims were restored and, where appropriate, to provide vehicles for remediation. In the Netherlands, the Scholten Commission was established on July 13, 1997 by the Dutch Government to review the processes followed by the financial services industries immediately following World War II. The Commission has issued its final report and in addition, the Dutch Association of Insurers and the Dutch Association of Banks (ING is a member of both) and the Amsterdam Stock Exchange reached an accord in 2000 with Dutch Jewish organizations to establish claims foundations and funds for humanitarian relief to address any outstanding life insurance, bank and securities related claims of Dutch Holocaust victims. In August, 1998 an association of European insurers and U.S. insurance regulators, the International Commission on Holocaust Era Related Insurance Claims (the ‘Eagleburger Commission’), was established to assist in addressing Holocaust era insurance claims. The Dutch Association of Insurers is a member of this Commission.

On August 1, 2000, the European Commission issued its Statement of Objections regarding an alleged agreement as from January 1, 1999, between several Dutch banks on banking charges for conversion of currencies participating in the Euro.

ING is vigorously defending its position to the European Commission. We believe that an agreement as alleged by the Commission was never entered into and that ING can therefore not be held to have violated EU antitrust law.

DIVIDENDS

ING Groep N.V. has declared and paid dividends each year since its formation in 1991. Each year, a final dividend in respect of the prior year is generally declared at and paid after the annual General Meeting of Shareholders generally held in May/April of each year. An interim dividend is generally declared and paid in September, based upon the results for the first six months. The declaration of interim dividends is subject to the discretion of the Executive Board of ING Groep N.V., whose decision to that effect is subject to the approval of the Supervisory Board of the Company. The Executive Board decides, subject to the approval of the Supervisory Board of ING Groep N.V., which part of the annual profits (after payment of dividends on Preference shares and Cumulative Preference shares) will be added to the reserves of ING Groep N.V. The part of the annual profits that remains after this addition to the reserves and after payment of dividends on Preference shares and Cumulative Preference shares is at the disposal of the General Meeting of Shareholders, which may declare dividends therefrom and/or add additional amounts to the reserves of ING Groep N.V. A proposal of the Executive Board with respect thereto is submitted to the General Meeting of Shareholders. The declaration and payment of dividends and the amount thereof is dependent upon the Company’s results of operations, financial condition, cash requirements, future prospects and other factors deemed relevant by the Executive Board in determining the appropriate amount of reserves and there can be no assurance that the Company will declare and pay any dividends in the future.

ING Groep N.V. has historically provided shareholders with the option of receiving dividends either in cash or in the form of additional Ordinary shares. Until the final dividend for the year 1998 (paid in May

1999), if a shareholder opted to receive the dividend in cash, Ordinary shares were consequently not issued to such shareholder but were sold by ING Groep N.V. on the open market in the form of Bearer receipts. Beginning with the interim dividend for 1999, ING changed its dividend policy, and will only issue new shares for its shareholders that have opted to receive a stock dividend. It is expected that by far the largest part of the dividend will be paid in cash. As of the final dividend for 1999, shareholders had five AEX stock-exchange days, beginning with the ex-dividend date, to indicate their preference for dividend payment in cash or in (bearer receipts for) Ordinary shares. The exact value of the (interim) dividend in (bearer receipts for) Ordinary shares were be established based on the weighted average price of ING shares on the AEX during this five-day period. Based on this price, ING subsequently determined the value difference between the payment in shares and the payment in cash. The payment in shares was slightly lower than the payment in cash. ING has deliberately chosen this five-day period for the value determination in order to avoid being dependent on chance price fluctuations of ING shares on one particular day.

At the end of 2000 ING announced that starting with the final 2000 dividend, dividends will be paid in cash only. This decision was based on two reasons: First, it will prevent dilution, and second, the tax benefit for individual shareholders in the Netherlands resulting from the stock dividend choice will no longer apply as a result of the Income Tax Act that is effective from January 1, 2001.

Cash distributions on ING Groep N.V.'s Ordinary shares and Bearer receipts are generally paid in euros. However, the Executive Board may decide, with the approval of the Supervisory Board, to declare dividends in the currency of a country other than the Netherlands in which the Bearer receipts are trading. Amounts payable to holders of ADSs that are paid to the Depositary in a currency other than dollars will be converted to dollars and subjected to a charge by the Depositary for any expenses incurred by it in such conversion. The right to cash dividends and distributions in respect of the Ordinary shares will lapse if such dividends or distributions are not claimed within five years following the day after the date on which they were made available.

If a distribution by ING Groep N.V. consists of a dividend in Ordinary shares, such Ordinary shares will be held by the Trust, and the Trust will distribute to the holders of the outstanding Bearer receipts, in proportion to their holdings, additional Bearer receipts issued for the Ordinary shares received by the Trust as such dividend. In the event the Trust receives any distribution with respect to Ordinary shares held by the Trust other than in the form of cash or additional shares, the Trust will adopt such method as it may deem legal, equitable and practicable to effect such distribution.

If ING Groep N.V. offers or causes to be offered to the holders of Ordinary shares the right to subscribe for additional shares, the Trust, subject to applicable law, will offer to each holder of Bearer receipts the right to subscribe for additional Bearer receipts of such shares on the same basis.

If the Trust has the option to receive such distribution either in cash or shares, the Trust will give notice of such option by advertisement and give holders of Bearer receipts the opportunity to choose between cash and shares until the fourth day before the day on which the Trust must have made such choice. Holders of Bearer receipts may receive an equal nominal amount in Ordinary shares, provided that they are natural persons, they do not hold more than 1% of issued share capital of ING Groep N.V., in the form of Ordinary shares, and they meet any other criteria set forth in the Articles of Association.

There are no legislative or other legal provisions currently in force in the Netherlands or arising under ING Groep N.V.'s Articles of Association restricting the remittance of dividends to holders of Ordinary shares, Bearer receipts or ADSs not resident in the Netherlands. Insofar as the laws of the Netherlands are concerned, cash dividends paid in Dutch guilders may be transferred from the Netherlands and converted into any other currency, except that for statistical purposes such payments and transactions must be reported by ING Groep N.V. to the Dutch Central Bank (De Nederlandsche Bank N.V.) and, further, no payments, including dividend payments, may be made to jurisdictions that are subject to certain sanctions, adopted by the Government of the Netherlands, implementing resolutions of the Security Council of the United Nations. Dividends are subject to withholding taxes in the Netherlands as described under Item 10 "Additional Information" – Taxation – Netherlands Taxation.

The management has no reason to believe that the outcome of these proceedings will have a material adverse effect on the Group's financial position or results of operations.

Item 9. The offer and listing

Bearer receipts representing Ordinary shares (nominal value EUR 0.48 per share) are traded on the official Market of Euronext Amsterdam N.V.'s Stock Exchange, the principal trading market for the Bearer receipts. The Bearer receipts are also listed on the stock exchanges of Brussels, Frankfurt and Paris, as well as on the Swiss Exchange. As of December 31, 2000, ING Group was the second largest company quoted on the Euronext Amsterdam Stock Exchange, based on market capitalization. ING Bank is one of the principal market-makers for the Bearer receipts on the Euronext Amsterdam Stock Exchange.

Since June 13, 1997, American Depositary Shares ('ADS'), each representing one Bearer receipt in respect of one Ordinary share, have traded on the New York Stock Exchange under the symbol 'ING,' and are the principal form in which the Bearer receipts are traded in the United States. Prior to June 13, 1997, there was no active trading market for the ADSs. The ADSs are issued by Morgan Guaranty Trust Company of New York, as Depositary, pursuant to an Amended and Restated Deposit Agreement dated June 2, 1997, among the Company, such Depositary and the holders of ADSs from time to time. As of December 31, 2000, there were 49,458,400 ADSs outstanding, representing an equal number of Bearer receipts. The ADSs were held by 689 record holders. Because certain of the ADSs were held by brokers or other nominees and the Bearer Depositary receipts are held in bearer form and due to the impracticability of obtaining accurate residence information for all such shareholders, the number of holders of record or registered holders in the United States is not representative of the number of beneficial holders or of the residence of the beneficial holders. As of December 31, 2000, approximately 25% of the Bearer receipts were held by Dutch investors, approximately 24% by investors in the U.K. and approximately 21% by investors in the United States and Canada (including as represented by ADSs).

The following are the high and low sales prices of the Bearer receipts on the Euronext Amsterdam Stock Exchange, and the ADSs on the New York Stock Exchange, for the period 1997 – March 16, 2001:

Calendar period	Euronext Amsterdam Stock Exchange (NLG)		Trading volume, in millions of Bearer receipts (1)	New York Stock Exchange (USD)		Trading volume, in millions of ADSs(1)
	High	Low		High	Low	
1997						
First quarter	80.10	60.80	230.6	–	–	–
Second quarter	91.80	65.00	229.9	$47\frac{3}{8}$(2)	$45\frac{5}{8}$(2)	2.4(2)
Third quarter	106.60	87.00	238.8	$52\frac{1}{2}$	$44\frac{1}{8}$	6.6
Fourth quarter	98.50	75.10	307.0	$49\frac{1}{4}$	$40\frac{3}{16}$	9.1
1998						
First quarter	123.50	84.70	375.5	$58\frac{7}{8}$	$42\frac{1}{16}$	5.5
Second quarter	142.40	116.70	345.5	$70\frac{9}{16}$	$58\frac{7}{16}$	4.9
Third quarter	155.30	84.50	427.1	$76\frac{1}{4}$	$43\frac{7}{8}$	7.8
Fourth quarter	118.80	68.40	480.5	$62\frac{7}{16}$	$37\frac{3}{16}$	7.5
	(euro)(3)					
1999						
First quarter	59.30	46.65	445.7	$69\frac{7}{16}$	$52\frac{7}{8}$	4.7
Second quarter	59.00	49.95	382.4	$62\frac{3}{4}$	$53\frac{1}{8}$	4.0
Third quarter	55.25	44.35	377.8	57	$47\frac{13}{16}$	3.7
Fourth quarter	61.85	50.19	396.5	$63\frac{5}{8}$	$54\frac{5}{8}$	3.6
2000						
First quarter	61.41	48.21	420.8	$61\frac{5}{16}$	$47\frac{1}{16}$	6.9
Second quarter	71.16	55.77	421.9	$67\frac{1}{2}$	$52\frac{13}{16}$	7.1
Third quarter	77.15	68.95	380.8	$67\frac{15}{16}$	$61\frac{3}{16}$	5.9
Fourth quarter	86.10	71.27	442.8	$80\frac{1}{8}$	$61\frac{3}{16}$	8.8
2000 and 2001						
September 2000	76.00	71.44	104.0	$67\frac{7}{8}$	$61\frac{1}{8}$	2.2
October 2000	80.92	72.20	152.4	$69\frac{1}{8}$	$61\frac{1}{8}$	3.4
November 2000	84.26	79.60	130.8	$72\frac{4}{8}$	$67\frac{1}{8}$	2.4
December 2000	85.52	79.78	144.3	$80\frac{1}{8}$	$70\frac{4}{8}$	3.0
January 2001	87.94	78.40	187.1	$83\frac{4}{8}$	$72\frac{7}{8}$	4.0
February 2001	81.33	74.17	136.0	$76\frac{4}{8}$	$68\frac{2}{8}$	2.7
March 2001 (through March 16, 2001)	76.95	68.14	134.6	$71\frac{2}{8}$	$64\frac{2}{8}$	2.2

(1) Aggregate of purchases and sales.

(2) From June 13, 1997.

(3) As of January 4, 1999, the Euronext Amsterdam Stock Exchange listings are quoted in euro.

Item 10. Additional information

Memorandum and Articles of Association

ING Groep N.V. is a holding organized under the laws of The Netherlands. Our object and purpose as set forth in Article 3 of our Articles of Association, is to participate in, manage, finance, provide personal or real security for the obligations of and provide services to other business enterprises and institutions of any kind whatsoever, but in particular business enterprises and institutions which are active in the field of insurance, banking, investment and/or financial services, and to do anything which is related to the foregoing or may be conducive thereto. ING Groep N.V. is registered under the number 33231073 in the Company Registry of Amsterdam and our Articles of Association are available there.

Certain Powers of Directors
The Supervisory Board determines the compensation of the members of the Executive Board and the compensation of members of the Supervisory Board is determined by the General Meeting of Shareholders. Neither members of the Executive Board nor members of the Supervisory Board will vote on compensation for themselves or any other member of their body.

Members of the Supervisory Board are not allowed to borrow on behalf of ING Group or any of its subsidiaries. Members of the Executive Board are empowered to exercise all the powers of ING Group to borrow money, subject to regulatory restrictions (if any) and, in the case of the issuance of debt securities, to the approval of the Supervisory Board.

Our Articles of Association do not contain any age limits for retirement of the members of the Executive Board. Nevertheless, it is become standard practice for members to retire at the age of 60. Pursuant to the Articles of Association, members of the Supervisory Board must retire at the age of 70, provided, however, under certain limited circumstances it is possible to postpone retirement until such member reaches the age of 72.

Members of the Executive Board and the Supervisory Board are not required to hold any shares of ING Groep N.V. to qualify as such.

Description of Shares
A description of our securities, and other information with respect to shareholders, annual meetings, changes in capital and limitations on changes in control can be found in our registration statement filed with the Commission on Form F-1 on June 12, 1997 and in this Annual Report under the heading "Item 7 – Major Shareholders and Related Party Transactions".

Material contracts

There have been no material contracts (outside the ordinary course of business) to which ING is a party in the last two years.

Documents on Display

Our company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports and other information with the Securities and Exchange Commission. These materials, including this annual report and its exhibits, may be inspected and copied at the Commission's Public Reference Room at 450 fifth Street, N.W., Washington, D.C. 20549 and at the Commission's regional offices at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661, and 7 world Trade Center, New York , New York 10048.

Copies of the materials may be obtained from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C., 20549 at prescribed rates. The public may obtain information on the operation of the Commission's Public Reference Room by calling the Commission in the United States at 1-800-SEC-0330.

In addition, material filed by us can be inspected at the offices of the New York Stock Exchange at 20 Broad Street, New York, New York 10005.

Exchange controls

Cash distributions, if any, payable in guilders on Ordinary shares, Bearer receipts and ADSs may be officially transferred from the Netherlands and converted into any other currency without violating Dutch law, except that for statistical purposes such payments and transactions must be reported by ING Groep N.V. to the Dutch Central Bank and, further, no payments, including dividend payments, may be made to jurisdictions subject to certain sanctions, adopted by the government of the Netherlands, implementing resolutions of the Security Council of the United Nations.

Restrictions on voting

The ADSs represent interests in the Bearer receipts of the Trust, which holds the Ordinary shares for which such Bearer receipts are issued. See 'Item 7, Major Shareholders and related party transactions'. The Trust is the holder of all Ordinary shares underlying the Bearer receipts. Only holders of shares (including the Trust) may vote at General Meetings of Shareholders.

Holders of Bearer receipts are entitled to attend and speak at General Meetings of Shareholders of the Company; holders of Bearer receipts (including the Depositary on behalf of the holders of ADSs) as such are not entitled to vote at such meetings. However, the Trust will at the request of a natural person holding Bearer receipts (of Ordinary shares), subject to the restrictions set out in Item 4, Control of the registrant, grant a proxy to the effect that such holder of Bearer receipts may in the name of the Trust exercise the voting rights attached to a number of its Ordinary shares that corresponds to the number of Bearer receipts held by him. On the basis of such a proxy the holder of Bearer receipts may vote according to its own discretion.

Holders of Bearer receipts may surrender the Bearer receipts in exchange for Ordinary shares, subject to certain restrictions on transfer set forth in ING Groep N.V.'s Articles of Association and the Trust Agreement. Under ING Groep N.V.'s Articles of Association, only natural persons may hold Ordinary shares and the issuance or transfer of Ordinary shares is not permitted if the acquirer or transferee holds or would hold more than 1% of the issued share capital in the form of Ordinary shares. The Trust also charges a fee for exchanging Bearer receipts for Ordinary shares. Such fee, in each case, is a minimum of NLG 12.50, but varies based on the number of Bearer receipts so exchanged.

Obligations of shareholders to disclose holdings

The Netherlands' Act on Disclosure of Holdings in Listed Companies (the 'Major Holdings Act') applies to any person who, directly or indirectly, acquires or disposes of an interest in the voting rights and/or the capital of a public limited company incorporated under the laws of the Netherlands with an official listing on a stock exchange within the European Economic Area, as a result of which acquisition or disposal the percentage of voting rights or capital interest acquired or disposed of reaches, exceeds or falls below 5%, 10%, 25%, 50% or 66 2/3%. With respect to ING Groep N.V., the Major Holdings Act would require any person whose interest in the voting rights and/or capital of ING Groep N.V. reached, exceeded or fell below those percentage interests, whether through ownership of Bearer receipts, Ordinary shares, ADSs, Preference shares, Options or Warrants, to notify in writing both ING Groep N.V. and the Securities Board of the Netherlands (Stichting Toezicht Effectenverkeer) immediately after the acquisition or disposal of the triggering interest in ING Groep N.V.'s share capital.

Upon ING Groep N.V.'s receipt of the notification, the information will be disclosed, as notified, forthwith to the public by means of an advertisement in a newspaper distributed throughout the Netherlands. Noncompliance with the obligations of the Major Holdings Act can lead to criminal prosecution. In addition, a civil court can issue orders against any person who fails to notify or incorrectly notifies the Securities Board or ING Groep N.V., in accordance with the Major Holdings Act, including suspension of the voting right in respect of such person's Ordinary shares.

TAXATION

The following is a summary of the Netherlands tax consequences, and the United States Federal income tax consequences, of the ownership of Bearer receipts or ADSs by U.S. Shareholders (as defined below). For purposes of this summary a 'U.S. Shareholder' is a beneficial owner of ADSs or Bearer receipts that is:

- an individual citizen or resident of the United States,
- a corporation organized under the laws of the United States or of any state of the United States,
- an estate the income of which is subject to United States Federal income tax without regard to its source or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

The summary is a general description of the present Netherlands and United States Federal income tax laws and practices as well as the relevant provisions of the present double taxation treaty between the Netherlands and the United States (the 'Treaty'). It should not be read as extending to matters not specifically discussed, and investors should consult their own advisors as to the tax consequences of their ownership and disposal of Bearer receipts or ADSs. In particular, the summary does not take into account the specific circumstances of any particular investor (such as banks, insurance companies, dealers in securities, investors liable for alternative minimum tax, investors that actually or constructively own 10% or more of the voting stock of ING Groep N.V. or investors that hold Bearer receipts or ADSs as part of a straddle or a hedging or conversion transaction), some of which may be subject to special rules. The Netherlands rules applying to holders of a 'substantial interest'—in broad terms, individuals who hold or have held directly or indirectly either independently or jointly with certain close relatives at least 5% of the nominal paid-up capital or of any class of shares in ING Groep N.V.— are not addressed in this summary. With respect to U.S. Shareholders, this summary generally applies only to holders who hold Bearer receipts or ADSs as a capital asset. The summary is based in part upon the representations of the Depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

In general, for United States Federal income and Netherlands tax purposes, holders of Bearer receipts will be treated as the owners of the Ordinary shares underlying the Bearer receipts, holders of ADRs evidencing ADSs will be treated as the owners of the Ordinary shares evidenced by Bearer receipts, and exchanges of Ordinary shares for Bearer receipts and then for ADSs, and exchanges of ADSs for Bearer receipts and then for Ordinary shares, will not be subject to United States Federal or Netherlands income tax.

It is assumed for purposes of this summary that a U.S. shareholder is entitled to the benefits of the Treaty.

NETHERLANDS TAXATION

In the year 2000, the Individual Income Tax Act 2001 ('Wet inkomstenbelasting 2001') was enacted (Act of May 11, 2000, Staatsblad 215), to replace the Individual Income Tax Act 1964 ('Wet op de inkomstenbelasting 1964'). In a separate Act, certain transitional provisions were enacted and a number of changes were made to other tax acts ('Invoeringswet Wet inkomstenbelasting 2001', Act of May 11, 2000, Staatsblad 216). Finally, an additional Act was enacted which mostly included some technical revisions of both the Wet inkomstenbelasting 2001 and the Invoeringswet Wet inkomstenbelasting 2001 ('Veegwet Wet inkomstenbelasting 2001', Act of December 14, 2000, Staatsblad 570). The new legislation has become effective as of January 1, 2001. The following description of Dutch tax implications is therefore based on this new legislation.

Withholding tax on dividends

The Netherlands imposes a withholding tax on a distribution of a dividend at the rate of 25%. Stock dividends paid out of ING Groep N.V.'s paid-in share premium recognized for Netherlands tax purposes as such are not subject to the above withholding tax.

Under the Treaty, dividends paid by ING Groep N.V. to a resident of the United States (other than an exempt organization or exempt pension trust, as defined in the Treaty) who is the beneficial owner of the dividends are generally eligible for a reduction of Netherlands withholding tax to 15%, provided that such resident does not have an enterprise which carries on business in the Netherlands through a permanent establishment or a permanent representative to which or to whom the ADSs or Bearer receipts are attributable. Such reduced dividend withholding rate can be applied for at source upon payment of the dividend by submitting a Form IB 92 USA prior to the dividend payment date, which form includes a banker's affidavit stating that the ADSs are in the bank's custody in the name of the applicant, or that the ADSs have been exhibited to the bank as being the property of the applicant. A U.S. Shareholder unable to claim withholding tax relief in this manner can obtain a refund of excess tax withheld by filing a Form IB 92 USA and describing the circumstances that prevented a claim for withholding tax relief at source.

The Treaty provides for a complete exemption from withholding for dividends received by exempt pension trusts and other exempt organizations, as defined in the Treaty.

Qualifying exempt pension trusts may claim the benefits of a reduced withholding tax rate pursuant to the Treaty by filing a Form IB 96 USA (for dividends paid or made payable before July 1, 2000, a Form IB 92 USA may be used). As laid down in the Ministerial Decree of March 27, 2000, no. IFZ/2000/326M, for dividends paid or made payable on or after July 1, 2000, qualifying exempt pension trusts normally remain subject to withholding at the rate of 25% and are required to file for a refund of the tax withheld. Only if certain conditions are fulfilled, such pension trusts may be eligible for relief at source upon payment of the dividend.

Qualifying exempt organizations (other than exempt pension trusts) always remain subject to withholding at the rate of 25% and are required to file for a refund of the tax withheld by filing a Form IB 95 USA.

There is currently an arrangement with the Netherlands Ministry of Finance under which U.S. Shareholders of outstanding ADSs (but not holders of Bearer receipts) of ING Groep N.V. may obtain the lower 15% withholding rate under the Treaty without filing the forms described above. The arrangement also applies to qualifying exempt pension trusts but not to other exempt organizations.

Net wealth tax

As part of the introduction of the Dutch Tax Reform 2001, the net wealth tax has been abolished as of December 31, 2000.

Taxes on income and capital gains

A U.S. Shareholder will not be subject to Netherlands income tax or corporation tax, other than the withholding tax described above, or capital gains tax, provided that:

- such shareholder is not a resident or deemed resident of the Netherlands and
- such shareholder does not have an enterprise or an interest in an enterprise, which in its entirety or in part carries on business in the Netherlands through a permanent establishment or a permanent representative to which or to whom the ADSs or Bearer receipts are attributable.

Temporary special distribution surtax

Under the new legislation, a temporary special distribution tax will be levied at a rate of 20% to the extent that any ''excessive'' proceeds (such as dividends) are distributed in the period from January 1, 2001 up to and including December 31, 2005. For purposes of this distribution tax, proceeds are considered to be ''excessive'' when during a particular calendar year, the total proceeds distributed exceed the highest of the following three amounts:

(i) 4% of ING Groep N.V.'s market capitalization at the beginning of the relevant calendar year;
(ii) twice the amount of the average annual dividend distributions by ING Groep N.V. (exclusive of extraordinary distributions) in the three calendar years immediately preceding January 1, 2001;
(iii) the adjusted consolidated commercial result of ING Groep N.V. for the preceding fiscal year.

The temporary special distribution tax is not levied to the extent that profit distributions in aggregate during the period January 1, 2001 up to and including December 31, 2005 are in excess of the balance of the assets, liabilities and provisions of ING Groep N.V., calculated on the basis of the fair market value, reduced by the paid-in capital at the end of the fiscal year that ended prior to January 1, 2001.

The distribution tax due is reduced pro rata to the extent that the shares in ING Groep N.V. were held, at the time of the distribution of the ''excessive proceeds'', during an uninterrupted period of three years, by individuals or entities (other than investment institutions ('beleggingsinstellingen') as defined in article 28 of the Dutch Corporate Income Tax Act 1969) holding at least five percent of the nominal paid-in capital in ING Groep N.V. As the distribution tax is imposed directly on ING Groep N.V., the benefit of this reduction will not have an impact on the aforementioned shareholders, but on ING Groep N.V. and therefore, indirectly, on all shareholders.

Gift, estate or inheritance tax

No Netherlands gift, estate or inheritance tax will be imposed on the acquisition of ADSs or Bearer receipts by gift or inheritance from a holder of ADSs or Bearer receipts who is neither resident nor deemed resident in the Netherlands, provided that:

- a holder does not die within 180 days after having made a gift, while being on the moment of his death a resident or deemed resident of the Netherlands and
- the ADSs or Bearer receipts are not attributable to an enterprise which in its entirety or in part is carried on through a permanent establishment or a permanent representative in the Netherlands and in which enterprise the donor or the deceased owned an interest.

The Netherlands and the United States reached a mutual agreement on the qualification of certain Dutch and U.S. pensions for treaty benefits under Article 35 of the US-Netherlands Income Tax Treaty. The agreement specifies the procedures for claiming treaty benefits in each country and the methods each country will use to grant treaty benefits.
The agreement constitutes a Mutual Agreement in accordance with the Convention between the Kingdom of the Netherlands and the United States of America for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed on December 18, 1992, and amended by Protocol signed on October 13, 1993.

UNITED STATES TAXATION

Taxes on income

For United States Federal income tax purposes, a U.S. Shareholder will be required to include in gross income the full amount of a cash dividend (unreduced by Netherlands withholding tax) as ordinary income when the dividend is actually or constructively received by the U.S. Shareholder, in the case of Ordinary shares, or by the Trust in the case of Bearer receipts, or by the Depositary in the case of ADSs. For this purpose, a ‘dividend’ will include any distribution paid by ING Groep N.V. with respect to the Bearer receipts or ADSs, but only to the extent such distribution is not in excess of ING Groep N.V.’s current and accumulated earnings and profits as defined for United States Federal income tax purposes. Such a dividend will constitute income from sources outside the United States.

Subject to the limitations provided in the United States Internal Revenue Code, a U.S. Shareholder may generally deduct from income, or credit against its United States Federal income tax liability, the amount of any Netherlands withholding taxes. The Netherlands withholding tax will likely not be creditable against the U.S. Shareholder’s United States tax liability, however, to the extent that ING Groep N.V. is allowed to reduce the amount of dividend withholding tax paid over to the Netherlands Tax Administration by crediting withholding tax imposed on certain dividends paid to ING Groep N.V. Currently ING Groep N.V. may, with respect to certain dividends received from qualifying non-Netherlands subsidiaries, credit taxes withheld from those dividends against the Netherlands withholding tax imposed on a dividend paid by ING Groep N.V., up to a maximum of the lesser of

- 3% of the portion of the gross amount of the dividend paid by ING Groep N.V. that is subject to withholding and
- 3% of the gross amount of the dividends received from qualifying non-Netherlands subsidiaries.

The credit reduces the amount of dividend withholding tax that ING Groep N.V. is required to pay to the Netherlands Tax Administration but does not reduce the amount of tax ING Groep N.V. is required to withhold from dividends. ING Groep N.V. will endeavor to provide to U.S. Shareholders information concerning the extent to which it has applied the reduction described above with respect to dividends paid to U.S. Shareholders.

Because payments of dividends with respect to Bearer receipts and ADSs will be made in Dutch guilders, a U.S. Shareholder will generally be required to determine the amount of dividend income by translating the guilders into United States dollars at the ‘spot rate’ on the date the dividend distribution is includable in the income of the U.S. Shareholder. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend distribution is includable in the income of the U.S. Shareholder to the date such payment is converted into United States dollars will be treated as ordinary income or loss. Such gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

A distribution of Ordinary or Preference shares to a U.S. Shareholder pursuant to a distribution in which shareholders have the right to choose to receive cash or shares will be taxable to the same extent that a dividend of cash would be taxable.

Taxes on capital gains

Gain or loss on a sale or exchange of Bearer receipts or ADSs by a U.S. Shareholder will generally be a capital gain or loss for United States Federal income tax purposes. If such U.S. Shareholder has held the Bearer receipts or ADSs for more than one year, such gain or loss will generally be long term capital gain or loss. Long term capital gain of a non-corporate U.S. Shareholder is generally subject to a maximum tax rate of 20%. In general, gain or loss from a sale or exchange of Bearer receipts or ADSs by a U.S. Shareholder will be treated as United States source income or loss for United States foreign tax credit limitation purposes.

Passive foreign investment company

ING Groep N.V. believes that it is not a passive foreign investment company (a 'PFIC') for United States Federal income tax purposes. This is a factual determination that must be made annually and thus may change.

If ING Groep N.V. were to be treated as a PFIC, unless a U.S. Shareholder elects to be taxed annually on a mark-to-market basis with respect to the Bearer receipts or ADSs, any gain from the sale or disposition of Bearer receipts or ADSs by a U.S. Shareholder would be allocated ratably to each year in the holder's holding period and would be treated as ordinary income. Tax would be imposed on the amount allocated to each year prior to the year of disposition at the highest rate in effect for that year, and interest would be charged at the rate applicable to underpayments on the tax payable in respect of the amount so allocated. The same rules would apply to 'excess distributions', defined generally as distributions exceeding 125% of the average annual distribution made by ING Groep N.V. over the shorter of the holder's holding period or the three preceding years.

A U.S. Shareholder who owns Bearer receipts or ADSs during any year that ING Groep N.V. is a PFIC must file Internal Revenue Service Form 8621.

Item 11. Quantitative and Qualitative Disclosure of Market Risk

Introduction

The Executive Board places a high priority on risk management. ING has comprehensive risk management procedures which enable the Group to control and monitor risks and the accumulation of risks, applying up-to-date techniques such as asset & liability management (ALM) and calculating the risk adjusted return on capital (RAROC method). The principal risks are credit risk, market risk, liquidity risk, actuarial and underwriting risks and operational risks. Risk control mechanisms have been established at different levels throughout the Group.

On Executive Board level five committees are responsible for risk management: the Risk Policy Committee (RPC) evaluates and manages ING Group's overall risk profile, aiming for a good balance between risk, return and capital.
Responsibilities are delegated to the following risk committees:

- *Central Credit Committee* (CKC): the highest credit approval committee;
- *ING Group Market Risk Committee* (IMRC): controls the overall ING Group trading risk profile;
- Asset & Liability Committee Bank (ALCO Bank): responsible for the structure and management of all non-trading market risk of ING's banking activities;
- Asset & Liability Committee Insurance (ALCO Insurance): responsible for the structure and management of all non-trading market risk of ING's insurance activities.

Credit Risk

ING's policy is to maintain an internationally diversified loan portfolio, while avoiding large risk concentrations.

Credit risk is the risk of loss from the default by a debtor, or counterparty. Credit risks arise in the lending and investment activities, as well as in the trading activities. Risk management is supported by general information systems and debtor and counterparty internal rating systems that are being converted from a ten risk class scale to a twenty-two risk class scale to provide better granularity. Credit analysis is risk/reward-oriented whereby the level of credit analysis is a function of the risk amount, tenor, structure (e.g. collateral received) of the facility, and the risks entered into. Analysts make use of publicly available information in combination with in-house analysis based on information provided by the customer, peer group comparisons, industry comparisons, and other quantitative tools.

Delegated authorities – Banking: All banking units of ING Group have their own procedures and bodies for the approval of credits within a system of delegated authorities. The Executive Board determines which authorities are delegated to the executive centres and business units, which in turn may delegate authority to lower levels in the organisation within guidelines developed by the ING Group Credit Risk Management (ICRM). The credit approval hierarchy is separate from line functions.

Delegated authorities – Insurance: Within the insurance companies there are also detailed credit procedures. ING Insurance's policy is to maintain a fixed-income investment portfolio with an average credit quality comparable to a Standard & Poor's rating of AA-/A+ (Aa3/A1 of Moody's).

Risk harmonisation and concentration monitoring: ICRM is responsible for developing and maintaining common credit and country risk policies throughout the group. This is accomplished through the active participation of Executive Centres and Business Unit risk management personnel in risk harmonisation projects, which identify differences in risk practices throughout the business units and implement the best practices throughout the organisation. Additionally, ICRM is responsible for evaluating country, borrower and counterparty concentration risk issues by applying senior risk management level oversight to the credit review and monitoring activities of all business units. Lastly, ICRM is responsible for consolidated credit risk reporting.

Debtor provisioning – Banking: The credit portfolio is under constant review. A formal analysis takes place on a quarterly basis to determine the provisions for possible bad debts, using a bottom-up approach. Additions to provisions in 2000 continued to decline in comparison to 1999 and 1998 due to relative stability of the financial markets and a generally lower risk appetite for Emerging Markets loans. ING Group identifies as impaired loans those loans for which it is probable that the principal and interest amounts contractually due will not be collected in a timely manner. The provisions as at December 31, 2000 are considered adequate to absorb losses from the lending and counterparty activities.

Additions to the provision for loan losses ING Bank

	2000	**1999**
	(EUR millions)	
Netherlands	75	209
International	325	371
	400	**580**

Debtor provisioning – Insurance: For credit risks, a provision for loan losses is maintained that is considered adequate to absorb losses arising from the existing insurance investment portfolios. The provisions are reviewed on a quarterly basis. They amounted to EUR 248 million at the end of 2000 compared with EUR 224 million at the end of 1999. Similar to the practice in the banking activities when there is no prospect of recovering the principal, the outstanding debt and any suspense balances are written off.

Settlement risks

Settlement risk arises when there is an exchange of value (funds, instruments, or commodities) for the same or different value dates and receipt is not verified or expected until ING has paid or delivered its side of the trade. The risk is that ING delivers, but does not receive delivery from the counterparty. Settlement risk can most commonly be avoided by entering into transactions with delivery versus payment (DVP) settlement methods, as is common with most clearing houses.

For those transactions where DVP settlement is not possible, ING establishes settlement limits through the credit approval process. Settlement risk is then monitored and managed through the credit risk management units. The risk is further mitigated by operational procedures requiring the confirmations to the counterparties with all transaction details, and entering into internationally accepted documentation, such as International Swaps and Derivatives Association (ISDA) Master Agreements, for derivative transactions. Additionally, ING regularly participates in projects with other banks to improve and develop new clearing systems and clearing mechanisms to further reduce the level of settlement risk.

Legal risks

In contrast to credit risks, which are caused by a borrower's insolvency, and country transfer risks, which are caused by currency inconvertibility events, legal risks are the risks that the customer is not legally obligated to make payment due (e.g. the non-enforceability or insufficiency of documentation, or ultra vires status of a given transaction). ING uses both internal and external counsel to minimise these risks. Where practical, standard documentation has been developed, including dealing room confirmations, standardised loan agreements, general terms and conditions and master documentation.

Country risks

In response to the financial turmoil in Emerging Markets in 1998, ING Group strengthened its country risk management. In addition to external reporting to the Dutch Central Bank (DNB), new rules have been set for internal reporting purposes. By year-end 2000, the new approach was fully implemented within the ING-labelled banking units and BBL for the most important countries. In 2001, these rules will also be implemented in BHF and in BBL for the smaller countries.

Country risk is the risk that ING faces which is specifically attributable to events in a specific country (or group of countries). Country risk is identified in credit (corporate and counterparty) and trading activities. All transactions and trading positions generated by ING Group have country risk. Country risk is further divided into two primary country risk types:

- economic country risk, which is the concentration risk relating to any event in the risk country which may affect transactions and other exposure in that country, regardless of the currency; and
- country transfer risk, which is the risk incurred through the inability of ING or its counterparties to meet their respective foreign currency obligations due to a specific country event.

Limit setting and monitoring: In countries where ING is active, ICRM regularly evaluates the risk profile of that country and produces a country rating. Country risk limits are defined and approved by the Risk Policy Committee and/or the Central Credit Committee as a function of a country's rating and the risk appetite of ING. Exposures derived from lending, trading and investment activities are then measured and reported against these country limits. Country risk limits are assigned for transfer risk. Exposure is closely monitored for economic country risk, although no formal limits are established for economic country risk.

Country risk provisioning: In mid-2000 an agreement was reached between the Dutch Central Bank (DNB) and the Dutch banks on a new method for underpinning the potential consequences of country risk. This new methodology has been incorporated in ING's financial statements as per year-end 2000. As a consequence of the new methodology, ING is no longer required to hold provisions for transactions in countries that are not in or near default. Furthermore, the new methodology is more closely aligned with the banks' own judgement into where the country risk occurs as well as to the judgement on the risk of the transaction itself. DNB continually monitors ING's policies with respect to these risk judgements. The outcome of the calculation of country risk is compared by DNB with the surplus of capital that the bank holds over and above the Bank for International Settlements (BIS) capital requirement.

Largest (> EUR 750 million) cross border lending exposures in emerging markets

Country	Gross exposure 2000	Gross exposure 1999	Risk reducing factors 2000 Primary collateral	Risk reducing factors 2000 Trade finance	Provisions on foreign currency loans 2000	Provisions on foreign currency loans 1999
			(EUR Millions)			
Hong Kong	2,048	2,182	159	158	27	59
Poland	1,640	1,077	100	23	41	8
Mexico	1,628	1,249	259	106	5	5
South Korea	1,557	1,286	26	1,067	35	69
Indonesia	1,551	1,630	988	30	447	543
Brazil	979	1,224	304	433		63
Argentina	901	1,125	334	159	8	33
Russia	884	976	763	34	34	155
Turkey	824	725	365	319		
China	779	878	261	143	45	55

Figures exclude local currency-denominated loans.

Market risk

Market risk is the risk of losses due to adverse changes in the level or volatility of prices in financial markets. These risks are due to positions in foreign exchange, equities, debt instruments, commodities and other financial instruments in the trading portfolios as well as in the non-trading portfolios. Financial products that expose ING to market risk include loans, deposits, securities, derivatives and debt instruments. ING has no material commodity portfolios.

ING Group Market Risk Management (IMRM) has the responsibility for the monitoring, reporting and control of market risks throughout the banking side of the business. Each of the Executive Centres has its own market risk management function, which reports functionally to the Group Market Risk Manager.

Market risk - Banking

Trading activities

ING's policy is to maintain an internationally diversified and mainly client related trading portfolio, while avoiding large risk concentrations. The emphasis is on expanding business in liquid markets.

The ING Bank consolidated trading risk profile is monitored by ING Group Market Risk Management on a daily basis. Key control measurement tools are Value-at-Risk (VaR) estimates, stress testing scenarios and daily profit and loss statements. VaR measures the maximum overnight loss that could occur due to changes in risk factors (e.g. interest rates, foreign exchange rates, equity prices) if positions remain unchanged for a time interval of one day. These calculations, in accordance with BIS guidelines, are based on market movements in the previous twelve months within a 99% one-sided statistical confidence level taking diversification and correlation into account. The VaR serves as the basis from which the capital is calculated to cover market risk. The instruments covered by the VaR methodology include financial derivative instruments such as swaps, forward rate agreements, futures, options and combinations thereof and on balance sheet financial instruments such as foreign exchange, equity, emerging markets debt and interest rate instruments. ING monitors market risk both on a consolidated and a local level using one integrated system in line with the latest BIS guidelines on internal models.

The following table shows the overnight VaR as at year-end 2000 and 1999 on the trading positions, as well as the highest, lowest and mean overnight VaR for each risk category for 2000.

	2000	1999	Maximum	Minimum	Average
			(EUR Millions)		
Foreign exchange	2.3	2.5	4.9	1.6	2.8
Equities	6.6	9.5	13.4	6.6	9.6
Emerging markets	7.9	7.5	11.4	5.7	8.0
Interest	4.8	5.6	7.4	3.5	5.1
Sub-total	**21.6**	**25.1**			
Diversification effect	(5.4)	(7.1)			
Total	**16.2**	**18.0**			

ING also employs an event risk model that estimates maximum losses based on highly pessimistic scenarios for market, countries and regions. The model is based on extreme changes in market conditions. The event analyses are performed on both ING Group and business unit level.

The validation of the internal models is done through backtesting where profits and losses are compared with the VaR figures to evaluate the quality and accuracy of the internal models.

Banking activities

The Asset & Liability Committee Bank (ALCO Bank) is responsible for the structure and management of all non-trading market risk of ING's banking activities. ALCO Bank monitors the overall non-trading risk profile and sets guidelines for the management of non-trading market risks. Executive centres or business unit ALCO's manage non-trading market risk at the executive centre or business unit level and report on those risks to ALCO Bank. For market risk management purposes, ING makes use of on balance sheet financial instruments as well as derivative products to hedge specific risk for certain designated assets or liabilities.

Interest rate risk

For the non-trading banking activities, market risk exposure is principally due to movements in interest rates. The structural interest mismatch of ING Bank and the changes in the maturity profile of ING Bank's assets and liabilities are reviewed every month by ALCO Bank. The amount of permitted mismatch is subject to limits set by the Risk Policy Committee.

Maturity gaps are based upon the contractual re-pricing intervals. For the gap report of mortgages, historical prepayment rates are taken into account. For the gap report of the current accounts and savings accounts, the 'behavioural' re-pricing characteristics of these products are taken into account. The funds are invested in such a way that the interest rate margin is stable for a long historic period. The assumptions made above differ for equity and reserves.

The sensitivity analysis for all non-trading financial assets and liabilities as at December 31, 2000, due to an increase in interest rates of 1% (ramped scenario), results in a hypothetical loss in future earnings of EUR 4 million before taxation as compared to EUR 85 million for the end of 1999. This analysis is based on a static model, using the re-pricing gap (1-year position).

Foreign exchange risk

The management of the translation risk due to foreign investments is managed by ALCO Bank. Day to day management is delegated to Treasury. To quantify these risks the same Value at Risk (VaR) approach is applied as to trading activities.

At December 31, 2000, the total net foreign exchange (FX) exposure amounted to EUR 947 million and the VaR equalled EUR 14.1 million; during 2000 the average VaR was EUR 12.4 million, the highest VaR was EUR 19.8 million and the lowest VaR was EUR 7.5 million. At December 31, 1999, the total net

FX exposure amounted to EUR 1,199 million, the VaR equalled EUR 12 million. At December 31, 2000, EUR 1,013 million was invested in US and denominated subsidiaries; this exposure was to a large extent hedged by USD denominated Tier-1 securities (EUR 806 million).

Market risk - Insurance

ING Insurance is exposed to movements in equity markets since these movements directly influence earnings due to the impact on the level of charges deducted for unit-linked and variable business.
ING is also exposed to interest rate movements with respect to guaranteed interest rates and policyholders reasonable expectations with respect to crediting rates. ING continuously monitors these market risks using ALM, RAROC and other risk management techniques to select risk/return trade-offs consistent with ING Group's overall goals and objectives.

Foreign exchange risk

The day-to-day management of translation risk due to investments in foreign subsidiaries is delegated to ING Investment Management. The main purpose of managing translation risk is securing ING Insurance's solvency (ratios). ING Investment Management uses off balance sheet instruments to manage the exposure. As at December 31, 2000, the net foreign exchange exposure amounted to EUR 400 million.

Liquidity risk

Liquidity risk is the risk that ING Group or one of its entities cannot meet its financial liabilities when due. The group's policy is to maintain an adequate cushion to meet its financial liabilities when due. Liquidity risk is managed both at group level and local level and incorporates known and unknown cashflows.

Liquidity risk – Banking

ING Bank has a number of important sources of liquidity, including substantial deposits from its retail business through, for example, Postbank and ING Direct. ING Bank also holds a substantial amount of marketable securities and other financial investments that can readily be converted to cash.

ING is currently preparing new internal guidelines for the management and reporting of liquidity risk. ING attempts to align internal guidelines as much as possible with Dutch Central Bank requirements, which are currently under revision.

Liquidity risk – Insurance

The liquidity risk related to the insurance activities within ING Group is limited if there are no extreme circumstances in the capital markets. A large part of the liabilities of the insurance activities result from the life insurance activities that have a long-term nature. Considerable investments in financial instruments are maintained to meet these liabilities when due.

Actuarial and underwriting risk

Actuarial risks arise in connection with the adequacy of ING Insurance's premium rate levels, provisions with respect to its insurance liabilities and solvency capital, taking into consideration the supporting assets (market and book value, currency and interest sensitivity), changes in interest rates and exchange rates and developments in mortality, morbidity, lapses and expenses as well as general market conditions. Specific attention is given to the adequacy of provisioning considering the low interest in a number of countries in which ING operates. ING is of the opinion that its provisions are adequate.

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

ING Insurance's actuarial and underwriting risks are controlled at ING Group level, with Actuarial & Risk Control being responsible for monitoring the adequacy of ING Insurance's premium rate levels, provisions and solvency capital, taking into consideration the supporting assets. Actuarial & Risk Control provides guidelines for product design, underwriting, pricing criteria and reinsurance strategy. Its tasks also include the monitoring of risk profiles and the review of insurance-related risk controls and asset and liability management. Consistent with other business in ING Group the current embedded value methodology is being extended to a risk adjusted capital allocation and performance measurement tool.

ING Insurance controls its overall mortality, morbidity and property and casualty risk exposure in part through the purchase of reinsurance coverage. Insurance underwriting is performed at the business unit level. ING believes that the credit risks to which it is exposed under reinsurance contracts are minimal.

ING Insurance's non-life businesses are subject to losses from volatile and unpredictable natural and man-made events, including hurricanes, windstorms, earthquakes, fires and explosions, the frequency and severity of which are inherently uncertain. ING Insurance generally seeks to manage its exposure to catastrophe losses through selective underwriting practices, including the monitoring of risk accumulation geographically, and through the use of catastrophe reinsurance.

Like most insurers, ING Insurance manages its overall exposure to single risks or events through the purchase of reinsurance coverage on both a treaty and a facultative basis. ING Re, a separate legal entity, acts as an internal reinsurance carrier for ING's insurance business units worldwide by assuming reinsurance on an intra-group basis from such companies and centralising the placement of outgoing reinsurance with third-party carriers to the extent possible.

The retention levels applicable to ING Group life and non-life insurance business are established by risk category and determined by the business units in consultation with ING Re using the guidelines of Actuarial & Risk Control. External reinsurance is placed with insurance companies based on evaluation of the financial security of the reinsurer, terms of coverage and price. ING's internal evaluation involves both qualitative and quantitative analysis. The Group remains liable as a primary insurer notwithstanding the ceding of reinsurance to third parties.

Operational risk

Operational risks relate to potential losses arising from failures or inadequacies of business processes and procedures, system failures, misconduct of both employees and outsiders, as well as external threats like fires and floods. ING's policy is to minimise operational risks by raising the risk awareness among its entire management and staff, setting clear governance, organising and embedding the operational risk management function, and implementing a comprehensive and periodic operational risk identification, assessment and management process. Operational risks are also measured as part of the RAROC management information. Business managers are responsible for establishing internal policies, procedures and controls and for continuously monitoring and controlling of the operational risks. They are supported by various specialised departments like Corporate Security, Group Legal & Compliance and Information Security. In the second half of 2000 the Operational Risk Management department was formed in order to stress the importance of the active management of these risks and to co-ordinate and drive the group-wide operational risk management efforts. The group's Corporate Audit Services department (CAS) performs an independent and periodic review at business units, to assess the quality of the control environment and recommends actions to address any issues.

Regulatory requirements and ratios

ING Group has to meet regulatory requirements with respect to solvency from both insurance and banking regulatory bodies.

Banking

For the banking activities, the required capital in accordance with the BIS requirements amounts to 8% of all risk-weighted assets. The BIS and Tier-1 ratios are calculated by dividing the total qualifying capital and the Tier-1 capital by the risk weighted assets.

ING Bank N.V. solvency

Risk weighted assets

	2000	1999
	(EUR billions)	
Credit risk	210.0	187.2
Market risk	9.8	12.1
Total	**219.8**	**199.3**

Qualifying capital

	2000	1999
	(EUR billions)	
Tier-1	15.8	14.0
Tier-2	7.7	6.7
Tier-3	0.3	0.2
Deductible (participating interests)	(0.2)	(0.2)
Total	**23.6**	**20.7**

Solvency ratios

	2000	1999
Tier-1 ratio	7.22%	7.02%
BIS ratio	10.75%	10.38%

Insurance

European Union directives require insurance companies established in member states of the European Union to maintain minimum solvency margins. At the end of 2000 ING's available solvency of the insurance companies exceeded the required solvency by a factor of 1.5 (1999: 2.6).

Solvency margin of the insurance companies

	Amounts in millions of euros	
	2000	1999
Available solvency	19,897	18,550
Required solvency	7,989	5,123
Solvency margin	**11,908**	**13,427**

Item 12. Description of Securities Other Than Equity Securities

Not applicable.

PART II.

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

PART III.

Item 18. Financial Statements

See pages F-1 to F-126.

Item 19. Exhibits

The following exhibits are filed as part of this Annual Report:

Exhibit 1.1	Articles of Association of ING Groep N.V.
Exhibit 1.2	Amended and Restated Trust Agreement (English Translation)
Exhibit 8	List of Subsidiaries of ING Groep N.V.

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INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT AUDITORS

The Supervisory Board and the Executive Board of ING Groep N.V.

We have audited the accompanying consolidated balance sheets of ING Groep N.V. and subsidiaries (the "ING Group") as of December 31, 2000 and 1999, and the related consolidated profit and loss accounts, consolidated statements of comprehensive net profit and consolidated statements of cash flows for each of the three years in the period ended December 31, 2000. Our audits also included the financial statement schedules listed in the Index at Item 19. These financial statements and schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits. We did not serve as principal auditor of the consolidated financial statements of ING Bank N.V. a wholly owned subsidiary. In our position we did not audit shareholders' equity constituting 42% in 2000 and 26% in 1999 and net profit constituting 8% in 2000, 26% in 1999 and 0% in 1998 of the related consolidated totals of ING Groep N.V. These data were reported on by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to data included for ING Bank N.V. which we did not audit, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the ING Group as of December 31, 2000 and 1999, and the consolidated results of its operations, its comprehensive net profits and its cash flows for each of the three years in de period ended December 31, 2000, in conformity with accounting principles generally accepted in the Netherlands. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

Accounting principles generally accepted in the Netherlands vary in certain significant respects from accounting principles generally accepted in the United States of America. Application of accounting principles generally accepted in the United States of America would have affected shareholders' equity as of December 31, 2000 and 1999 and the results of operations for each of the three years in the period ended December 31, 2000 to the extent summarized in Note 6 of the Notes to the Consolidated Financial Statements.

Amsterdam, the Netherlands
March 1, 2001

Ernst & Young Accountants

CONSOLIDATED BALANCE SHEET OF ING GROUP AS AT DECEMBER 31,

Before profit appropriation

	2000	1999
	Amounts in millions of euros	
ASSETS		
Tangible fixed assets (2.1)	2,129	1,937
Participating interests (2.2)	2,372	3,265
Investments (2.3)	277,176	195,806
Lending (2.4)	246,807	201,798
Banks (2.5)	44,132	41,911
Cash (2.6)	6,337	4,978
Other assets (2.7)	46,394	28,746
Accrued assets (2.8)	24,825	14,374
Total	**650,172**	**492,815**
EQUITY AND LIABILITIES		
Shareholders' equity (2.9)	25,274	34,556
Preference shares of group companies (2.10)	2,419	498
Third-party interests	1,288	971
Group equity	**28,981**	**36,025**
Subordinated loan (2.11)	485	485
Group capital base	**29,466**	**36,510**
General provisions (2.12)	5,440	4,525
Insurance provisions (2.13)	200,153	107,475
Funds entrusted to and debt securities of the banking operations (2.14)	252,816	224,806
Banks (2.15)	94,675	75,265
Other liabilities (2.16)	54,273	33,887
Accrued liabilities (2.17)	13,349	10,347
Total	**650,172**	**492,815**

The numbers against the items refer to the notes starting on page F-17.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING GROUP

For the years ended December 31,

	Amounts in millions of euros		
	2000	**1999**	**1998**
Premium income (3.1.1)	29,114	22,412	20,448
Income from investments of the insurance operations (3.1.2)	15,417	11,151	8,286
Interest result from the banking operations (3.1.3)	5,831	5,698	5,270
Commission (3.1.4)	4,497	3,260	2,585
Other income (3.1.5)	3,725	3,205	1,482
Total income	**58,584**	**45,726**	**38,071**
Underwriting expenditure (3.2.1)	29,901	27,543	22,870
Other interest expenses (3.2.2)	757	556	571
Salaries, pension and social security costs (3.2.3)	6,729	5,772	4,957
Additions to the provision for loan losses	400	580	908
Other expenses (3.2.4)	6,828	5,201	5,261
Total expenditure	**44,615**	**39,652**	**34,567**
Result before taxation	**13,969**	**6,074**	**3,504**
Taxation (3.3)	1,838	1,059	788
Result after taxation	**12,131**	**5,015**	**2,716**
Third-party interests	147	93	47
Net profit for the period	**11,984**	**4,922**	**2,669**

Operational net profit	**4,008**	**3,229**	**2,103**
Non-operational results (3.4)	7,976	1,693	566
Net profit for the period	**11,984**	**4,922**	**2,669**

	Amounts in euros		
Net profit per share (3.5)			
Operational profit per share	4.18	3.35	2.23
Basic profit per share	12.54	5.12	2.84
Diluted profit per share	12.37	5.04	2.79
Dividend per ordinary share (3.6)	2.25	1.63	1.25

The numbers against the items refer to the notes starting on page F-46.

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET PROFIT OF ING GROUP

For the years ended December 31,

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

Realized revaluations previously recognized in shareholders' equity are released from shareholders' equity to the profit and loss account. As these revaluations have already been included in comprehensive net profit of the year under report and previous years under the caption unrealized revaluations and are also included in net profit for the period in the year of realization, these realized results are adjusted in the comprehensive net profit for the period.

	Amounts in millions of euros		
	2000	**1999**	**1998**
Net profit for the period	**11,984**	**4,922**	**2,669**
Other components of comprehensive net profit:			
– unrealized revaluations [1]	651	2,765	3,948
– exchange differences [2]	(355)	576	(364)
Net profit not recognized in the consolidated profit and loss account	**296**	**3,341**	**3,584**
Realized revaluations released to the profit and loss account [3]	(7,816)	(484)	(413)
Comprehensive net profit for the period	**4,464**	**7,779**	**5,840**

(1) In 2000, deferred taxes with regard to unrealized revaluations amounted to EUR 356 million.

(2) In 2000, deferred taxes with regard to exchange differences amounted to EUR (129) million.

(3) In 2000, realized revaluations released to the profit and loss account in respect of the sale of investments in shares regarding the financing of acquisitions amounted to EUR 6.7 billion.

CONSOLIDATED STATEMENT OF CASH FLOWS OF ING GROUP

For the years ended December 31,

	Amounts in millions of euros		
	2000	**1999**	**1998**
Result before taxation	**13,969**	**6,074**	**3,504**
Adjusted for:			
– depreciation	608	540	563
– movements in deferred acquisition costs of new insurance business	(693)	(567)	(516)
– increase in insurance provisions	10,130	12,913	11,338
– additions to the provision for loan losses	400	580	908
– other	(9,565)	(3,065)	(194)
Loans and advances granted/repaid	(45,404)	(23,224)	2,090
Trading portfolio purchases/sales (incl. securities and property)	(13,651)	888	3,636
Net investment in tangible fixed assets	(593)	(761)	(570)
Taxation	(973)	(854)	(749)
Movements in:			
– funds entrusted to and debt securities of the banking operations	28,028	29,351	1,904
– banks, not available on demand	9,097	2,150	(4,655)
– other receivables, prepayments and accrued assets	(4,198)	(2,952)	2,200
– other liabilities and accruals	9,340	2,512	(2,611)
Net cash flow from operating activities (4.1)	**(3,505)**	**23,585**	**16,848**
Investments and advances:			
– participating interests	(13,969)	(1,148)	(3,469)
– investments in shares and property	(11,406)	(5,569)	(4,959)
– investments in fixed-interest securities	(113,786)	(111,212)	(87,253)
– other investments	(780)	(114)	(6)
Disposals and redemptions:			
– participating interests	1,957	810	1,780
– investments in shares and property	9,285	3,482	2,461
– investments in shares regarding financing of acquisitions	9,618		
– investments in fixed-interest securities	109,319	100,039	80,546
– other investments	393	36	3
Net investment for risk of policyholders	(4,844)	(8,642)	(4,953)
Net cash flow from investing activities (4.2)	**(14,213)**	**(22,318)**	**(15,850)**
Subordinated loans of group companies	1,590	653	2,194
Bonds, loans contracted and deposits by reinsurers	4,992	2,825	880
Private placements of ordinary shares	203	890	3,064
Private placements of preference shares of group companies	1,889	469	
Cash dividends	(900)	(723)	(550)
Net cash flow from financing activities	**7,774**	**4,114**	**5,588**
Net cash flow	**(9,944)**	**5,381**	**6,586**
Cash at beginning of year	14,827	10,839	3,957
Exchange differences	(1,397)	(1,393)	296
Cash at year-end	**3,486**	**14,827**	**10,839**
Cash comprises the following items:			
Short-dated government paper	3,055	7,669	4,376
Bank deposits available on demand	(5,906)	2,180	4,125
Cash and bank balances and call money of the insurance operations	6,337	4,978	2,338
Cash at year-end	**3,486**	**14,827**	**10,839**

The numbers against the items refer to the notes starting on page F-74.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amounts are in millions of euros, unless otherwise stated

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF ING GROUP

1.1. Consolidation principles

ING Group comprises ING Groep N.V., ING Verzekeringen N.V., ING Bank N.V. and their group companies. The consolidated financial statements of ING Group include the financial statements of all companies that form an organizational and economic entity and which are controlled by ING Group. Control is presumed to exist when ING Group has, directly or indirectly through group companies, more than one half of the voting power or otherwise exercises effective control. The financial statements of these group companies are consolidated in full on a line-by-line basis, using uniform accounting principles. Third-party interests are presented separately in the consolidated balance sheet and profit and loss account.
The financial data of joint ventures are included in proportion to the group's interest where it is relevant to the understanding of ING Group's shareholders' equity and results. Intercompany financial relationships between the insurance and the banking operations ensuing from financing commitments are eliminated.

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

1.2. Change in presentation

Loans and funds entrusted
Prior to the financial year 2000, certain loans and deposits considered to be part of the trading portfolio were recognized under *Lending* or *Funds entrusted to and debt securities of the banking operations.* With effect from the financial year 2000, all loans and deposits considered to be part of the trading portfolio are recognized under *Other assets.*

1.3. Changes in the composition of the group

The impact of the most significant changes in the composition of the group on assets, liabilities, shareholders' equity and net profit is as follows:

			2000			1999
	Before acquisition/ disposal	After acquisition/ disposal	Impact	Before acquisition/ disposal	After acquisition/ disposal	Impact
Assets	572,230	650,172	77,942	444,576	492,815	48,239
Liabilities	536,513	624,898	88,385	408,943	458,259	49,316
Shareholders' equity	35,717	25,274	(10,443)	35,633	34,556	(1,077)
Net profit for the period	11,718	11,984	266	4,880	4,922	42

The impact of a change in the composition of the group is defined as the change in assets, liabilities, shareholders' equity or net profit resulting from the acquisition or disposal of a group company, compared to the situation where no acquisition or disposal took place. The impact is included in the financial year in which the acquisition or disposal took place.

In 2000, ING Group acquired a 100% interest in ReliaStar Financial Corp., a life-insurance company based in Minneapolis, United States of America. The total purchase price of the acquisition amounted to EUR 6.7 billion, including EUR 1.1 billion assumed debt, and was paid in cash (except for the assumed debt). The goodwill amounted to EUR 4.6 billion and is charged to *Shareholders' equity.* As from September 1, 2000, the results of ReliaStar have been included in the consolidated financial statements of ING Group.

In 2000, ING Group acquired Aetna Financial Services and Aetna International, divisions of the insurance company Aetna Inc. based in Hartford, United States of America. The total purchase price of the acquisition amounted to EUR 8.3 billion, including EUR 3.0 billion assumed debt, and was paid in cash (except for the assumed debt). The goodwill amounted to EUR 6.1 billion and is charged to *Shareholders' equity.* As from January 1, 2001, the results of Aetna Financial Services and Aetna International will be included in the consolidated financial statements of ING Group for the financial year 2001.

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

In 1999, ING Group has increased its interest in BHF-BANK to virtually 100%. As from the fourth quarter of 1999, the results of BHF-BANK have been included in the consolidated financial statements of ING Group.

1.4. Principles of valuation and determination of results

1.4.1. General principles

1.4.1.1. Recognition

An asset is recognized in the balance sheet when it is probable that the future economic benefits will flow to the enterprise and the asset can be measured reliably. A liability is recognized in the balance sheet when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably. If the criteria for recognition are no longer met, the assets and liabilities are derecognized.

Income is recognized in the profit and loss account when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably. Expenses are recognized in the profit and loss account when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

1.4.1.2. Valuation

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

1.4.1.3. Use of estimates

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

1.4.1.4. Foreign currencies

General

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

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

– exchange differences on participating interests, investments and liabilities assumed in connection with their financing;
– exchange differences on insurance provisions and on investments serving to cover these liabilities;
– exchange differences on loans serving to hedge exchange rate risks on foreign interests and investments.

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

Forward foreign exchange contracts

Forward foreign exchange contracts 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 amortized and charged to the profit and loss account in proportion to the expired part of the terms of the contracts concerned.
The other forward foreign exchange contracts are valued at the market quotations for their remaining terms at the balance sheet date. In general, differences resulting from revaluations are taken to the profit and loss account.
Exchange differences on forward foreign exchange contracts serving to hedge exchange rate risks on participating interests and investments are taken to *Shareholders' equity.*

Business units outside the euro zone

Assets and liabilities of business units outside the euro zone are translated at the closing rate prevailing on the balance sheet date. Income and expenses of business units outside the euro zone (excluding business units in countries with hyperinflation) are translated at average exchange rates for the year. The financial statements of a business unit that reports in the currency of a hyperinflationary economy, are restated for the influences of inflation before translation into euros. Income and expenses of business entities in countries with hyperinflation are translated at the closing rate prevailing on the balance sheet date.
Exchange differences on assets and liabilities of business units outside the euro zone are credited or debited, net of any related taxes, to *Shareholders' equity,* except for exchange differences on monetary assets and liabilities of business units in countries with hyperinflation. These differences are taken to the profit and loss account.
Exchange differences on results arising from differences between the spot rates on the balance sheet date and the average rates for the year are taken to *Shareholders' equity.*

1.4.1.5. Geographical analyses

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.

1.4.1.6. Derivatives

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

1.4.1.7. Hedge accounting

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

1.4.1.8. Impairments

The carrying value of *Tangible fixed assets, Participating interests* and *Investments* is reviewed regularly to ascertain whether there has been a permanent diminution in value. These impairments are assessed on an individual basis and are taken to the profit and loss account immediately. However, impairments of assets carried at revalued amounts are first charged directly to any revaluation reserve for these assets.

1.4.1.9. Receivables

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

1.4.1.10. Investment and trading portfolios

The investment portfolio comprises those assets which are intended for use on a continuing basis and have been identified as such. These investments are held in order to cover the insurance provisions and to manage interest rate, solvency and liquidity risks.
The trading portfolio comprises those assets and liabilities which are held to obtain short-term transaction results, to facilitate transactions on behalf of clients or to hedge other positions in the trading portfolio.
If due to a change in management's intent transfers are made between investment and trading portfolios, these assets are remeasured to fair value and gains and losses are accounted for in accordance with the accounting principles applicable to the portfolio in which the assets were originally held.

1.4.1.11. Leases

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

1.4.1.12. Reinsurance

Reinsurance premiums, commissions and claim settlements, as well as provisions relating to reinsurance, are accounted for in the same way as the original contracts for which the reinsurance was concluded. Receivables as a consequence of reinsurance are deducted from the liabilities relating to the original insurance contracts.

1.4.2. Specific principles

1.4.2.1. Tangible fixed assets

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

1.4.2.2. Participating interests

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

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

Investments in other participating interests
Investments in other participating interests are stated at fair value. Each year, the net asset value of the investment is determined, which approximates the fair value. Dividends received are credited to the profit and loss account. Changes due to revaluation are credited or debited to *Shareholders' equity*. On disposal of participating interests, the difference between the sale proceeds and cost is included in the profit and loss account.

1.4.2.3. Investments

Land and buildings and shares and convertible debentures
Investments in land and buildings as well as shares and convertible debentures held for the group's own risk, are stated at fair value as at balance sheet date. Changes in the carrying amount resulting from revaluations of these investments are credited or debited to *Shareholders' equity,* allowing for taxation where necessary. On disposal of these investments, the difference between the sale proceeds and cost is recognized in the profit and loss account.

Valuations of investments in land and buildings are made by rotation in such a way as to ensure that all properties are appraised at least once every five years. Value-enhancing investments in existing properties made since the last valuation are capitalized at the cost of the investment until the next valuation. Land and buildings are not depreciated.
Land and buildings under construction are stated at the direct purchase and construction cost incurred up to the balance sheet date plus interest during construction and the group's own development and supervision expenses, where necessary less any expected diminution in value on completion.

Fixed-interest securities
Fixed-interest securities are stated at redemption value. The difference between redemption value and purchase price is amortized over the weighted average remaining term of the investments concerned, either credited or debited to the profit and loss account.
Fixed-interest securities on which interest is not received annually and on which the redemption value

is paid out as a lump sum on maturity (such as 'climbing' loans, zero-coupon bonds and savings certificates) are included at purchase price plus the proportion of the difference between purchase price and redemption value related to the period elapsed since the date of purchase.

Investments in interest-only securities are initially included at purchase price. Each year, the interest income decreases in proportion to the decline in the net book value of the interest-only security over its remaining term.

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

Interests in investment pools
Interests in investment pools are stated in accordance with the valuation principles of the pools concerned.

Investments for risk of policyholders and investments of annual life funds
In the valuation of these investments, the same principles are generally applied as those pertaining to the valuation of investments held for the group's own risk. However, fixed-interest securities directly linked to life policy liabilities and the annual funds of the annual life fund operations are stated at fair value plus accrued interest where relevant.

Life insurance products
In the case of life insurance products, where there is a relationship between the value of the investments and the level of the insurance provisions, differences resulting from revaluations, realized or unrealized, are initially taken to the profit and loss account. Subsequently, these revaluations are included either in Provision for life policy liabilities or Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds.

Repurchase transactions and reverse repurchase transactions
Fixed-interest securities, shares and convertible debentures, which have been sold with an agreement to repurchase (repurchase transactions), are included as assets in the balance sheet.
Fixed-interest securities, shares and convertible debentures, which have been acquired in reverse sale and repurchase transactions, are not recognized in the balance sheet.

Securities borrowing and lending
Fixed-interest securities, shares and convertible debentures, which are lent out, are included in the balance sheet. Fixed-interest securities, shares and convertible debentures, which are borrowed, are not recognized in the balance sheet.

1.4.2.4. Lending and Banks

Lending and *Banks* refer to receivables from non-banks and banks that are carried at face value less any diminution in value (impairment) deemed necessary to cover the risk of uncollectibility. Receivables are impaired if it is probable that the principal and interest contractually due will not be collected. In general, to determine the amount of this impairment (provision for loan losses), the degree of risk of uncollectibility is assessed 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;
– per group of loans subdivided by country, taking into account country-specific risk percentages;

– per group of loans subdivided by the degree of risk of uncollectibility (risk classification), determined on the basis of a wide range of aspects with regard to creditworthiness and taking into account empirically determined risk percentages for each risk category.

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

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

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

1.4.2.5. Other assets

Assets that are part of the trading portfolio are stated at fair value, which generally means quoted prices. Changes in the fair value, both realized and unrealized, on these assets are included in the profit and loss account.
Fixed-interest securities in the trading portfolio repurchased after issue by group companies and equity participations are stated at the lower of cost and fair value. Unrealized losses and results on disposal of equity participations are included in the profit and loss account.

Computer software that has been purchased or generated internally for internal use is capitalized and amortized on a straight-line basis over its useful life. This period will generally not exceed three years.

Property under development is held with the intention to sell to third parties and is valued at direct construction cost incurred up to the balance sheet date, including interest during construction and the group's own development and supervision expenses. Rented property and infrastructure works are valued at the estimated proceeds on private sale or the contractually agreed selling price. The difference between the net proceeds on disposal and cost of property under development, rented property and infrastructure works and any downward value adjustments are reflected in the profit and loss account.

1.4.2.6. Accrued assets

Direct variable costs for the acquisition of new life insurance policies, for which periodic premiums will be receivable, are deferred and amortized over the average period for which these premiums will be received, with allocation to such periods being made on an annuity basis. Costs of acquiring non-life insurance business which vary with and are primarily related to the production of such business are deferred and amortized equally over the period of the insurance.

1.4.2.7. General provisions

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

Deferred tax liabilities
Deferred corporate tax is stated at face value and is calculated for temporary valuation differences between carrying amounts of assets and liabilities in the balance sheet and tax base based on tax rates that are expected to apply in the period when the assets are realized or the liabilities are settled.

Amounts are in millions of euros, unless otherwise stated

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. A deferred tax asset is recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profits will be available for compensation.
The effect of dividend withholding tax is not taken into account in respect of the valuation of retained earnings of participating interests.

Pension liabilities and other staff-related liabilities
Provisions for pension liabilities and other staff-related liabilities are calculated using the projected unit credit method of actuarial cost allocation. In accordance with this method, the discounted value of the pension liabilities and other staff-related liabilities is determined on the basis of the active period of service up to the balance sheet date, the projected salary at the expected retirement date and the market yields at the balance sheet date on high quality corporate bonds.
In order to distribute expenses for pensions and other staff-related expenses evenly over the years, these expenses are calculated using the expected rate of return on plan assets. Differences between this expected return and the actual return on these plan assets and actuarial changes are not recognized in the profit and loss account, unless the accumulated differences and changes exceed 10% of the greater of the defined benefit obligation and the fair value of the plan assets. The excess is amortized and charged to the profit and loss account over employees remaining working lives.
The rates used for salary developments, interest discount factors and other adjustments reflect specific country conditions.

As at December 31 the weighted averages of basic actuarial assumptions used for valuation purposes were:

			annual %
	2000	**1999**	**1998**
Discount rates	6.25	5.75	5.00
Expected rates of salary increases (excluding promotional increase)	3.00	2.75	2.25
Medical cost trend rates	2.50	2.50	1.75
Consumer price inflation	2.25	2.00	1.50

The expected rate of return for 2000 on pension plan assets was 7.75% (1999: 6.75%; 1998: 7.75%).

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

1.4.2.8. Insurance provisions

Provision for life policy liabilities
The Provision for life policy liabilities is calculated on the basis of a prudent prospective actuarial method, taking into account the conditions for current insurance contracts.
The as yet unamortized interest-rate rebates on periodic and single premium contracts are deducted from the Provision for life policy liabilities. Interest-rate rebates granted during the year are capitalized and amortized in conformity with the anticipated recovery pattern and are debited to the profit and loss account.
The adequacy of the Provision for life policy liabilities is evaluated each year and adjusted if necessary with a provision for any shortfall due to the applied principles. The adequacy test takes into account future developments and allows for remaining unamortized interest-rate rebates and deferred acquisition costs.

Provision for unearned premiums and unexpired insurance risks
The provision is calculated in proportion to the unexpired periods of risk. For insurance policies covering a risk increasing during the term of the policy at premium rates independent of age, this risk is taken into account in determining the provision. Further provisions are made to cover claims under

unexpired insurance contracts which may exceed the unearned premiums and the premiums due in respect of these contracts.

Claims provision

The Claims provision is calculated either on a case-by-case basis or by approximation on the basis of experience. Provisions have also been made for claims incurred but not reported and for future claims handling expenses. The adequacy of the Claims provision is evaluated each year using standard actuarial techniques.

Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds

The Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds are for the segregated investment deposits calculated on the same basis as the provision for life policy liabilities.
For insurances for which policyholders bear the investment risk and for annual life funds, the insurance provisions are generally shown at the balance sheet value of the associated investments.

1.4.2.9. Other liabilities

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

1.4.2.10. Contingent liabilities

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

1.4.2.11. Premium income

Premium income relating to life insurance products is taken into account as soon as it becomes due. Other premiums are recognized in the period to which they relate.

1.4.2.12. Taxation

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

1.5. Accounting principles for the consolidated statement of cash flows of ING Group

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

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

In the net cash flow from operating activities, the result before taxation is adjusted for those items in the profit and loss account and movements in balance sheet items which do not result in actual cash flows during the year.
The net cash flow shown in respect of Lending only relates to transactions involving actual payments or receipts. The *Additions to the provision for loan losses* which is deducted from the item *Lending* in the balance sheet has been adjusted accordingly for the result before taxation and is shown separately in the cash flow statement.

The investments in and disposals of participating interests have been included in the cash flow from investing activities at cost/sales price, insofar as payment was made in cash. The cash assets of the consolidated participating interests concerned have been eliminated from the cost/sales price.

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

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

Amounts are in millions of euros, unless otherwise stated

2. NOTES TO THE CONSOLIDATED BALANCE SHEET OF ING GROUP

ASSETS

2.1. Tangible fixed assets

	2000	1999
Data-processing equipment	415	380
Other movable fixed assets	1,714	1,557
	2,129	**1,937**

Opening balance	1,937	1,631
Additions	736	776
Changes in the composition of the group	270	162
Disposals	(233)	(179)
Depreciation	(605)	(511)
Exchange differences	24	58
Closing balance	**2,129**	**1,937**
Gross carrying amount as at December 31	5,349	4,272
Accumulated depreciation as at December 31	3,220	2,335
	2,129	**1,937**

2.2. Participating interests

	2000			1999		
	Ownership (%)	Balance sheet value	Estimated fair value	Ownership (%)	Balance sheet value	Estimated fair value
Name of investee						
Investments in associates:						
Valores Consolidados, S.A. de C.V. (holding company of Seguros Comercial America)	49	233	233			
Nederlandse Participatie-maatschappij N.V.				29	200	370
Allgemeine Deutsche Direktbank A.G.	49	70	70	49	71	71
Atlas Investeringsgroep N.V.	33	33	33	33	60	60
Postkantoren B.V.	50	49	49	50	45	45
Other investments in associates		632	618		230	220
		1,017	**1,003**		**606**	**766**
Investments in other participating interests (1)		1,249	1,249		2,622	2,622
Total investments in participating interests		**2,266**	**2,252**		**3,228**	**3,388**
Receivables from participating interests		106	106		37	37
		2,372	**2,358**		**3,265**	**3,425**

(1) Investments in other participating interests as at December 31, 1999 included investments in Crédit Commercial de France and H&CB.

Amounts are in millions of euros, unless otherwise stated

The balance sheet value of *Participating interests* as at December 31, 2000 included revaluations of EUR (309) million (1999: EUR 449 million). The cost of these *Participating interests* amounted to EUR 3,128 million (1999: EUR 2,813 million).

	2000	1999	2000	1999	2000	1999
	Associates		Other participating interests		Receivables from participating interests	
Opening balance	606	589	2,622	577	37	94
Additions and advances	1,163	51	155	1,141	89	1
Changes in the composition of the group	320	76	62	332	(6)	
Transfer from investments	(67)	10	639	339	(3)	(5)
Revaluations	(398)	370	310	290		
Results from participating interests	(11)	55				
Dividends received	(40)	(17)				
Disposals and redemptions	(582)	(536)	(2,540)	(112)	(10)	(55)
Exchange differences	26	8	1	55	(1)	2
Closing balance	**1,017**	**606**	**1,249**	**2,622**	**106**	**37**

2.3. Investments

	2000	1999
Land and buildings, including commuted ground rents	10,890	7,690
Shares and convertible debentures	22,152	29,364
Fixed-interest securities	162,062	125,058
Investments for risk of policyholders and investments of annual life funds	81,947	33,522
Other investments	125	172
	277,176	**195,806**

Amounts are in millions of euros, unless otherwise stated

The movements in investments except for Other investments were as follows:

2000	Land and buildings	Shares and convertible debentures	Fixed-interest securities	Investments for risk of policyholders and investments of annual life funds
Opening balance	7,690	29,364	125,058	33,522
Additions and advances	1,927	10,363	112,422	34,999
Changes in the composition of the group	115	619	33,512	43,841
Transfer from other assets	944			
Yield differences			(250)	
Revaluations	1,015	674		
Impairments		(344)		
Disposals and redemptions	(836)	(18,664)	(111,859)	(28,014)
Exchange differences	30	140	3,179	65
Other movements	5			(2,466)
Closing balance	**10,890**	**22,152**	**162,062**	**81,947**

1999	Land and buildings	Shares and convertible debentures	Fixed-interest securities	Investments for risk of policyholders and investments of annual life funds
Opening balance	6,672	24,075	97,882	20,989
Additions and advances	728	7,054	103,585	23,032
Changes in the composition of the group	285	1,989	6,834	157
Yield differences			667	
Revaluations	227	2,928		
Disposals and redemptions	(319)	(7,207)	(90,254)	(15,783)
Exchange differences	91	525	6,342	2,598
Other movements	6		2	2,529
Closing balance	**7,690**	**29,364**	**125,058**	**33,522**

Non-income-producing investments

Investments in connection with the insurance operations with a combined carrying value of EUR 84 million (1999: EUR 36 million) were non-income-producing for the year ended December 31, 2000.

Concentrations

As at December 31, 2000, ING Group had investments in shares and fixed-interest securities of ABN AMRO Holding N.V. (1999: ABN AMRO Holding N.V. and AEGON N.V.) with a carrying value that exceeded 10% of *Shareholders' equity.* The total investment amounted to EUR 4,196 million (1999: EUR 11,630 million) and comprised EUR 3,909 million in shares (1999: EUR 11,420 million) and EUR 287 million (1999: EUR 210 million) in fixed-interest securities.

Amounts are in millions of euros, unless otherwise stated

2.3.1. Land and buildings

	2000	1999 Insurance operations	2000	1999 Banking operations	2000	1999 Total
Land and buildings wholly or partially in use by group companies	848	558	3,124	1,900	3,972	2,458
Other land and buildings	6,918	5,232			6,918	5,232
	7,766	**5,790**	**3,124**	**1,900**	**10,890**	**7,690**

The balance sheet value as at December 31, 2000 included revaluations of EUR 879 million (1999: EUR 322 million). The cost or purchase price amounted to EUR 10,011 million (1999: EUR 7,368 million).

The appraisal of land and buildings during the last five years in relation to the balance sheet value as at December 31, 2000 was as follows (in percentages):

Years of appraisal	
2000	75
1999	7
1998	10
1997	3
1996	5
	100

2.3.2. Shares and convertible debentures

	2000	1999 Insurance operations	2000	1999 Banking operations	2000	1999 Total
Listed	17,030	25,371	3,495	2,687	20,525	28,058
Unlisted	1,627	1,306			1,627	1,306
	18,657	**26,677**	**3,495**	**2,687**	**22,152**	**29,364**

Shares and convertible debentures can be analyzed as follows:

	2000	1999
Purchase price	12,363	12,734
Revaluation: – Gross unrealized gains	10,402	17,512
– Gross unrealized losses	613	882
	22,152	**29,364**

As at December 31, 2000, the balance sheet value included shares and convertible debentures which were lent or sold in repurchase transactions amounting to EUR 647 million (1999: EUR 118 million) and EUR 4 million (1999: EUR 50 million), respectively.

Borrowed shares and convertible debentures are not recognized in the balance sheet and amounted to EUR 15 million (1999: EUR 617 million) as at December 31, 2000.

Amounts are in millions of euros, unless otherwise stated

2.3.3. Fixed-interest securities

	2000	1999	2000	1999
	Balance sheet value		Estimated fair value	
Insurance operations				
Debentures and fixed-interest securities	74,014	41,338	74,129	41,221
Private loans	8,790	9,348	9,075	9,986
Mortgage loans	22,692	17,529	22,590	18,301
Other fixed-interest securities	5,377	3,110	5,218	3,072
	110,873	**71,325**	**111,012**	**72,580**
Banking operations				
Debentures and options	52,176	54,533	52,574	54,887
Other fixed-interest securities	338	417	338	471
	52,514	**54,950**	**52,912**	**55,358**
Eliminations	1,325	1,217	961	1,197
	162,062	**125,058**	**162,963**	**126,741**

The cost of investments in Fixed-interest securities amounted to EUR 161,877 million as at December 31, 2000 (1999: EUR 125,519 million).

As at December 31, 2000, an amount of EUR 142,403 million (1999: EUR 117,709 million) was expected to be recovered or settled after more than one year from the balance sheet date.

The balance sheet value of Debentures and options in connection with the banking operations as at December 31, 2000 included EUR 2,059 million (1999: EUR 7,669 million) in respect of short-dated government paper.

The balance sheet value as at December 31, 2000 included EUR 547 million (1999: EUR 488 million) in respect of listed securities issued by the group.

As at December 31, 2000, the balance sheet value included fixed-interest securities which were lent or sold in repurchase transactions amounting to EUR 1,354 million (1999: EUR 3,251 million) and EUR 1,417 million (1999: EUR 1,397 million), respectively.

Borrowed fixed-interest securities are not recognized in the balance sheet and amounted to EUR 26 million (1999: nil) as at December 31, 2000.

2.3.4. Investments for risk of policyholders and investments of annual life funds

	2000	1999
Land and buildings	109	197
Shares and convertible debentures	28,094	20,762
Fixed-interest securities	52,057	10,831
Other investments	1,687	1,732
	81,947	**33,522**

The cost of Investments for risk of policyholders and investments of annual life funds as at December 31, 2000 was EUR 82,979 million (1999: EUR 31,428 million).

Amounts are in millions of euros, unless otherwise stated

2.4. Lending

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

Analyzed by security:

	Netherlands	International	2000 Total	Netherlands	International	1999 Total
Loans guaranteed by public authorities	8,306	13,019	21,325	9,357	12,880	22,237
Loans secured by mortgages	65,585	14,048	79,633	58,196	14,794	72,990
Loans guaranteed by credit institutions	1,652	5,878	7,530	674	3,176	3,850
Other personal lending	3,532	2,790	6,322	3,281	2,086	5,367
Other corporate loans	33,715	102,484	136,199	30,755	70,806	101,561
	112,790	**138,219**	**251,009**	**102,263**	**103,742**	**206,005**
Provision for loan losses	(959)	(3,243)	(4,202)	(1,008)	(3,199)	(4,207)
	111,831	**134,976**	**246,807**	**101,255**	**100,543**	**201,798**

Analyzed by non-subordinated and subordinated receivables:

	2000	1999
Non-subordinated	246,232	201,314
Subordinated	575	484
	246,807	**201,798**

Analyzed by industry:

	2000	1999
Private sector:		
– agriculture, horticulture, forestry and fisheries	2,551	1,842
– manufacturing	25,574	22,575
– service industry	50,143	46,879
– financial institutions	64,873	44,184
– other	95,053	76,648
	238,194	**192,128**
Public authorities	8,613	9,670
	246,807	**201,798**

As at December 31, 2000, assets held under finance lease contracts amounted to EUR 5,063 million (1999: EUR 5,255 million) and assets held under operating lease contracts amounted to EUR 2,223 million (1999: EUR 1,956 million).

As at December 31, 2000, the balance sheet value of receivables included in *Lending*, of which interest income was not recognized in the profit and loss account because realization of the interest income is almost certainly not to be expected, amounted to EUR 328 million (1999: EUR 316 million).

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2000, *Lending* included receivables with regard to securities which have been acquired in reverse sale and repurchase transactions related to the banking operations amounting to EUR 36,840 million (1999: EUR 16,864 million).

Provision for loan losses
The provision for loan losses is allocated to *Lending, Banks* and other assets.

Allocation of the provision for loan losses to the various lending categories:

			2000			1999
	Netherlands	**International**	**Total**	**Netherlands**	**International**	**Total**
Loans secured by mortgages	105	103	208	104	26	130
Other personal lending	88	82	170	76	72	148
Other corporate loans	766	3,058	3,824	828	3,101	3,929
Allocated to *Lending*	959	3,243	4,202	1,008	3,199	4,207
Allocated to *Banks*		70	70		315	315
Allocated to other assets	37	192	229	61	173	234
	996	**3,505**	**4,501**	**1,069**	**3,687**	**4,756**

The movements in the provision for loan losses included in *Lending, Banks* and other assets were as follows:

	2000	**1999**
Opening balance	4,756	3,617
Changes in the composition of the group		832
Write-offs	(900)	(605)
Recoveries	52	13
Additions from:		
– value adjustments to receivables	400	580
– interest income	95	84
Other movements	98	235
Closing balance	**4,501**	**4,756**

2.5. Banks

			2000			1999
	Netherlands	**International**	**Total**	**Netherlands**	**International**	**Total**
Loans and advances to banks	1,991	13,757	15,748	2,402	10,177	12,579
Cash advances, overdrafts and other balances due on demand	2,027	26,427	28,454	2,457	27,190	29,647
	4,018	**40,184**	**44,202**	**4,859**	**37,367**	**42,226**
Provision for loan losses			(70)			(315)
			44,132			**41,911**

As at December 31, 2000, *Banks* included receivables with regard to securities, which have been acquired in reverse sale and repurchase transactions amounting to EUR 7,506 million (1999: EUR 7,187 million).

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2000, the non-subordinated receivables amounted to EUR 44,070 million (1999: EUR 41,836 million) and the subordinated receivables amounted to EUR 62 million (1999: EUR 75 million).

As at December 31, 2000, assets held under finance lease contracts amounted to EUR 76 million (1999: EUR 33 million) and assets held under operating lease contracts amounted to EUR 3 million (1999: EUR 3 million).

2.6. Cash

	2000	1999
Cash and bank balances	6,205	4,667
Call money of the insurance operations	132	311
	6,337	**4,978**

As at December 31, 2000, Cash and bank balances included cash and balances with central banks of EUR 2,465 million (1999: EUR 3,039 million).

2.7. Other assets

	2000	1999
Trading portfolio	26,961	19,801
Equity participations	1,312	918
Property	721	1,640
Deferred tax assets	1,705	1,271
Receivables on account of direct insurance from:		
– policyholders	5,519	793
– intermediaries	325	306
Reinsurance receivables	611	279
Other receivables	9,240	3,738
	46,394	**28,746**

As at December 31, 2000, an amount of EUR 24,284 million (1999: EUR 13,723 million) was expected to be recovered or settled after more than one year from the balance sheet date.

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2000, the deferred tax assets analyzed by its origin were as follows:

	2000	1999
Deferred tax assets relating to:		
– insurance provisions	37	593
– other provisions	929	636
– unused tax losses carried forward	179	165
– other	644	838
	1,789	**2,232**
Deferred tax liabilities (offset by deferred tax assets) relating to:		
– investments	25	174
– deferred acquisition costs	2	476
– general provisions		49
– other	57	262
	84	**961**
	1,705	**1,271**

The deferred tax assets in connection with unused tax losses carried forward were arrived at as follows:

	2000	1999
Total unused tax losses carried forward	1,846	1,782
Unused tax losses carried forward not recognized as a deferred tax asset	1,459	1,398
Unused tax losses carried forward recognized as a deferred tax asset	**387**	**384**
Average tax rate	46.3%	43.0%
Deferred tax asset	**179**	**165**

Total unused tax losses carried forward as at December 31, 2000 analyzed by expiration terms:

	2000	1999
– up to five years	548	648
– five to ten years	94	152
– ten to twenty years		161
– unlimited	1,204	821
	1,846	**1,782**

2.8. Accrued assets

	2000	1999
Accrued interest and rents	7,879	6,116
Deferred acquisition costs of new insurance business	10,653	4,274
Other accrued assets	6,293	3,984
	24,825	**14,374**

As at December 31, 2000, Other accrued assets included options held by the group for the account and risk of customers amounting to EUR 326 million. These are customers' options, which are not segregated from the assets and liabilities of the group and, therefore, included in the balance sheet. The associated liability is included in *Other liabilities.*

Amounts are in millions of euros, unless otherwise stated

As at December 31, 2000, an amount of EUR 11,535 million (1999: EUR 5,596 million) was expected to be recovered or settled after more than one year from balance sheet date.

The movements in Deferred acquisition costs of new insurance business were as follows:

	2000	1999	2000	1999	2000	1999
	Life insurance		Non-life insurance			Total
Opening balance	4,027	3,010	247	216	4,274	3,226
Capitalized	1,601	1,225	12	14	1,613	1,239
Amortization	(914)	(655)	(3)	(14)	(917)	(669)
Changes in the composition of the group	5,625	27	(1)		5,624	27
Exchange differences	57	422	5	31	62	453
Other movements	(3)	(2)			(3)	(2)
Closing balance	**10,393**	**4,027**	**260**	**247**	**10,653**	**4,274**

EQUITY AND LIABILITIES

2.9. Shareholders' equity

	2000	1999
Opening balance	34,556	29,077
Unrealized revaluations after taxation	651	2,765
Exchange differences	(355)	576
Net profit not recognized in the profit and loss account	296	3,341
Realized revaluations released to the profit and loss account	(7,816)	(484)
Write-off of goodwill	(11,774)	(1,427)
Net profit for the period	11,984	4,922
Dividend paid	(900)	(729)
Exercise of optional dividend		309
Exercise of warrants and options	81	78
Private placements		20
	26,427	**35,107**
Changes in ING Groep N.V. shares held by group companies	(1,153)	(551)
Closing balance	**25,274**	**34,556**

Shareholders' equity was employed in the various activities as follows:

	2000	1999
Group equity employed in the insurance operations	17,884	25,696
Group equity employed in the banking operations	14,899	14,452
Own shares held by the parent company, subordinated loans, third-party interests, debenture loans and other elimination entries	(7,509)	(5,592)
	25,274	**34,556**

2.10. Preference shares of group companies

Preference shares of group companies consists of noncumulative guaranteed trust preference shares which are issued by wholly owned companies of ING Groep N.V. These shares have a liquidation preference of a certain amount plus any accrued interest and unpaid dividend. Dividends with regard to these preference shares are accounted for, after taxation, in *Third-party interests* in the profit and loss account. These trust preference shares generally have no voting rights.

Preference shares of group companies can be analyzed as follows:

Number of shares (in millions)	Interest rate	Year of issue	Liquidation preference per share (in USD)	2000 Balance sheet value	1999 Balance sheet value
1.5	8.439	2000	1,000	1,612	
10	9.2	2000	25	269	
20	7.7	1999	25	538	498
				2,419	**498**

2.11. Subordinated loan

The *Subordinated loan* relates to the 10% subordinated debentures issued by ING Groep N.V. on March 15,1991, due on March 15, 2001.

2.12. General provisions

	2000	1999
Deferred tax liabilities	2,983	2,602
Pension liabilities and other staff-related liabilities	912	884
Reorganizations and relocations	450	212
Other	1,095	827
	5,440	**4,525**

As at December 31, 2000, an amount of EUR 3,707 million (1999: EUR 3,456 million) was expected to be settled after more than one year from balance sheet date.

The movements in *General provisions,* other than Pension liabilities and other staff-related liabilities, can be analyzed as follows:

	2000 Deferred tax liabilities	1999 Deferred tax liabilities	2000 Reorganizations and relocations	1999 Reorganizations and relocations	2000 Other	1999 Other
Opening balance	2,602	189	212	244	827	859
Changes in the composition of the group	(592)	932	(13)	(7)	318	47
Additions/releases	984	361	509	7	253	377
Transfer to deferred tax assets		1,271				
Charges		(131)	(260)	(37)	(321)	(496)
Exchange differences	(11)	(20)	2	5	18	40
Closing balance	**2,983**	**2,602**	**450**	**212**	**1,095**	**827**

Amounts are in millions of euros, unless otherwise stated

2.12.1. Deferred tax liabilities

The provision for deferred tax liabilities analyzed by its origin was as follows:

	2000	1999
Deferred tax assets (offset by deferred tax liabilities) relating to:		
– insurance provisions	631	706
– other provisions	137	209
– unused tax losses carried forward	6	14
– other	325	148
	1,099	**1,077**
Deferred tax liabilities relating to:		
– investments	2,044	2,076
– deferred acquisition costs	618	651
– equalization reserve	188	178
– depreciation	38	58
– general provisions	667	41
– receivables	20	20
– loans		113
– other	507	542
	4,082	**3,679**
	2,983	**2,602**

The deferred tax asset (offset by deferred tax liabilities) in connection with unused tax losses carried forward is arrived at as follows:

	2000	1999
Total unused tax losses carried forward	302	204
Unused tax losses carried forward not recognized as a deferred tax asset	281	150
Unused tax losses carried forward recognized as a deferred tax asset	**21**	**54**
Average tax rate	28.6%	25.9%
Deferred tax asset	**6**	**14**

Total unused tax losses carried forward as at December 31 analyzed by expiration terms:

	2000	1999
– up to five years	99	41
– five to ten years	1	5
– ten to twenty years		86
– unlimited	202	72
	302	**204**

2.12.2. Pension liabilities and other staff-related liabilities

ING Group maintains defined benefit retirement plans in the major countries in which it operates. These plans generally cover all employees and provide benefits that are related to the remuneration and service of employees upon retirement.
Annual contributions are paid to the funds at a rate necessary to adequately finance the accrued liabilities of the plans calculated in accordance with local legal requirements.

Amounts are in millions of euros, unless otherwise stated

Plans in other countries comply with applicable local regulations concerning investments and funding levels.

ING Group provides other post-employment and post-retirement employee benefits to certain employees. These are primarily post-retirement healthcare benefits and post-employment defined benefit early-retirement plans provided to employees and former employees.

Certain group companies sponsor defined contribution pension plans. These do not give rise to balance sheet provisions, other than relating to short-term timing differences included in current liabilities.

Pension liabilities and other staff-related liabilities can be summarized as follows:

	2000	1999	2000	1999	2000	1999	2000	1999
	Pension liabilities		Healthcare		Other		Total	
Defined benefit obligation	8,206	6,924	557	402	1,231	1,182	9,994	8,508
Fair value of plan assets	9,015	8,114			260	240	9,275	8,354
Funded status	**(809)**	**(1,190)**	**557**	**402**	**971**	**942**	**719**	**154**
Unrecognized past service costs			(1)	5			(1)	5
Unrecognized gains/(losses)	203	716	(2)	31	(7)	(22)	194	725
	(606)	**(474)**	**554**	**438**	**964**	**920**	**912**	**884**

The movements in Pension liabilities and other staff-related liabilities can be analyzed as follows:

	2000	1999	2000	1999	2000	1999	2000	1999
	Pension liabilities		Healthcare		Other		Total	
Opening balance	(474)	(270)	438	365	920	660	884	755
Benefit costs	67	109	80	28	97	88	244	225
Employer's contribution	(187)	(200)	(3)	(8)	(53)	(28)	(243)	(236)
Changes in the composition of the group	(7)	136	27	35			20	171
Effect of curtailment or settlement	2	(200)				200	2	
Exchange differences	(7)	(49)	12	18			5	(31)
Closing balance	**(606)**	**(474)**	**554**	**438**	**964**	**920**	**912**	**884**

As at December 31, 2000, the defined benefit obligation consisted of wholly or partly funded plans amounting to EUR 7,716 million (1999: EUR 7,089 million).

The assets of funded plans primarily consist of debt securities, equity and real estate funds, of which as at December 31, 2000 EUR 202 million (1999: EUR 190 million) was invested in securities issued by the employer and related parties, including shares of ING Groep N.V.

2.12.3. Reorganizations and relocations

In 2000, as a consequence of the decision to restructure the investment banking activities, a restructuring provision was recognized amounting to EUR 486 million.

Amounts are in millions of euros, unless otherwise stated

2.13. Insurance provisions

	2000	1999	2000	1999	2000	1999
		Gross		Reinsurance element		Own account
Provision for life policy liabilities	117,226	68,085	6,760	1,509	110,466	66,576
Provision for profit sharing and rebates	685	708	1	1	684	707
Provision for unearned premiums and unexpired insurance risks	1,634	1,585	52	56	1,582	1,529
Claims provision	5,363	5,022	277	262	5,086	4,760
Other insurance provisions	388	381			388	381
	125,296	**75,781**	**7,090**	**1,828**	**118,206**	**73,953**
Insurance provisions for policies for which the policyholders bear the investment risk and for annual life funds	83,823	33,917	1,876	395	81,947	33,522
	209,119	**109,698**	**8,966**	**2,223**	**200,153**	**107,475**

The insurance provisions are generally of a long-term nature.

The movements in the Claims provision for own account were as follows:

	2000	1999
Opening balance	4,760	3,698
Changes in the composition of the group	86	484
	4,846	**4,182**
Additions:		
– for the current year	2,698	2,449
– for prior years	(51)	(20)
– interest accrual of provision for disability losses	22	21
	2,669	**2,450**
Claim settlements and claim settlement costs:		
– for the current year	1,362	1,287
– for prior years	991	893
	2,353	**2,180**
Exchange differences	34	259
Other movements	(110)	49
Closing balance	**5,086**	**4,760**

2.14. Funds entrusted to and debt securities of the banking operations

	2000	1999
Savings accounts	52,431	46,985
Other funds entrusted	134,133	111,915
Funds entrusted to the banking operations	**186,564**	**158,900**
Debt securities	66,252	65,906
	252,816	**224,806**

Amounts are in millions of euros, unless otherwise stated

Analyzed by type:

	2000			1999		
	Netherlands	International	Total	Netherlands	International	Total
Non-interest bearing	10,102	9,488	19,590	9,755	1,160	10,915
Interest-bearing	74,723	92,251	166,974	68,983	79,002	147,985
	84,825	**101,739**	**186,564**	**78,738**	**80,162**	**158,900**

No funds have been entrusted to ING Group by customers on terms other than those prevailing in the normal course of business. As at December 31, 2000, *Funds entrusted to and debt securities of the banking operations* included liabilities with regard to securities sold in repurchase transactions amounting to EUR 9,723 million (1999: EUR 9,547 million).

Savings accounts

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

Other funds entrusted

	2000	1999
Private loans	132	1,217
Mortgage loan	246	68
Corporate time deposits	55,539	52,551
Credit balances on customer accounts	78,216	58,079
	134,133	**111,915**

Funds entrusted to the banking operations

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

Debt securities

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

2.15. Banks

Banks includes non-subordinated debt to banks, other than in the form of debt securities. As at December 31, 2000, liabilities with regard to securities sold in repurchase transactions amounted to EUR 10,877 million (1999: EUR 8,225 million).

Analyzed by type:

	2000			1999		
	Netherlands	International	Total	Netherlands	International	Total
Non-interest bearing	50	1,094	1,144	28	196	224
Interest-bearing	22,668	70,863	93,531	21,830	53,211	75,041
	22,718	**71,957**	**94,675**	**21,858**	**53,407**	**75,265**

Amounts are in millions of euros, unless otherwise stated

2.16. Other liabilities

Analyzed by type:

	2000	1999
Subordinated loans of group companies	9,235	7,727
Debenture loans	10,286	4,226
Loans contracted	4,946	3,998
Loans from credit institutions	3,296	1,033
Deposits from reinsurers	197	205
Taxation and social security contributions	1,865	809
Trading portfolio	8,865	6,771
Other	15,583	9,118
	54,273	**33,887**

Analyzed by remaining term:

			2000			1999
	up to 1 year	1 to 5 years	over 5 years	up to 1 year	1 to 5 years	over 5 years
Subordinated loans of group companies	257	3,596	5,382	205	2,645	4,877
Debenture loans	122	4,276	5,888	177	1,627	2,422
Loans contracted	2,581	1,160	1,205	3,343	343	312
Loans from credit institutions	2,677	210	409	853	86	94
Deposits from reinsurers	115	10	72	127	2	76
Taxation and social security contributions	1,192	679	(6)	812	(5)	2
Trading portfolio	8,865			6,771		
Other	10,421	2,798	2,364	3,668	3,544	1,906
	26,230	**12,729**	**15,314**	**15,956**	**8,242**	**9,689**

Other liabilities includes:

	2000	1999
Liabilities relating to direct insurance	2,466	1,260
Liabilities relating to reinsurance	297	313

Non-subordinated debenture loans, loans contracted and deposits of the banking operations are included in *Funds entrusted to and debt securities of the banking operations* and in *Banks.*

Subordinated loans of group companies relates to capital debentures and private loans, which are subordinated to all current and future liabilities of ING Bank N.V., Postbank N.V. or Westland/Utrecht Hypotheekbank N.V. The average interest rate on the subordinated loans is 6.4% (1999: 6.1%).

Debenture loans have been issued with an average interest rate of 6.2% (1999: 5.8%) and are repayable in the years 2001 to 2036. The loans are denominated in various currencies. Some of the loans have been converted into U.S. dollars by means of currency swaps. Others have been converted into loans with a variable-interest rate by means of interest-rate swaps. As at December 31, 2000, loans amounting to EUR 9,179 million (1999: EUR 2,853 million) bore an average fixed-interest rate of 6.3% (1999: 6.1%). The remaining EUR 1,107 million (1999: EUR 1,373 million) bore an average variable-interest rate of 5.6% (1999: 3.9%).

The average interest rate of Loans contracted with fixed-interest rates, with a remaining principal amount of EUR 4,515 million (1999: EUR 3,510 million), was 6.6% (1999: 5.0%). The remaining EUR 431 million (1999: EUR 488 million) bore an average variable-interest rate of 6.8% (1999: 5.7%). These loans are repayable in the years 2001 to 2016.

Amounts are in millions of euros, unless otherwise stated

The average interest rate of Loans from credit institutions with fixed-interest rates, with a remaining principal amount of EUR 2,889 million (1999: EUR 865 million), was 5.6% (1999: 3.7%). The remaining EUR 407 million (1999: EUR 168 million) bore an average variable-interest rate of 5.7% (1999: 3.4%). As at December 31, 2000, loans totalling EUR 107 million (1999: EUR 11 million) were secured by mortgages.

As at December 31, 2000, the current corporation tax payable amounted to EUR 1,767 million (1999: EUR 719 million).

2.17. Accrued liabilities

	2000	1999
Accrued interest	10,804	8,405
Costs payable	897	412
Yield differences on fixed-interest investments	1,648	1,530
	13,349	**10,347**

As at December 31, 2000, an amount of EUR 1,843 million (1999: EUR 980 million) was expected to be settled after more than one year from the balance sheet date.

2.18. Additional information relating to the consolidated balance sheet of ING Group

2.18.1. Maturity

In the table below, the remaining maturities of a number of assets or liabilities with varying maturities are analyzed.

2000	On demand	Up to three months	Three months to one year	One year to five years	Over five years	Total
Assets						
Lending	32,370	70,693	18,206	37,345	88,193	246,807
Banks	9,876	23,430	5,173	2,920	2,733	44,132
Liabilities						
Funds entrusted to and debt securities of the banking operations:						
– Savings accounts	43,163	3,538	3,089	2,025	616	52,431
– Other funds entrusted	55,942	61,868	5,427	4,995	5,901	134,133
– Debt securities		27,390	12,595	15,451	10,816	66,252
Banks	15,807	64,625	10,448	1,683	2,112	94,675

Amounts are in millions of euros, unless otherwise stated

1999	On demand	Up to three months	Three months to one year	One year to five years	Over five years	Total
Assets						
Lending	26,472	43,267	16,025	35,546	80,488	201,798
Banks	7,049	25,344	3,729	3,206	2,583	41,911
Liabilities						
Funds entrusted to and debt securities of the banking operations:						
– Savings accounts	42,006	1,800	576	2,088	515	46,985
– Other funds entrusted	49,352	44,759	7,361	4,827	5,616	111,915
– Debt securities (1)		27,021	12,522	15,159	11,204	65,906
Banks	4,867	55,986	8,009	1,438	4,965	75,265

(1) Estimated, based on the 2000 figures.

2.18.2. Assets not freely disposable

The assets not freely disposable primarily consist of interest-bearing securities pledged to secure deposits from the Dutch central bank and other banks, serve to secure margin accounts and are used for other purposes required by law. Of these assets EUR 2,752 million (1999: EUR 5,734 million) relates to guarantees provided for certain liabilities included in the balance sheet as well as off-balance sheet contingent liabilities.

Analyzed as follows:

	Funds entrusted and debt securities	Banks	Contingent liabilities	Guarantees for off-balance sheet items	Total
2000					
Investments	708	102		115	925
Lending	741				741
Banks	9	249			258
Other assets	448	487	8		943
	1,906	**838**	**8**	**115**	**2,867**
1999					
Investments	127	4,741	1	137	5,006
Lending	329		132		461
Banks	17	311	1		329
Other assets	63		12		75
	536	**5,052**	**146**	**137**	**5,871**

Amounts are in millions of euros, unless otherwise stated

2.18.3. Contingent liabilities

Contingent liabilities can be analyzed as follows:

	2000	1999
Insurance operations		
Commitments concerning investments in land and buildings	612	630
Commitments concerning fixed-interest securities	1,656	2,355
Guarantees	5,079	5,766
Other	1,297	1,088
Banking operations		
Contingent liabilities in respect of:		
– discounted bills	12	38
– guarantees	15,419	16,458
– irrevocable letters of credit	4,435	4,765
– other	148	340
	28,658	**31,440**
Irrevocable facilities	57,939	51,251
	86,597	**82,691**

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

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

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

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

Amounts are in millions of euros, unless otherwise stated

2.18.4. Future rental commitments

Future rental commitments for lease contracts as at December 31, 2000, can be analyzed as follows:

2001	2,370
2002	1,651
2003	1,365
2004	936
2005	707
years after 2005	1,266

2.18.5. Legal proceedings

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

2.18.6. Derivatives

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

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

The following table reflects the notional amounts and the positive and negative fair values of derivative financial instruments used for non-trading purposes.

	2000	1999	2000	1999	2000	1999
	Notional amount		Positive year-end fair value		Negative year-end fair value	
Interest-rate contracts	219,669	199,443	3,491	3,220	3,318	3,244
Currency contracts	34,631	35,307	534	606	774	1,032
Equity contracts	5,435	4,839	333	288	477	353
Other contracts	108	299		19		
	259,843	**239,888**	**4,358**	**4,133**	**4,569**	**4,629**

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

Amounts are in millions of euros, unless otherwise stated

Trading activities

ING Group trades derivative financial instruments on behalf of clients and for its own account. Derivative financial instruments used for risk management purposes to control risks of trading portfolios are reported as being held for trading purposes. The following table reflects the notional amounts, the average fair values and year-end fair values of trading derivative financial instruments.

	Notional amount	Average positive fair value	Average negative fair value	Positive year-end fair value	Negative year-end fair value
2000					
Interest-rate contracts	566,431	6,303	5,737	8,894	7,700
Currency contracts	288,570	5,446	5,033	8,689	9,010
Equity contracts	23,128	1,367	1,129	2,092	2,344
	878,129	**13,116**	**11,899**	**19,675**	**19,054**
1999					
Interest-rate contracts	574,112	6,560	5,971	5,420	4,747
Currency contracts	138,652	2,579	2,465	2,598	2,568
Equity contracts	18,907	1,350	1,717	1,523	1,977
	731,671	**10,489**	**10,153**	**9,541**	**9,292**

Numerical information about derivatives activities

The following tables give numerical information about the derivatives activities, detailing types of derivatives, credit risks, counterparties and use of the derivatives transactions.

The first table illustrates the relative importance of the various types of derivative products, showing the notional amounts at year-end 2000 and year-end 1999. Notional amounts represent units of account which, in respect of derivatives, reflect the relationship with the underlying assets (bonds, for example, in the case of interest-rate futures). What they do not reflect, however, is the credit risk assumed by entering into derivatives transactions.

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

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

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

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

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

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

Amounts are in millions of euros, unless otherwise stated

As at year-end the following contracts were open:

	2000 Notional amount	2000 Positive fair value	2000 Un-weighted credit equi-valent	2000 Weighted credit equi-valent	1999 Notional amount	1999 Positive fair value	1999 Un-weighted credit equi-valent	1999 Weighted credit equi-valent
Interest-rate contracts								
Over-the-counter:								
– swaps	631,672	9,068	12,019	2,895	565,472	8,154	10,913	2,546
– forwards	66,915	94	124	26	90,339	115	146	31
– options purchased	41,859	3,216	3,411	734	47,473	344	570	165
– options written	26,532	5			34,289	27		
Listed:								
– options purchased	3,811	2			14,961			
– options written	3,007				1,676			
– futures	12,304				19,345			
Currency contracts								
Over-the-counter:								
– swaps	32,533	1,674	2,879	779	32,222	1,083	2,377	695
– forwards	263,425	5,380	8,021	2,095	127,312	2,055	3,401	995
– options purchased	12,749	2,169	2,152	573	7,064	66	140	37
– options written	13,767				6,783			
Listed:								
– futures	727				578			
Equity contracts								
Over-the-counter:								
– swaps	1,807	56	188	64	308	21	43	16
– forwards	61	18	23	7	25	4	5	2
– options purchased	7,429	907	1,463	407	7,708	1,296	1,866	523
– options written	6,425				6,969			
Listed:								
– options purchased	5,775	1,444			3,560	482		
– options written	6,667				4,565	8		
– futures	399				611			
Other contracts								
Over-the-counter	108				299	19	20	10
	1,137,972	**24,033**	**30,280**	**7,580**	**971,559**	**13,674**	**19,481**	**5,020**
Effect of contractual netting		(11,214)	(13,011)	(3,025)		(3,874)	(5,263)	(1,130)
		12,819	**17,269**	**4,555**		**9,800**	**14,218**	**3,890**

Collateral held, which does not meet the criteria for contractual netting, would additionally reduce the total weighted credit equivalent as at December 31, 2000 with an amount of EUR 34 million (1999: EUR 71 million).

Amounts are in millions of euros, unless otherwise stated

The analysis by remaining term, based on the notional amounts, as at December 31 was as follows:

2000	up to 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	over 5 years	Total
Interest-rate contracts							
Over-the-counter:							
– swaps	266,412	93,728	62,120	54,276	40,455	114,681	631,672
– forwards	63,950	1,513				1,452	66,915
– options purchased	14,836	9,561	4,024	4,639	2,846	5,953	41,859
– options written	9,655	5,792	2,469	2,742	1,960	3,914	26,532
Listed:							
– options purchased	3,470				3	338	3,811
– options written	2,612		10		20	365	3,007
– futures	8,717	1,939	768		113	767	12,304
Currency contracts							
Over-the-counter:							
– swaps	13,414	3,656	4,494	2,666	2,590	5,713	32,533
– forwards	257,183	4,301	1,438	185	76	242	263,425
– options purchased	12,246	112	371		20		12,749
– options written	13,432	125	188		22		13,767
Listed:							
– futures	715	12					727
Equity contracts							
Over-the-counter:							
– swaps	734	802	63	100		108	1,807
– forwards		61					61
– options purchased	2,090	3,319	991	560	272	197	7,429
– options written	1,913	3,040	743	426	204	99	6,425
Listed:							
– options purchased	4,584	664	305	163	59		5,775
– options written	4,750	1,291	258	332	36		6,667
– futures	399						399
Other contracts							
Over-the-counter	108						108
	681,220	**129,916**	**78,242**	**66,089**	**48,676**	**133,829**	**1,137,972**

Amounts are in millions of euros, unless otherwise stated

1999	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	208,854	104,253	58,196	46,541	47,804	99,824	565,472
– forwards	84,217	6,057	50	15			90,339
– options purchased	15,008	10,757	7,232	2,933	5,139	6,404	47,473
– options written	13,643	7,290	4,743	2,116	2,472	4,025	34,289
Listed:							
– options purchased	14,642			125		194	14,961
– options written	1,290			8		378	1,676
– futures	14,088	4,043	495	498		221	19,345
Currency contracts							
Over-the-counter:							
– swaps	12,396	3,022	2,979	4,330	2,032	7,463	32,222
– forwards	124,930	1,557	329	221	59	216	127,312
– options purchased	6,998	10	3	20		33	7,064
– options written	6,780		3				6,783
Listed:							
– futures	578						578
Equity contracts							
Over-the-counter:							
– swaps	160		48	100			308
– forwards	24	1					25
– options purchased	3,034	384	2,149	1,040	398	703	7,708
– options written	3,184	268	2,071	609	332	505	6,969
Listed:							
– options purchased	2,283	606	487	161	13	10	3,560
– options written	2,462	744	1,110	226	23		4,565
– futures	611						611
Other contracts							
Over-the-counter		299					299
	515,182	**139,291**	**79,895**	**58,943**	**58,272**	**119,976**	**971,559**

Analysis by counterparty:

	2000 Notional amount	2000 Unweighted credit equivalent	2000 Weighted credit equivalent	1999 Notional amount	1999 Unweighted credit equivalent	1999 Weighted credit equivalent
Public sector	38,910	165		51,488	180	
Banks	918,563	24,921	4,984	786,945	15,437	3,088
Other	180,499	5,194	2,596	133,126	3,864	1,932
	1,137,972	**30,280**	**7,580**	**971,559**	**19,481**	**5,020**

2.18.7. Fair value of financial assets and liabilities

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

Amounts are in millions of euros, unless otherwise stated

	2000 Estimated fair value	2000 Balance sheet value	1999 Estimated fair value	1999 Balance sheet value
Financial assets				
Participating interests	2,358	2,372	3,425	3,265
Investments				
– shares and convertible debentures	22,152	22,152	29,364	29,364
– fixed-interest securities	162,963	162,062	126,741	125,058
Lending (1)	241,794	239,521	196,700	194,587
Banks (1)	44,090	44,053	42,022	41,875
Cash	6,337	6,337	4,978	4,978
Other assets				
– trading portfolio	26,874	26,961	19,795	19,801
– equity participations	1,627	1,312	1,775	918
– other receivables	17,400	17,400	6,387	6,387
Accrued assets (2)	14,172	14,172	10,100	10,100
Derivatives held for non-trading purposes	4,358	2,589	4,133	2,392
	544,125	**538,931**	**445,420**	**438,725**
Financial liabilities				
Subordinated loans	488	485	498	485
Insurance provisions related to investment-type contracts	30,897	33,969	25,122	27,508
Funds entrusted to and debt securities of the banking operations	254,107	252,816	228,681	224,806
Banks	95,029	94,675	75,504	75,265
Other liabilities	55,515	54,273	34,726	33,887
Accrued liabilities	13,349	13,349	10,347	10,347
Derivatives held for non-trading purposes	4,569	2,657	4,629	2,319
	453,954	**452,224**	**379,507**	**374,617**

(1) Lending and Banks do not include receivables from leases.

(2) Accrued assets does not include deferred acquisition costs of new insurance business.

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

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

Financial assets

Participating interests

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

Investments
The fair values of Shares and convertible debentures are based on quoted market prices or, if unquoted, on estimated market values generally based on quoted prices for similar securities. Fair values for Fixed-interest securities other than mortgage and policy loans are based on quoted market prices, where available. For those securities not actively traded, fair values are estimated using values obtained from private pricing services or by discounting expected future cash flows using a current market rate applicable to the yield, credit quality and maturity of the investment. The fair values of mortgage loans are estimated by discounting future cash flows using interest rates currently being offered for similar loans to borrowers with similar credit ratings. The fair values of fixed-rate policy loans are estimated by discounting cash flows at the interest rates charged on policy loans of similar policies currently being issued. Loans with similar characteristics are aggregated for purposes of the calculations. The fair values of variable-rate policy loans approximate their carrying values.

Lending
For loans that are reprised frequently and have had no significant changes in credit risk, carrying amounts represent a reasonable estimate of fair values. The fair values of other loans are estimated by discounting expected future cash flows using interest rates offered for similar loans to borrowers with similar credit ratings. The fair values of nonperforming loans are estimated by discounting the expected cash flows of recoveries.

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

Cash
The carrying amount of cash approximates its fair value.

Other assets
The fair values of securities in the trading portfolio and equity participations are based on quoted market prices, where available. For those securities not actively traded, fair values are estimated based on internal discounted cash flow pricing models taking into account current cash flow assumptions and the counterparties' credit standings. The carrying amount of Other receivables approximates its fair value.

Accrued assets
The carrying amount of accrued assets approximates its fair value.

Financial liabilities

Subordinated loan
The fair value of the subordinated loan is estimated using discounted cash flows based on interest rates that apply to similar instruments.

Insurance provisions related to investment-type contracts (included in insurance provisions)
For guaranteed investment contracts the fair values have been estimated using a discounted cash flow approach based on interest rates currently being offered for similar contracts with maturities consistent with those remaining for the contracts being valued. For other investment-type contracts, fair values are estimated based on the cash surrender values.

Funds entrusted to and debt securities of the banking operations
The carrying values of demand deposits and other deposits with no stated maturity approximate their fair values. The fair values of other deposits with stated maturities have been estimated based on

Amounts are in millions of euros, unless otherwise stated

discounting future cash flows using the interest rates currently applicable to deposits of similar maturities.

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

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

Accrued liabilities
The carrying amount of accrued liabilities approximates its fair value.

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

The fair value of other off-balance sheet financial instruments can be summarised as follows:

		2000		1999
	Estimated fair value	Contract amount	Estimated fair value	Contract amount
Insurance operations				
Commitments concerning investments in land and buildings	612	612	630	630
Commitments concerning investments in fixed-interest securities	1,656	1,656	2,355	2,355
Guarantees		5,079		5,766
Others		1,297		1,088
	2,268	**8,644**	**2,985**	**9,839**

		2000		1999
	Risk-weighted value	Contract amount	Risk-weighted value	Contract amount
Banking operations				
Guarantees	7,221	15,419	8,521	16,458
Irrevocable letters of credit	1,403	4,435	1,661	4,765
Irrevocable facilities	9,794	57,939	8,184	51,251
Other	159	160	320	378
	18,577	**77,953**	**18,686**	**72,852**

For the other off-balance sheet financial instruments the following methods are used in order to determine the fair value.

Insurance operations
The fair values of the commitments for investments in land and buildings and commitments concerning investments in fixed-interest securities are the same as their contract amounts on account of their short-term nature. The fair value of guarantees is estimated based on fees charged for similar

Amounts are in millions of euros, unless otherwise stated

agreements or the estimated cost to terminate them or otherwise settle the obligations with the counterparties.

Banking operations

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

2.18.8. Regulatory requirements with regard to solvency

The required capital for the banking operations in accordance with the BIS requirements amounts to 8% of all risk-weighted assets, off-balance sheet items and market risk associated with trading portfolios (known as the 'BIS standard'). As at December 31, 2000, the required capital amounted to EUR 17,589 million (1999: EUR 15,940 million).

	2000	**1999**
Core capital (Tier-1)	15,882	13,998
Supplementary capital (Tier-2)	7,709	6,703
Available Tier-3 funds	283	228
Deductible (participating interests)	(237)	(250)
Qualifying capital	**23,637**	**20,679**
Tier-1 ratio	7.22%	7.02%
BIS ratio	10.75%	10.38%

European Union directives require insurance companies established in member states of the European Union to maintain minimum solvency margins. As at December 31, 2000, ING's actual solvency of the insurance companies exceeded the required solvency by a factor of 1.5 (1999: 2.6), as shown in the following table:

	2000	**1999**
Actual solvency	19,897	18,550
Required solvency	7,989	5,123
Solvency margin	**11,908**	**13,427**

Amounts are in millions of euros, unless otherwise stated

3. NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT OF ING GROUP

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

The profit and loss account can be analyzed by operational and non-operational results as follows:

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Operational results			Non-operational results (3.4)			Total		
Premium income (3.1.1)	29,114	22,412	20,448				29,114	22,412	20,448
Income from investments of the insurance operations (3.1.2)	8,400	11,151	7,746	7,017		540	15,417	11,151	8,286
Interest result from the banking operations (3.1.3)	5,831	5,698	5,270				5,831	5,698	5,270
Commission (3.1.4)	4,497	3,260	2,585				4,497	3,260	2,585
Other income (3.1.5)	2,145	1,512	1,085	1,580	1,693	397	3,725	3,205	1,482
Total income	**49,987**	**44,033**	**37,134**	**8,597**	**1,693**	**937**	**58,584**	**45,726**	**38,071**
Underwriting expenditure (3.2.1)	29,901	27,543	22,870				29,901	27,543	22,870
Other interest expenses (3.2.2)	757	556	571				757	556	571
Salaries, pension and social security costs (3.2.3)	6,729	5,772	4,957				6,729	5,772	4,957
Additions to the provision for loan losses	400	580	908				400	580	908
Other expenses (3.2.4)	6,433	5,201	4,959	395		302	6,828	5,201	5,261
Total expenditure	**44,220**	**39,652**	**34,265**	**395**		**302**	**44,615**	**39,652**	**34,567**
Result before taxation	**5,767**	**4,381**	**2,869**	**8,202**	**1,693**	**635**	**13,969**	**6,074**	**3,504**
Taxation (3.3)	1,612	1,059	719	226		69	1,838	1,059	788
Result after taxation	**4,155**	**3,322**	**2,150**	**7,976**	**1,693**	**566**	**12,131**	**5,015**	**2,716**
Third-party interests	147	93	47				147	93	47
Net profit for the period	**4,008**	**3,229**	**2,103**	**7,976**	**1,693**	**566**	**11,984**	**4,922**	**2,669**

Amounts are in millions of euros, unless otherwise stated

Operational results can be analyzed by insurance operations and banking operations as follows:

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations					Total (1)
Premium income (3.1.1)	29,114	22,412	20,448				29,114	22,412	20,448
Income from investments of the insurance operations (3.1.2)	8,486	11,209	7,830				8,400	11,151	7,746
Interest result from the banking operations (3.1.3)				5,786	5,652	5,201	5,831	5,698	5,270
Commission (3.1.4)	867	404	262	3,630	2,856	2,323	4,497	3,260	2,585
Other income (3.1.5)	259	144	195	1,886	1,368	890	2,145	1,512	1,085
Total income	**38,726**	**34,169**	**28,735**	**11,302**	**9,876**	**8,414**	**49,987**	**44,033**	**37,134**
Underwriting expenditure (3.2.1)	29,901	27,543	22,870				29,901	27,543	22,870
Other interest expenses (3.2.2)	774	544	563	24	24	23	757	556	571
Salaries, pension and social security costs (3.2.3)	1,784	1,370	1,136	4,945	4,402	3,821	6,729	5,772	4,957
Additions to the provision for loan losses				400	580	908	400	580	908
Other expenses (3.2.4)	3,105	2,312	2,101	3,328	2,889	2,858	6,433	5,201	4,959
Total expenditure	**35,564**	**31,769**	**26,670**	**8,697**	**7,895**	**7,610**	**44,220**	**39,652**	**34,265**
Operational result before taxation	**3,162**	**2,400**	**2,065**	**2,605**	**1,981**	**804**	**5,767**	**4,381**	**2,869**
Taxation (3.3)	775	413	433	837	646	286	1,612	1,059	719
Operational result after taxation	**2,387**	**1,987**	**1,632**	**1,768**	**1,335**	**518**	**4,155**	**3,322**	**2,150**
Third-party interests	39	34	(1)	108	59	48	147	93	47
Operational net profit for the period	**2,348**	**1,953**	**1,633**	**1,660**	**1,276**	**470**	**4,008**	**3,229**	**2,103**

(1) The column Total includes eliminations with regard to Income from investments of the insurance operations of EUR 86 million (1999: EUR 58 million; 1998: EUR 84 million), Interest result from the banking operations of EUR (45) million (1999: EUR (46) million; 1998: EUR (69) million) and Other interest expenses of EUR 41 million (1999: EUR 12 million; 1998: EUR 15 million).

3.1. Income

3.1.1. Premium income

	2000	1999	1998
Premium income from life insurance policies	25,019	18,902	16,863
Premium income from non-life insurance policies	4,095	3,510	3,585
	29,114	**22,412**	**20,448**

Premium income has been included before deduction of reinsurance and retrocession premiums granted.

Amounts are in millions of euros, unless otherwise stated

3.1.2. Income from investments of the insurance operations

	2000	1999	1998
Income from disposal of group companies	61	2	2
Income from land and buildings	505	453	410
Income from investments in shares and convertible debentures	1,497	1,257	1,011
Income from investments in fixed-interest securities:			
– debentures	3,429	2,672	2,520
– private loans	346	486	455
– mortgage loans	1,339	1,155	1,042
– policy loans	106	86	80
– deposits with credit institutions	53	40	41
– professional loans	16	15	17
– other	715	536	309
Deposits with insurers		58	116
Income from investments for risk of policyholders and from investments of annual life funds	419	4,449	1,827
Operational result	**8,486**	**11,209**	**7,830**
Non-operational results (3.4)	7,017		540
	15,503	**11,209**	**8,370**

Income from land and buildings includes an amount in respect of rental income allocated to business units of ING Group (the same amount is included in Other expenses) of EUR 45 million (1999: EUR 42 million; 1998: EUR 52 million).

Income from investments in land and buildings and shares and convertibles includes realized results on disposal of EUR 892 million (1999: EUR 643 million; 1998: EUR 541 million).

Analysis of income from investments by counterparty:

	2000	1999	1998
ING Group	1		
Group companies	85	58	84
Third parties	15,417	11,151	8,286
	15,503	**11,209**	**8,370**

3.1.3. Interest result from the banking operations

In 2000, interest income includes an amount of EUR 3,742 million (1999: EUR 3,486 million; 1998: EUR 3,633 million) in respect of interest-bearing securities. Interest expense includes an amount of EUR 3,410 million (1999: EUR 2,301 million; 1998: EUR 1,880 million) in respect of interest-bearing securities.

Despite the existence of a legal claim, interest income of EUR 95 million (1999: EUR 84 million; 1998: EUR 80 million) is not recognized in the profit and loss account because the realization of the interest income is almost certainly not to be expected.

Amounts are in millions of euros, unless otherwise stated

Analysis of interest income and expenses:

	2000	1999	1998
Interest income on loans	18,783	14,336	13,878
Interest income suspended	(95)	(84)	(80)
Net interest income on loans	18,688	14,252	13,798
Origination fees and loan-servicing fees	222	160	155
Interest income on investment securities	3,328	3,171	3,189
Interest income on trading portfolio	414	315	444
Other interest income	1,633	660	1,063
Total interest income	**24,285**	**18,558**	**18,649**
Interest on deposits by banks	3,967	3,160	3,312
Interest on funds entrusted	5,429	4,000	4,336
Interest on debt securities	4,247	2,848	2,481
Interest on subordinated loans	565	421	375
Other interest expense	4,291	2,477	2,944
Total interest expense	**18,499**	**12,906**	**13,448**
Net interest result	**5,786**	**5,652**	**5,201**

The interest margin, analyzed on a percentage basis of the Netherlands and international operations, is as follows:

	2000	1999	1998
Netherlands	1.89	2.03	2.27
International	0.79	1.22	0.92
	1.44	**1.79**	**1.77**

The change in the interest result compared with 1999 is due to a decrease of the interest margin by EUR 1,140 million (1999 compared with 1998: EUR 64 million) and a growth in the average total assets of EUR 1,239 million (1999 compared with 1998: EUR 403 million).

3.1.4. Commission

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations					Total
Funds transfer				503	466	433	503	466	433
Securities business				1,571	1,150	944	1,571	1,150	944
Insurance broking	100	78	57	94	89	77	194	167	134
Management fees	251	142	27	853	572	377	1,104	714	404
Brokerage and advisory fees				266	202	140	266	202	140
Other	516	184	178	343	377	352	859	561	530
	867	**404**	**262**	**3,630**	**2,856**	**2,323**	**4,497**	**3,260**	**2,585**

Amounts are in millions of euros, unless otherwise stated

In 2000, the banking operations received EUR 4,167 million (1999: EUR 3,300 million; 1998: EUR 2,661 million) and paid EUR 537 million (1999: EUR 444 million; 1998: EUR 338 million) in respect of commission.

3.1.5. Other income

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations			Total		
Income from participating interests and equity participations	65	75	73	322	239	124	387	314	197
Results from financial transactions	33	(15)	40	1,154	749	379	1,187	734	419
Other results	161	84	82	410	380	387	571	464	469
Operational result	**259**	**144**	**195**	**1,886**	**1,368**	**890**	**2,145**	**1,512**	**1,085**
Non-operational results (3.4)	351	1,232	125	1,229	461	272	1,580	1,693	397
	610	**1,376**	**320**	**3,115**	**1,829**	**1,162**	**3,725**	**3,205**	**1,482**

Income from participating interests and equity participations

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations			Total		
Investments in associates	49	57	36	2	(2)	13	51	55	49
Other participating interests	5	9	25	331	241	111	336	250	136
Equity participations	11	9	12	(11)				9	12
	65	**75**	**73**	**322**	**239**	**124**	**387**	**314**	**197**

Results from financial transactions

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations			Total		
Results from securities trading portfolio	(9)	5	4	674	784	(103)	665	789	(99)
Results from currency trading portfolio				379	228	341	379	228	341
Other	42	(20)	36	101	(263)	141	143	(283)	177
	33	**(15)**	**40**	**1,154**	**749**	**379**	**1,187**	**734**	**419**

Included in Other is an aggregate (profit)/loss on foreign currency translation amounting to EUR (1) million in 2000 (1999: EUR 50 million; 1998: EUR 10 million).

Other results
Other results includes income which cannot be classified with any of the above items, including rental income, results on the sale of property and leasing income which is not classified as interest.

Amounts are in millions of euros, unless otherwise stated

3.2. Expenditure

3.2.1. Underwriting expenditure

	2000	1999	1998
Expenditure from life underwriting			
Reinsurance and retrocession premiums	1,013	622	432
Benefits for own account	15,197	8,992	8,259
Movements in other insurance provisions for own account	9,740	13,127	10,012
Profit sharing and rebates	837	2,119	1,407
Expenditure from non-life underwriting			
Reinsurance and retrocession premiums	187	153	213
Claims for own account	2,574	2,231	2,168
Movements in the provision for unearned premiums	41	22	117
Movements in the claims provision	312	277	262
	29,901	**27,543**	**22,870**

Profit sharing and rebates can be analyzed as follows:

	2000	1999	1998
Distributions on account of interest or underwriting results	396	1,666	1,000
Bonuses added to policies	441	453	407
	837	**2,119**	**1,407**

3.2.2. Other interest expenses

Other interest expenses mainly consists of interest in connection with the insurance operations. Also included is the interest on the subordinated debenture loan issued by ING Groep N.V. in 1991, due March 15, 2001.

3.2.3. Salaries, pension and social security costs

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations			Total		
Salaries	1,324	1,017	866	3,399	2,959	2,555	4,723	3,976	3,421
Pension and early-retirement costs	69	64	20	211	247	168	280	311	188
Social security costs	143	135	135	509	427	372	652	562	507
Other staff costs	248	154	115	826	769	726	1,074	923	841
	1,784	**1,370**	**1,136**	**4,945**	**4,402**	**3,821**	**6,729**	**5,772**	**4,957**

Amounts are in millions of euros, unless otherwise stated

Pension and early-retirement costs can be analyzed as follows:

	2000	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
			Pension			**Healthcare**			**Other**			**Total**
Current service cost	284	260	190	16	13	15	43	43	25	343	316	230
Past service cost	(18)			43						25		
Interest expenses	427	333	380	23	18	18	64	56	37	514	407	435
Expected return on assets	(612)	(485)	(501)				(11)	(12)		(623)	(497)	(501)
Amortization of unrecognized past service costs			4		(6)	(6)					(6)	(2)
Amortization of unrecognized net (gains)/losses	(12)	1	(7)	(2)	3	(1)	1	1		(13)	5	(8)
Effect of curtailment or settlement	(2)		(4)							(2)		(4)
Defined benefit post-employment plans	**67**	**109**	**62**	**80**	**28**	**26**	**97**	**88**	**62**	**244**	**225**	**150**
Defined contribution plans										36	86	38
										280	**311**	**188**

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

The actual return on the plan assets amounted to EUR 346 million (1999: EUR 875 million; 1998: EUR 876 million).

Remuneration of the members of the Executive Board

General policy

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

Base salary

The base salaries are reviewed every two years against developments in the market. The salaries were not changed in 2000 as compared to 1999. The base salaries of the non-Dutch Executive Board members are related to local and international practices.

Short-term performance-related payment

In addition to the base salary, each year a performance-related payment can be earned up to a maximum of 30% of the annual base salary. The performance criteria for members of the Executive Board are determined annually by the Supervisory Board, on the basis of a proposal of its Remuneration and Appointments Committee. These criteria are related to the results of ING Group.

Long-term incentive

Long-term incentives for members of the Executive Board are provided through ING's stock option plan. This plan aligns the interests of shareholders and the members of the Executive Board. Acting on the advice of the Remuneration and Appointment Committee, the Supervisory Board each year has the discretionary power to grant ING stock options to members of the Executive Board. The number of stock options to be granted is related to the increase in the ING Group profit per share, with a maximum of 25,000 stock options for each member of the Executive Board.

Pensions

The pensions of the Dutch members of the Executive Board are based on defined benefit plans, which are insured through a contract with Nationale-Nederlanden N.V. Employment of members of the Executive Board ends on June 1 of the calender year in which they turn 62. By mutual agreement the retirement date can be June 1 of the calender year in which they turn 60 or 61. Their prospective pensions amount to a maximum of 60% of their base salaries. Just as for the other ING employees in the Netherlands, the pension rights of the members of the Executive Board are free of premium. The non-Dutch members of the Executive Board have a pension plan related to their home country.

The total remuneration of the members of the Executive Board as at December 31, 2000 is as follows:

	Amounts in thousands of euros	
Base salary	4,886	
Short-term performance-related payments	1,115	
Long-term incentives (market value options)	2,337	
	8,338	
Pension costs	1,713	
	10,051(1)	(1999: 11,011)

(1) David Robins, who joined the Executive Board on May 2, 2000 and resigned at December 4, 2000 is not included.

The base salaries, short-term performance-related payments and long-term incentives (market value options) of the members of the Executive Board are as follows:

	Amounts in thousands of euros		
	Base salary	Short-term performance-related payments	Long-term incentives (market value options)
Ewald Kist	705	195	389
Michel Tilmant	1,144	177	392
Fred Hubbell (1)	936		
Hessel Lindenbergh	600	177	389
Cees Maas	600	177	389
Alexander Rinnooy Kan	600	177	389
Godfried van der Lugt (2)	301	212	389
	4,886	**1,115**	**2,337**

(1) Fred Hubbell joined the Executive Board on May 2, 2000.

(2) Godfried van der Lugt retired from the Executive Board on May 2, 2000.

The amount outstanding as at December 31, 2000 in respect of loans and advances to members of the Executive Board was EUR 2.7 million (1999: EUR 3.5 million) at an average interest rate of 4.4% (1999: 5.3%).

Amounts are in millions of euros, unless otherwise stated

The following table summarizes information about the options outstanding and the movements during the financial year of options granted to the members of the Executive Board as in charge as at December 31, 2000:

	Number of options				Amounts in euros		
	Outstanding as at December 31,1999	Granted in 2000	Exercised in 2000	Outstanding as at December 31, 2000	Exercise price	Share price at exercise date	Expiry date
Ewald Kist	29,793		29,793 (2)		13.20	59.78	Apr 6, 2000
	27,480			27,480	23.50		May 20, 2001
	50,000			50,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		Apr 3,2005
Michel Tilmant	25,000			25,000	52.20		May 28, 2004
		15,000		15,000	57.36		Apr 3,2005
		10,000		10,000	56.60		Apr 3,2005
Fred Hubbell (1)				25,400	63.71		May 26, 2003
				20,000	52.20		May 28, 2004
				25,000	57.36		Apr 3,2005
Hessel Lindenbergh	31,095		31,095 (2)		9.37	59.78	Apr 6, 2000
	42,480			42,480	23.50		May 20, 2001
	50,000			50,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		Apr 3,2005
Cees Maas	42,480			42,480	23.50		May 20, 2001
	50,000			50,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		Apr 3,2005
Alexander Rinnooy Kan	17,000			17,000	35.44		May 1, 2002
	25,000			25,000	63.71		May 26, 2003
	25,000			25,000	51.75		May 28, 2004
		25,000		25,000	57.36		Apr 3,2005

(1) Fred Hubbell joined the Executive Board on May 2, 2000.

(2) Exercised at expiry date.

In 2001, to each member of the Executive Board 25,000 options were granted relating to the financial year 2000 (1999: 25,000). The exercise price of these options will be fixed at the Euronext Amsterdam Stock Exchange opening price of the ING share on March 15, 2001.

ING Group shares held by members of the Executive Board

As at December 31, 2000, Fred Hubbell held 428,000 ING Group shares of which 203,000 are held for his income only benefit in a trust. Other members of the Executive Board did not hold ING Group shares.

Remuneration of the members and former members of the Supervisory Board
In 2000, the remuneration of the members and former members of the Supervisory Board amounted to EUR 0.6 million (1999: EUR 0.5 million).
The remuneration of the chairman and vice chairman amounted to EUR 68,000; other members received a remuneration of EUR 39,000.

The amount outstanding as at December 31, 2000 in respect of loans and advances to members of the Supervisory Board was EUR 4.8 million (1999: EUR 4.5 million) at an average interest rate of 5.7% (1999: 6.2%).

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

ING Group purchases direct or indirect its own shares at the time options are granted in order to fulfil the obligations with regard to the existing stock option plan and to hedge the position risk of the options concerned. The purpose of this policy is to avoid an increase in the number of shares, causing a dilution of the net profit per share. As at December 31, 2000, all granted option rights were hedged, taking into account the expected staff turnover.

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

Amounts are in millions of euros, unless otherwise stated

The following table shows the number of options outstanding and exercisable, analyzed in accordance with year of issue and exercise price:

Financial year	Original number of options	Options outstanding as at January 1, 2000	Options outstanding as at December 31, 2000	Exercise price in euros
1995	883,081	66,918		9.37
	495,879	143,046		13.20
1996	2,450	2,450		19.74
	888,783	290,541	182,467	23.50
1997	1,664,350	1,005,621	406,656	34.67
	430,000	420,750	320,750	35.44
	5,910,662	3,336,450	1,200,759	38.61
	13,000	3,000	1,500	40.16
	2,100	2,100		41.25
	3,665	3,665	3,665	41.29
	243,600	131,850	54,400	41.38
	84,400	58,400	25,700	41.79
1998	50,700	37,450	37,450	36.30
	28,500	28,000	25,000	39.75
	25,600	19,600	19,600	50.82
	2,704,750	1,792,200	1,628,116	53.64
	240,500	232,300	138,350	60.58
	7,370,415	7,078,229	5,006,005	63.71
1999	2,481,270	2,323,674	2,066,020	50.50
	24,000	24,000	24,000	51.00
	288,313	280,838	273,722	51.35
	4,366,973	4,354,073	4,222,473	51.75
	706,100	704,100	702,600	52.20
	100,750	99,750	92,600	53.25
	704,219	646,471	580,244	53.85
2000	764,150		764,150	56.60
	8,926,565		8,711,765	57.36
	105,400		102,550	60.33
	936,188		911,388	70.52
	238,950		237,200	75.11
	432,790		432,790	75.48
	41,118,103	**23,085,476**	**28,171,920**	

The movements in the option rights were as follows:

	2000	1999	1998	2000	1999	1998
	Options outstanding			Weighted average exercise price		
Executive Board						
Opening balance	715,671	754,017	860,351	39.10	33.80	25.54
Granted	150,000	175,000	200,000	57.31	51.81	63.71
Exercised	60,888	33,366	80,081	11.24	11.15	16.73
Transferred to/from Employees (1)	104,943	179,980	226,253			
Closing balance	**699,840**	**715,671**	**754,017**	**46.68**	**39.10**	**33.80**

Amounts are in millions of euros, unless otherwise stated

The movements in the option rights were as follows:

	2000	1999	1998	2000	1999	1998
	Options outstanding			Weighted average exercise price		
Employees						
Opening balance	22,369,805	16,116,128	8,198,526	52.22	51.86	36.72
Granted	11,254,043	8,537,025	10,167,253	59.51	51.57	60.79
Exercised	4,730,879	586,634	2,379,912	46.39	36.64	36.35
Expired	1,525,832	1,876,694	95,992	53.05	49.32	47.60
Transferred to/from the Executive Board (1)	104,943	179,980	226,253			
Closing balance	**27,472,080**	**22,369,805**	**16,116,128**	**56.05**	**52.22**	**51.86**

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

The weighted average fair value of options granted in 2000 was EUR 17.35 (1999: EUR 14.67; 1998: EUR 12.58).

The following table summarizes information about stock options outstanding and exercisable as at December 31, 2000:

Range of exercise price in euros	Options outstanding as at December 31, 2000	Weighted average remaining contractual life	Weighted average exercise price	Options exercisable as at December 31, 2000	Weighted average exercise price
00.00 - 30.00	182,467	0.33	23.50	182,467	23.50
30.00 - 40.00	1,990,615	1.39	37.27	1,990,615	37.27
40.00 - 50.00	85,265	1.74	41.48	85,265	41.48
50.00 - 60.00	19,085,290	5.83	54.61	3,315,957	52.72
60.00 - 70.00	5,246,905	2.45	63.56	5,158,855	63.62
70.00 - 80.00	1,581,378	8.57	72.57		

In the following table a distinction is made between options in the money and options out of the money:

	2000	1999	1998
In the money	28,171,920	15,774,947	6,700,140
Out of the money		7,310,529	10,170,005

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

Had the fair values of the stock options at the time they were granted been recognized in the profit and loss account, the total net profit, the basic profit per share and the diluted profit per share would have been as follows:

		2000		1999		1998
	As reported	Pro forma	As reported	Pro forma	As reported	Pro forma
Net profit (in millions of euros)	11,984	11,834	4,922	4,839	2,669	2,584
Basic profit per share (in euros)	12.54	12.41	5.12	5.03	2.84	2.75
Diluted profit per share (in euros)	12.37	12.24	5.04	4.96	2.79	2.70

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

3.2.4. Other expenses

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations					Total
Costs of acquiring new insurance business	1,230	1,115	1,061				1,230	1,115	1,061
Depreciation of tangible fixed assets	102	75	69	503	436	494	605	511	563
Computer costs	152	102	124	508	289	274	660	391	398
Office equipment and accommodation	447	378	351	104	99	129	551	477	480
Travel and accommodation expenses	96	77	65	183	138	127	279	215	192
Advertising and public relations	155	117	95	273	179	169	428	296	264
External advisory fees	197	191	138	306	203	275	503	394	413
Investment expenses	24	62	137				24	62	137
Other	702	195	61	1,451	1,545	1,390	2,153	1,740	1,451
Operational result	**3,105**	**2,312**	**2,101**	**3,328**	**2,889**	**2,858**	**6,433**	**5,201**	**4,959**
Non-operational additions/ (releases) provisions (3.4)	(91)		302	486			395		302
	3,014	**2,312**	**2,403**	**3,814**	**2,889**	**2,858**	**6,828**	**5,201**	**5,261**

Other expenses includes an amount of EUR 2,472 million in 2000 (1999: EUR 1,900 million; 1998: EUR 1,756 million) in respect of commission paid and payable with regard to the insurance operations. Amortization of deferred costs of acquiring new business amounted to EUR 917 million in 2000 (1999: EUR 669 million; 1998: EUR 423 million).

Amounts are in millions of euros, unless otherwise stated

In 2000, non-operational additions/(releases) provisions includes the restructuring costs of the investment banking activities amounting to EUR 486 million. These include EUR 281 million for employee related costs. The remaining part relates to the write down of operating assets, termination of lease contracts and other exit costs.

3.3 Taxation

Taxation analyzed by type:

			2000			1999			1998
	Netherlands	International	Total	Netherlands	International	Total	Netherlands	International	Total
Current taxation	751	560	1,311	565	543	1,108	308	635	943
Deferred taxation	228	299	527	(49)		(49)	(65)	(90)	(155)
	979	**859**	**1,838**	**516**	**543**	**1,059**	**243**	**545**	**788**

Reconciliation of the statutory income tax rate to ING Group's effective income tax rate:

	2000	1999	1998
Result before taxation	13,969	6,074	3,504
Statutory tax rate	35%	35%	35%
Statutory tax amount	4,889	2,126	1,226
Participating interests exemption	(3,337)	(1,125)	(406)
Differences caused by different foreign tax rates	56	(30)	(10)
Other	230	88	(22)
Effective tax amount	**1,838**	**1,059**	**788**
Effective tax rate	**13.2%**	**17.4%**	**22.5%**

Amounts are in millions of euros, unless otherwise stated

3.4. Non-operational results

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			**Banking operations**			**Total**		
Results on sale of:									
– investments in shares regarding financing of acquisitions	7,017						7,017		
– The Netherlands Insurance Companies			540						540
Income from investments of the insurance operations	**7,017**		**540**				**7,017**		**540**
Results on (sale of):									
– investments in shares regarding financing of acquisitions	351						351		
– Crédit Commercial de France				853			853		
– Libertel N.V.		924	101	376	461	101	376	1,385	202
– De Nationale Investeringsbank N.V.		308						308	
– Kredietbank N.V.						171			171
– N.C.M. Holding N.V.			24						24
Other income	**351**	**1,232**	**125**	**1,229**	**461**	**272**	**1,580**	**1,693**	**397**
Addition/(release) of:									
– provision for reorganization and relocation				486			486		
– provision for the calamity fund for the year 2000	(91)		91				(91)		91
– provision for low interest risk			211						211
Other expenses	**(91)**		**302**	**486**			**395**		**302**
Non-operational results before taxation	**7,459**	**1,232**	**363**	**743**	**461**	**272**	**8,202**	**1,693**	**635**
Taxation							226		69
Non-operational net profit							**7,976**	**1,693**	**566**

3.5. Net profit per share

Basic net profit per ordinary share is calculated on the basis of the weighted average number of ordinary shares in issue. The following has been taken into consideration in calculating the weighted average number of ordinary shares in issue:

- own shares held by group companies are deducted from the total number of ordinary shares in issue;
- the computation is based on daily averages;
- in calculating the increase in the weighted average number of shares resulting from interim stock dividends, the day on which the dividend is payable is taken into consideration;
- in case of exercised warrants, the day of exercise is taken into consideration.

Diluted profit per share data are computed as if the stock options and warrants outstanding at year-end were exercised at the beginning of the period. It is also assumed that ING Group uses the cash thus received for stock options and warrants exercised to buy its own shares against the average market price in the financial year. The net increase in the number of shares resulting from the exercise of warrants and stock options is added to the average number of shares used for the calculation of diluted net profit per share.

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Net profit (in millions of euros)			Weighted average number of ordinary shares outstanding during the period (in millions)			Net profit per share (in euros)		
Operational net profit	4,008	3,229	2,103						
Dividend on preference shares	(21)	(21)	(21)						
Operational profit	3,987	3,208	2,082	953.9	957.8	931.8	**4.18**	**3.35**	**2.23**
Non-operational profit	7,976	1,693	566						
Basic profit	11,963	4,901	2,648	953.9	957.8	931.8	**12.54**	**5.12**	**2.84**
Effect of dilutive securities:									
Warrants				13.2	13.9	17.3			
Stock option plan						0.5			
				13.2	13.9	17.8			
Diluted profit	**11,963**	**4,901**	**2,648**	**967.1**	**971.7**	**949.6**	**12.37**	**5.04**	**2.79**

3.6. Dividend per ordinary share

Dividends per ordinary share for the years 2000, 1999 and 1998 were as follows:

	Per ordinary share (in euros)	Total amount of dividend paid (in millions of euros)
2000 (1)	2.25	2,173
1999	1.63	1,573
1998	1.25	1,178

(1) The Executive Board, with the approval of the Supervisory Board, has proposed, subject to the ratification by the General Meeting of Shareholders, a dividend of EUR 2.25 per share for the year 2000. Following the decision of the General Meeting of Shareholders with regard to the distribution, the final dividend will become payable from April 27, 2001.

Amounts are in millions of euros, unless otherwise stated

3.7. Additional information relating to the consolidated profit and loss account of ING Group

3.7.1. Result from investments in shares and convertible debentures and land and buildings

	Direct investment income	Realized and unrealized revaluations and exchange differences	Operating and management expenses (1)	Before taxation	After taxation	Investment result in % (2)
Shares and convertible debentures						
2000	717	480	(27)	1,170	960	3.8
1999	698	2,973	(1)	3,670	3,194	12.9
1998	500	3,918	(2)	4,416	4,305	23.4
1997	436	4,405	(1)	4,840	4,467	35.6
1996	406	3,277	(3)	3,680	3,418	38.5
1995	331	1,186	(6)	1,511	1,383	18.4
1994	281	(522)	(4)	(245)	(223)	(2.9)
1993	263	1,872	(4)	2,131	1,993	34.2
Average	**454**	**2,199**	**(6)**	**2,647**	**2,437**	**17.6**
Land and buildings						
2000	782	1,007	(160)	1,629	1,075	12.2
1999	623	314	(107)	830	545	7.7
1998	579	98	(141)	536	355	6.1
1997	520	114	(128)	506	335	6.4
1996	451	74	(106)	419	289	6.2
1995	429	(103)	(106)	220	153	3.4
1994	412	(104)	(107)	201	128	2.7
1993	381		(77)	304	218	4.7
Average	**522**	**175**	**(116)**	**581**	**387**	**6.8**
Total						
2000	1,499	1,487	(187)	2,799	2,035	6.0
1999	1,321	3,287	(108)	4,500	3,739	11.7
1998	1,079	4,016	(143)	4,952	4,660	19.2
1997	956	4,519	(129)	5,346	4,802	27.0
1996	857	3,351	(109)	4,099	3,707	27.4
1995	760	1,083	(112)	1,731	1,536	12.7
1994	693	(626)	(111)	(44)	(95)	(0.8)
1993	644	1,872	(81)	2,435	2,211	21.1
Average	**976**	**2,374**	**(122)**	**3,228**	**2,824**	**14.4**

(1) In the profit and loss account, operating costs relating to investments in land and buildings are netted off against the income from these investments.

(2) Investment result after taxation as a percentage of the average amount invested.

The result from investments in shares and convertible debentures and land and buildings (excluding investments for risk of policyholders and investments of annual life funds) includes all the income and expenses associated with this category of investments except financing charges. In the annual accounts these income and expenses are partly included in the profit and loss account (dividends, interest, rental income, realized revaluations and exchange differences, operating and management expenses) and partly reflected directly as changes in Shareholders' equity (unrealized revaluations and exchange differences). Taxation is allocated on the basis of the standard rate, making allowance for tax exemptions.

Amounts are in millions of euros, unless otherwise stated

3.7.2. Segmented operational net profit of the insurance operations

	2000	1999	1998
Operational result from life underwriting			
Premiums for own account:			
– gross premiums	25,019	18,902	16,863
– outward reinsurance premiums	1,013	622	432
	24,006	**18,280**	**16,431**
Allocated income from investments	6,210	9,165	5,984
Other underwriting income for own account	63	38	48
Benefits for own account:			
– gross	15,647	9,334	8,432
– reinsurers' share	450	342	173
	15,197	**8,992**	**8,259**
Changes in other insurance provisions for own account:			
Provision for life policy liabilities:			
– gross	10,727	13,416	10,333
– reinsurers' share	987	289	321
	9,740	**13,127**	**10,012**
Profit sharing and rebates	837	2,119	1,407
Operating expenses	2,718	1,980	1,705
Other insurance expenses for own account	90	9	5
	1,697	**1,256**	**1,075**
Operational result from non-life underwriting			
Premiums written for own account:			
– gross premiums	4,095	3,510	3,585
– outward reinsurance premiums	187	153	213
	3,908	**3,357**	**3,372**
Changes in provision for unearned premiums and unexpired non-life underwriting risks:			
– gross	(48)	(28)	(99)
– reinsurers' share	(7)	(6)	18
	(41)	**(22)**	**(117)**
Premiums earned for own account	**3,867**	**3,335**	**3,255**
Allocated income from investments	424	407	384
Other underwriting income for own account	6	1	1
Claims for own account:			
– gross	2,702	2,366	2,386
– reinsurers' share	128	135	218
	2,574	**2,231**	**2,168**

Amounts are in millions of euros, unless otherwise stated

	2000	1999	1998
Changes in the claims provision:			
– gross	305	266	267
– reinsurers' share	(7)	(11)	5
	312	**277**	**262**
	2,886	2,508	2,430
Operating expenses	1,149	1,053	1,053
	262	**182**	**157**
Total operational result from insurance operations			
Operational result from life underwriting	1,697	1,256	1,075
Operational result from non-life underwriting	262	182	157
Technical operational result	**1,959**	**1,438**	**1,232**
Income from investments	8,486	11,209	7,830
Investment expenses	1,732	1,142	1,004
Allocated income from investments transferred to result from underwriting	(6,634)	(9,572)	(6,368)
Other income	1,057	509	408
Other expenses	(26)	42	33
Operational result general	**1,203**	**962**	**833**
Operational result before taxation	**3,162**	**2,400**	**2,065**
Taxation	775	413	433
Operational result after taxation	**2,387**	**1,987**	**1,632**
Third-party interests	39	34	(1)
Operational net profit for the period	**2,348**	**1,953**	**1,633**

Allocated income from investments

Income from investments is allocated to the Result general, Result from life underwriting and Result from non-life underwriting on the basis of (adjusted) amounts of net equity, life insurance provisions and non-life insurance provisions of the insurance companies, respectively. However, all results from participating interests and results from investments for risk of policyholders and investments of annual life funds are allocated to Result general and Result from life underwriting, respectively.

3.7.3. Geographical analysis of claims ratio, cost ratio and combined ratio for non-life insurance policies

	2000	1999	1998	2000	1999	1998	2000	1999	1998
		Claims ratio			Cost ratio			Combined ratio	
Netherlands	75.6	73.3	72.6	29.9	31.4	30.5	105.5	104.7	103.1
Belgium	72.0	86.1	84.2	36.1	37.1	38.6	108.1	123.2	122.8
Rest of Europe	55.3	56.3	45.7	50.0	44.5	42.7	105.3	100.8	88.4
North America	74.0	72.3	73.0	26.0	29.8	30.9	100.0	102.1	103.9
South America	51.4	59.5	62.1	50.2	45.4	45.0	101.6	104.9	107.1
Asia	51.5	45.3	53.4	49.1	51.4	54.5	100.6	96.7	107.9
Australia	80.2	85.8	85.3	32.9	30.6	27.0	113.1	116.4	112.3
Other (1)	80.2	156.6	156.0	22.5	22.8	19.6	102.7	179.4	175.7
Total	**74.6**	**75.2**	**74.7**	**29.4**	**31.4**	**31.3**	**104.0**	**106.6**	**105.9**

(1) The high claims ratio of Other in 1999 and 1998 resulted from claims from inter-office reinsurance contracts regarding ice and hail storms in North America and Australia and the earthquake in Greece.

Amounts are in millions of euros, unless otherwise stated

The claims ratio is the claims, including claims handling expenses, expressed as a percentage of net earned premiums. The cost ratio is the costs expressed as a percentage of net premiums written. The claims ratio and the cost ratio together form the combined ratio. A combined ratio of more than 100% does not necessarily mean that there is a loss on non-life insurance policies, because the result also includes the allocated investment income.

3.7.4. Analysis of premium income of the insurance operations

Reinsurance

ING Group is involved in both ceded and assumed reinsurance for the purpose of spreading risk and limiting exposure on large risks. Reinsurance premiums are recognized in Underwriting expenditure. The effects of reinsurance on premiums written and earned are illustrated below.

Premiums written

			2000			1999			1998
	Non-life	Life	Total	Non-life	Life	Total	Non-life	Life	Total
Direct premiums written, gross	4,066	24,424	28,490	3,480	18,381	21,861	3,540	16,449	19,989
Reinsurance assumed premiums written, gross	29	595	624	30	521	551	45	414	459
Total gross premiums written	**4,095**	**25,019**	**29,114**	**3,510**	**18,902**	**22,412**	**3,585**	**16,863**	**20,448**
Reinsurance ceded	187	1,013	1,200	153	622	775	213	432	645
	3,908	**24,006**	**27,914**	**3,357**	**18,280**	**21,637**	**3,372**	**16,431**	**19,803**

Non-life premiums earned

	2000	1999	1998
Direct premiums earned, gross	4,014	3,453	3,440
Reinsurance assumed premiums earned, gross	33	29	46
Total gross premiums earned	**4,047**	**3,482**	**3,486**
Reinsurance ceded	180	147	231
	3,867	**3,335**	**3,255**

For the non-life insurance business, part of the insurance risk is ceded to third parties through reinsurance on both a proportional and non-proportional basis. The retention per catastrophic event differs by class of business. In 2000, the expected maximum risk exposure on behalf of natural catastrophic events amounted to EUR 155 million (1999: EUR 136 million; 1998: EUR 82 million). Assumed non-life reinsurance is largely limited to ING Group's compulsory participation in pools and industry associations.
In managing the life risk exposure, ING Group has set limits for acceptance of mortality risk on life insurance policies up to approximately EUR 11 million in 2000 (1999 and 1998: EUR 9 million). Assumed life reinsurance is largely related to group pension contracts in the Netherlands and to individual term insurance (annually renewable term and co-insurance) in the United States.

To the extent that the assuming reinsurers are unable to meet their obligations under these contracts, ING Group remains liable to its policyholders for the portion reinsured. Consequently, provisions are made for receivables on reinsurance contracts which are deemed uncollectible. To minimize its exposure to significant losses from reinsurer insolvencies, ING Group evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from similar geographical regions, activities or economic characteristics of the reinsurer. As at December 31, 2000, the receivables from reinsurers amounted to EUR 611 million (1999: EUR 279 million; 1998: EUR 207 million), against which EUR 5 million (1999 and 1998: EUR 5 million) was provided for as uncollectible reinsurance.

Amounts are in millions of euros, unless otherwise stated

Analysis of premium income on life insurance policies

			2000			**1999**			**1998**
	Gross	**Rein-surers' share**	**Own account**	**Gross**	**Rein-surers' share**	**Own account**	**Gross**	**Rein-surers' share**	**Own account**
Policies for which the insurer bears the investment risk	13,276	652	12,624	8,814	1,819	6,995	10,443	3,169	7,274
Policies for which the policyholder bears the investment risk	11,148	345	10,803	9,567	298	9,269	6,006	163	5,843
Total direct business	**24,424**	**997**	**23,427**	**18,381**	**2,117**	**16,264**	**16,449**	**3,332**	**13,117**
Indirect business	582	3	579	2,059	43	2,016	3,345	31	3,314
	25,006	**1,000**	**24,006**	**20,440**	**2,160**	**18,280**	**19,794**	**3,363**	**16,431**
Eliminations	(13)	(13)		1,538	1,538		2,931	2,931	
	25,019	**1,013**	**24,006**	**18,902**	**622**	**18,280**	**16,863**	**432**	**16,431**

Premiums written from direct life business

2000	**Policies for which the insurer bears the investment risk**			**Policies for which the policyholder bears the investment risk**		
	Gross	**Rein-surers' share**	**Own account**	**Gross**	**Rein-surers' share**	**Own account**
Periodic premiums						
Individual policies:						
– without profit sharing	4,869	570	4,299	942	1	941
– with profit sharing	2,281	102	2,179			
Total	**7,150**	**672**	**6,478**	**942**	**1**	**941**
Group policies:						
– without profit sharing	127	(20)	147	698	29	669
– with profit sharing	611	11	600			
Total	**738**	**(9)**	**747**	**698**	**29**	**669**
Total periodic premiums	**7,888**	**663**	**7,225**	**1,640**	**30**	**1,610**
Single premiums						
Individual policies:						
– without profit sharing	340	1	339	8,436	294	8,142
– with profit sharing	1,652	(14)	1,666			
Total	**1,992**	**(13)**	**2,005**	**8,436**	**294**	**8,142**
Group policies:						
– without profit sharing	3,035		3,035	1,072	21	1,051
– with profit sharing	361	2	359			
Total	**3,396**	**2**	**3,394**	**1,072**	**21**	**1,051**
Total single premiums	**5,388**	**(11)**	**5,399**	**9,508**	**315**	**9,193**
Total life business premiums	**13,276**	**652**	**12,624**	**11,148**	**345**	**10,803**

The total single premiums includes EUR 472 million in 2000 from profit sharing.

Amounts are in millions of euros, unless otherwise stated

1999	Policies for which the insurer bears the investment risk			Policies for which the policyholder bears the investment risk		
	Gross	Reinsurers' share	Own account	Gross	Reinsurers' share	Own account
Periodic premiums						
Individual policies:						
– without profit sharing	2,533	320	2,213	930	40	890
– with profit sharing	1,972	193	1,779			
Total	**4,505**	**513**	**3,992**	**930**	**40**	**890**
Group policies:						
– without profit sharing	71	20	51	599	28	571
– with profit sharing	564	13	551			
Total	**635**	**33**	**602**	**599**	**28**	**571**
Total periodic premiums	**5,140**	**546**	**4,594**	**1,529**	**68**	**1,461**
Single premiums						
Individual policies:						
– without profit sharing	353	14	339	6,788	212	6,576
– with profit sharing	1,128	6	1,122			
Total	**1,481**	**20**	**1,461**	**6,788**	**212**	**6,576**
Group policies:						
– without profit sharing	1,711	1,249	462	1,250	18	1,232
– with profit sharing	482	4	478			
Total	**2,193**	**1,253**	**940**	**1,250**	**18**	**1,232**
Total single premiums	**3,674**	**1,273**	**2,401**	**8,038**	**230**	**7,808**
Total life business premiums	**8,814**	**1,819**	**6,995**	**9,567**	**298**	**9,269**

The total single premiums includes EUR 379 million in 1999 from profit sharing.

Amounts are in millions of euros, unless otherwise stated

1998	Policies for which the insurer bears the investment risk			Policies for which the policyholder bears the investment risk		
	Gross	Rein-surers' share	Own account	Gross	Rein-surers' share	Own account
Periodic premiums						
Individual policies:						
– without profit sharing	2,349	276	2,073	694	74	620
– with profit sharing	1,707	274	1,433			
Total	**4,056**	**550**	**3,506**	**694**	**74**	**620**
Group policies:						
– without profit sharing	57	10	47	506	24	482
– with profit sharing	567	19	548			
Total	**624**	**29**	**595**	**506**	**24**	**482**
Total periodic premiums	**4,680**	**579**	**4,101**	**1,200**	**98**	**1,102**
Single premiums						
Individual policies:						
– without profit sharing	1,037	4	1,033	4,039	55	3,984
– with profit sharing	1,203	59	1,144			
Total	**2,240**	**63**	**2,177**	**4,039**	**55**	**3,984**
Group policies:						
– without profit sharing	2,957	2,513	444	767	10	757
– with profit sharing	566	14	552			
Total	**3,523**	**2,527**	**996**	**767**	**10**	**757**
Total single premiums	**5,763**	**2,590**	**3,173**	**4,806**	**65**	**4,741**
Total life business premiums	**10,443**	**3,169**	**7,274**	**6,006**	**163**	**5,843**

The total single premiums includes EUR 345 million in 1998 from profit sharing.

Amounts are in millions of euros, unless otherwise stated

Analysis of premium income on non-life insurance policies by class of business

	Gross premiums written	Gross premiums earned(2)	Gross claims expenses	Operating expenses(3)	Net reinsurance income/ expenses	Operational result
2000						
Health	350	342	299	53	3	12
Accident (1)	824	837	676	203	(1)	103
Third-party liability motor	674	654	562	176	2	16
Other motor	679	667	501	179	11	36
Marine and aviation	62	60	49	21	1	(7)
Fire and other property losses	1,108	1,093	662	405	(23)	64
General liability	301	294	238	105	20	21
Credit and suretyship	21	19		6	(6)	8
Legal assistance	23	23	15	9		1
Miscellaneous financial losses	24	25	14	11	(1)	1
Indirect business	29	33	(9)	38	(8)	7
	4,095	**4,047**	**3,007**	**1,206**	**(2)**	**262**
1999						
Health	368	342	299	79	9	(6)
Accident (1)	634	641	550	161	7	83
Third-party liability motor	575	577	465	173	(2)	25
Other motor	591	583	467	168	9	(11)
Marine and aviation	55	55	35	20	(1)	2
Fire and other property losses	953	963	579	364	(15)	56
General liability	251	238	183	91	10	22
Credit and suretyship	16	16	14	5	4	2
Legal assistance	20	20	14	9		(1)
Miscellaneous financial losses	17	18	9	7	(2)	1
Indirect business	30	29	17	35	17	9
	3,510	**3,482**	**2,632**	**1,112**	**36**	**182**
1998						
Health	368	356	335	74	13	(14)
Accident (1)	578	574	447	142	(3)	100
Third-party liability motor	624	600	516	178	10	3
Other motor	571	539	363	157	(16)	29
Marine and aviation	64	63	40	21	2	8
Fire and other property losses	1,011	992	691	374	35	10
General liability	263	255	204	104	1	(1)
Credit and suretyship	23	22	4	11	(3)	6
Legal assistance	17	17	12	7		(1)
Miscellaneous financial losses	21	22	11	9	1	5
Indirect business	45	46	30	38	14	12
	3,585	**3,486**	**2,653**	**1,115**	**54**	**157**

(1) Including disability insurance products.

(2) Excluding reinsurance.

(3) Including other underwriting income.

Amounts are in millions of euros, unless otherwise stated

3.7.5. Segment reporting

Analysis by executive center

ING Group's operating segments relate to the internal business segmentation by executive centers. These include the geographical areas ING Europe (including ING Direct activities worldwide), ING Americas (including the Group's reinsurance activities) and ING Asia/Pacific and the global activities of ING Corporate and Investment Banking and ING Asset Management. Other mainly includes items not directly attributable to the executive centers.

Operating segments are defined as components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker or decision making group in deciding how to allocate resources and in assessing performance. ING Group's chief operating decision making group is the Executive Board. Each executive center is headed by an Executive Committee, most members of which are either members of the Executive Board or general managers of business units belonging to that executive center. The chairman of each Executive Committee is a member of the Executive Board. The Executive Board sets the performance targets and approves and monitors the budgets prepared by the Executive Committees. The Executive Committees formulate the strategic, commercial and financial policy of the executive centers in conformity with the strategy and performance targets set by the Executive Board.

The accounting policies of the operating segments are the same as those described under Accounting principles for the consolidated balance sheet and profit and loss account (see page F-7). Transfer prices for inter-segment transactions are set at arm's length. Geographical distribution of income is based on the origin of sales. The corporate expenses are allocated to the operating segments and geographical areas based on time spend by head office personnel, the relative number of staff, on the basis of income and/or assets of the operating segment.

The following tables present information regarding ING Group's operating segments.

2000	**Europe**	**Americas**	**Asia/ Pacific**	**Corporate and Investment Banking**	**Asset Management**	**Other**	**Total segments**	**Reconciliation**	**Total group**
Total operational income:									
Income - external	24,238	17,699	5,359	1,464	1,364	(137)	49,987		49,987
Income - inter-segment	(480)	135	(7)	982	(166)	(43)	421	(421)	
	23,758	**17,834**	**5,352**	**2,446**	**1,198**	**(180)**	**50,408**	**(421)**	**49,987**
Segment operational results before taxation	**4,264**	**612**	**225**	**280**	**325**	**61**	**5,767**		**5,767**
Segment assets	520,464	141,216	21,713	247,913	10,031	8,992	950,329	(300,157)	650,172
Segment liabilities	496,306	141,839	20,438	247,553	9,030	(4,431)	910,735	(289,544)	621,191
Average number of employees (1)	63,043	11,988	3,804	8,737	4,193	885	92,650		92,650

Amounts are in millions of euros, unless otherwise stated

1999	**Europe**	**Americas**	**Asia/ Pacific**	**Corpo- rate and Invest- ment Banking**	**Asset Mana- gement**	**Other**	**Total seg- ments**	**Recon- ciliation**	**Total group**
Total operational income:									
Income - external	22,197	14,314	4,646	1,908	1,158	(190)	44,033		44,033
Income - inter-segment	(154)	110	(2)	405	(158)	(38)	163	(163)	
	22,043	**14,424**	**4,644**	**2,313**	**1,000**	**(228)**	**44,196**	**(163)**	**44,033**
Segment operational results before taxation	**3,419**	**425**	**75**	**217**	**343**	**(98)**	**4,381**		**4,381**
Segment assets	449,778	49,237	14,358	181,917	8,479	11,732	715,501	(222,686)	492,815
Segment liabilities	422,580	46,166	13,637	181,693	7,526	(1,445)	670,157	(213,367)	456,790
Average number of employees (1)	58,803	10,535	3,564	8,612	3,760	766	86,040		86,040

1998	**Europe**	**Americas**	**Asia/ Pacific**	**Corpo- rate and Invest- ment Banking**	**Asset Mana- gement**	**Other**	**Total seg- ments**	**Recon- ciliation**	**Total group**
Total operational income:									
Income - external	19,153	12,519	3,442	1,415	838	(233)	37,134		37,134
Income - inter-segment	(355)	111		(96)	(175)	686	171	(171)	
	18,798	**12,630**	**3,442**	**1,319**	**663**	**453**	**37,305**	**(171)**	**37,134**
Segment operational results before taxation	**3,313**	**365**	**54**	**(983)**	**160**	**(40)**	**2,869**		**2,869**
Segment assets	358,415	34,612	9,434	148,041	6,895	8,032	565,429	(170,504)	394,925
Segment liabilities	337,327	32,330	8,927	149,115	6,166	(2,475)	531,390	(166,163)	365,227
Average number of employees (1)	56,889	10,678	3,453	8,055	2,955	720	82,750		82,750

(1) The average numbers of employees of joint ventures are included proportionally.

Amounts are in millions of euros, unless otherwise stated

3.7.6. Geographical analysis of the insurance and banking operations

Operational income by geographical area

	Insurance operations			Banking operations			Eliminations			Total		
	2000	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Netherlands	12,570	12,425	10,464	4,541	4,158	4,053	46	10	14	17,065	16,573	14,503
Belgium	1,475	1,418	1,179	2,069	1,837	2,089				3,544	3,255	3,268
Rest of Europe	1,781	1,417	1,200	2,791	2,269	1,047			1	4,572	3,686	2,246
North America	17,444	14,043	12,267	1,039	791	553	(5)	2		18,488	14,832	12,820
South America	329	247	210	271	320	235				600	567	445
Asia	2,064	1,284	982	538	463	404				2,602	1,747	1,386
Australia	3,336	3,381	2,465	37	25	19				3,373	3,406	2,484
Other	155	140	145	16	13	14				171	153	159
	39,154	**34,355**	**28,912**	**11,302**	**9,876**	**8,414**	**41**	**12**	**15**	**50,415**	**44,219**	**37,311**
Income between geographical areas [(1)]	(428)	(186)	(177)							(428)	(186)	(177)
	38,726	**34,169**	**28,735**	**11,302**	**9,876**	**8,414**	**41**	**12**	**15**	**49,987**	**44,033**	**37,134**

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

Operational income from the insurance operations by geographical area

	Life premiums written			Non-life premiums written			Investment income [(1)]			Total		
	2000	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**	**2000**	**1999**	**1998**
Netherlands	5,551	4,886	4,381	1,817	1,603	1,465	5,202	5,936	4,618	12,570	12,425	10,464
Belgium	964	821	602	230	217	210	281	380	367	1,475	1,418	1,179
Rest of Europe	1,299	1,008	858	31	28	25	451	381	317	1,781	1,417	1,200
North America	13,348	8,468	8,315	1,595	1,314	1,538	2,501	4,261	2,414	17,444	14,043	12,267
South America	194	135	103	46	43	42	89	69	65	329	247	210
Asia	1,766	1,121	844	48	39	39	250	124	99	2,064	1,284	982
Australia	1,894	2,461	1,759	328	263	257	1,114	657	449	3,336	3,381	2,465
Other	4	17	3	106	98	106	45	25	36	155	140	145
	25,020	**18,917**	**16,865**	**4,201**	**3,605**	**3,682**	**9,933**	**11,833**	**8,365**	**39,154**	**34,355**	**28,912**
Income between geographical areas [(2)]	(1)	(15)	(2)	(106)	(95)	(97)	(321)	(76)	(78)	(428)	(186)	(177)
	25,019	**18,902**	**16,863**	**4,095**	**3,510**	**3,585**	**9,612**	**11,757**	**8,287**	**38,726**	**34,169**	**28,735**

(1) Including commission and other income.

(2) Mainly relates to reinsurance premiums ceded between group companies in different geographical areas.

Amounts are in millions of euros, unless otherwise stated

Operational result before taxation by geographical area

	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Insurance operations			Banking operations			Total		
Netherlands	2,017	1,697	1,448	1,441	1,062	993	3,458	2,759	2,441
Belgium	113	96	109	517	341	803	630	437	912
Rest of Europe	190	124	100	593	448	(430)	783	572	(330)
North America	579	437	374	(235)	(74)	(261)	344	363	113
South America	(6)	(9)	(7)	171	119	99	165	110	92
Asia	82	(2)	7	128	99	(400)	210	97	(393)
Australia	150	81	54	(9)	(1)	(1)	141	80	53
Other	37	(24)	(20)	(1)	(13)	1	36	(37)	(19)
	3,162	**2,400**	**2,065**	**2,605**	**1,981**	**804**	**5,767**	**4,381**	**2,869**

Operational result before taxation from the insurance operations by geographical area

	2000	1999	1998	2000	1999	1998	2000	1999	1998	2000	1999	1998
	Life			Non-life			General			Total		
Netherlands	1,039	858	713	129	159	138	849	680	597	2,017	1,697	1,448
Belgium	47	33	27	18	7	2	48	56	80	113	96	109
Rest of Europe	98	44	34		2	4	92	78	62	190	124	100
North America	434	291	277	112	55	37	33	91	60	579	437	374
South America	(21)	(14)	(12)	1	(1)	(2)	14	6	7	(6)	(9)	(7)
Asia	16	(3)	3	2	3	(1)	64	(2)	5	82	(2)	7
Australia	83	50	36	(4)	(17)	(4)	71	48	22	150	81	54
Other	1	(3)	(3)	4	(26)	(17)	32	5		37	(24)	(20)
	1,697	**1,256**	**1,075**	**262**	**182**	**157**	**1,203**	**962**	**833**	**3,162**	**2,400**	**2,065**

Operational net profit for the period by geographical area

	2000	1999	1998
Netherlands	2,668	2,207	2,164
Belgium	382	272	606
Rest of Europe	449	334	(460)
North America	42	200	74
South America	153	91	64
Asia	178	65	(386)
Australia	114	75	53
Other	22	(15)	(12)
	4,008	**3,229**	**2,103**

4. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS OF ING GROUP

4.1. Net cash flow from operating activities

The net cash flow shown in respect of *Lending* only relates to transactions involving actual payments or receipts. The *Additions to the provision for loan losses* which is deducted from the item *Lending* in the balance sheet has been adjusted for the result before taxation and is shown separately in the cash flow statement.

In 1999, ING Group reduced its 30% interest in Libertel N.V., a company active in the mobile telephone market based in Maastricht, the Netherlands to an interest of 7.5%. The proceeds amounted to EUR 1.4 billion and this amount has been included in the cash flow statement under Trading portfolio purchases/sales.

4.2. Net cash flow from investing activities

In 1999 and 2000, ING Group acquired several companies. General and numerical information (at the moment of acquisition) for the most significant companies is shown in the table below:

			Amounts in billions of euros
	ReliaStar Financial Corporation	**Aetna Financial Services and Aetna International**	**BHF–BANK A.G.**
General			
Year of acquisition	2000	2000	1999
Line of business	Life insurance	Life insurance	Corporate and investment banking
Purchase price			
Purchase price	6.7	8.3	3.6
Assumed debt in purchase price	1.1	3.0	
Assets			
Cash assets			3.0
Investments	23.8	58.4	8.1
Lending			25.4
Banks			8.1
Securities in the trading portfolio			3.2
Miscellaneous other assets	4.9	9.3	1.0
Liabilities			
Insurance provisions	22.3	61.3	
Banks			12.3
Funds entrusted to and debt securities of the banking operations			31.6
Miscellaneous other liabilities	3.5	6.6	3.6

To finance the acquisitions of ReliaStar Financial Corporation, Aetna Financial Services and Aetna International, investments in shares have been sold in the financial year 2000. The proceeds of the sales amounted to EUR 9.6 billion.

In 2000, ING Group sold its 19.05% interest in Crédit Commercial de France, a French-based banking company. The proceeds of the sale amounted to EUR 2,111 million.

5. PARENT COMPANY BALANCE SHEET OF ING GROUP AS AT DECEMBER 31

before profit appropriation

	Amounts in millions of euros	
	2000	**1999**
Assets		
Participating interests (5.2.1)	32,782	40,148
Other assets (5.2.2)	733	1,141
Total	**33,515**	**41,289**

	Amounts in millions of euros	
	2000	**1999**
Equity and liabilities		
Shareholders' equity (5.2.3)		
Share capital	577	538
Share premium	7,031	6,994
Revaluation reserve	9,877	17,275
Reserve for participating interests	430	480
Exchange differences reserve	(30)	(9)
Other reserves	(4,595)	4,356
Net profit for the period	11,984	4,922
	25,274	**34,556**
Subordinated loans (5.2.4)	2,904	983
Capital base	**28,178**	**35,539**
Other liabilities (5.2.5)	5,337	5,750
Total	**33,515**	**41,289**

PARENT COMPANY PROFIT AND LOSS ACCOUNT OF ING GROUP, FOR THE YEARS ENDED DECEMBER 31,

	Amounts in millions of euros		
	2000	**1999**	**1998**
Result of group companies after taxation	12,051	4,949	2,542
Other results after taxation	(67)	(27)	127
Net profit for the period	**11,984**	**4,922**	**2,669**

The numbers against the items refer to the notes starting on page F-76.

5.1. Accounting principles for the parent company balance sheet and profit and loss account of ING Group

The principles of valuation and determination of results stated in connection with the consolidated balance sheet and profit and loss account are also applicable to the valuation of directly held participating interests. Amounts receivable from and owed to group companies in connection with ordinary interbank transactions are included in *Other assets* and *Other liabilities*, respectively.

Changes in balance sheet values due to changes in the revaluation reserve of the participating interests are reflected in the Revaluation reserve, which forms part of *Shareholders' equity*. Changes in balance sheet values due to the results of these *Participating interests*, accounted for in accordance with ING Group accounting principles, are included in the profit and loss account. Other changes in the balance sheet value of these *Participating interests*, other than those due to changes in share capital, are included in Other reserves, which forms part of *Shareholders' equity*.

Amounts are in millions of euros, unless otherwise stated

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

Change in presentation

Exchange differences
Prior to the financial year 2000, exchange differences that are part of *Shareholders' equity* were recognized under the *Revaluation reserve*. With effect from the financial year 2000, these exchange differences are recognized separately under the *Exchange differences reserve*.

5.2. Notes to the parent company balance sheet of ING Group

ASSETS

5.2.1. Participating interests

	2000 Ownership (%)	2000 Balance sheet value	1999 Ownership (%)	1999 Balance sheet value
Name of investee				
ING Bank N.V.	100	15,051	100	14,445
ING Verzekeringen N.V.	100	17,824	100	25,624
Other		(93)		79
		32,782		**40,148**

In 2000, ING Groep N.V. issued guarantees in respect of group companies in the United States with regard to the issue of 1.5 million 8.439% noncumulative preference shares and of 10 million 9.2% noncumulative preference shares.

In 1999, ING Groep N.V. issued a guarantee in respect of group companies in the United States with regard to the issuance of 20 million 7.7% noncumulative preference shares.

The movements in *Participating interests* were as follows:

	2000	1999
Opening balance	40,148	32,436
Investments in group companies	3,285	2,830
Write-off of goodwill	(11,774)	(1,427)
Revaluations	(8,047)	2,860
Result of group companies	12,051	4,949
Dividend	(1,319)	(1,500)
	34,344	**40,148**
Changes in ING Groep N.V. shares held by group companies	(1,562)	
Closing balance	**32,782**	**40,148**

Amounts are in millions of euros, unless otherwise stated

5.2.2. Other assets

	2000	1999
Receivables from group companies	652	1,118
Other receivables, prepayments and accruals	81	23
	733	**1,141**

EQUITY AND LIABILITIES

5.2.3. Shareholders' equity

Share capital	Ordinary shares (par value EUR 0.48)		Preference shares (par value EUR 1.20)		Cumulative preference shares (par value EUR 1.20)	
	number x 1,000	amount	number x 1,000	amount	number x 1,000	amount
2000						
Authorized share capital	1,500,000	720	300,000	360	900,000	1,080
Unissued share capital	514,744	247	212,920	256	900,000	1,080
Issued share capital	**985,256**	**473**	**87,080**	**104**	**0**	**0**
1999						
Authorized share capital	1,500,000	681	300,000	340	900,000	1,021
Unissued share capital	533,025	242	212,920	241	900,000	1,021
Issued share capital	**966,975**	**439**	**87,080**	**99**	**0**	**0**

The movements in issued share capital were as follows:

	Ordinary shares		Preference shares	
	number × 1,000	amount	number × 1,000	amount
Issued share capital as at January 1, 1999	**946,160**	**429**	**87,080**	**99**
From exchange of ING Groep N.V. A warrants and B warrants	4,866	2		
From 1998 final dividend	9,905	5		
From 1999 interim dividend	5,423	3		
Stock options	621			
Issued share capital as at December 31, 1999	**966,975**	**439**	**87,080**	**99**
From exchange of ING Groep N.V. A warrants and B warrants	6,121	3		
From 1999 final dividend	7,082	3		
From 2000 interim dividend	5,037	2		
Stock options	41			
From premium reserve due to conversion of share capital into euros		26		5
Issued share capital as at December 31, 2000	**985,256**	**473**	**87,080**	**104**

Shares
All shares are in registered form. No share certificates will be issued. Shares may be transferred by means of a deed of transfer, subject to the approval of the Executive Board of ING Group.

Ordinary shares
The par value of the ordinary shares is currently EUR 0.48. In October 2000, the par value of the ordinary shares was converted from NLG 1.00 into EUR 0.48. As part of the conversion, the share capital with regard to ordinary shares was increased. This increase was charged to the share premium reserve. Ordinary shares may only be issued if at least the nominal value is paid up.

Preference shares
The par value of the preference shares is EUR 1.20. In October 2000, the par value of the preference shares was converted from NLG 2.50 into EUR 1.20. As part of the conversion, the share capital with regard to preference shares was increased. This increase was charged to the share premium reserve. Preference shares are divided into two categories: “A” preference shares and “B” preference shares. The authorized share capital of ING Group consists of 100 million “A” preference shares, of which as at December 31, 2000 87 million have been issued and 200 million “B” preference shares, none of which have yet been issued.

Preference shares may only be issued if at least the nominal value is paid up.

Preference shares rank before ordinary shares in entitlement to dividends and distributions upon liquidation of ING Group, but are subordinated to cumulative preference shares. Holders of “A” and “B” preference shares rank pari passu among themselves. If the profit or amount available for distribution to the holders of preference shares is not sufficient to make such distribution in full, the holders will receive a distribution in proportion to the amount they would have received if the distribution could have been made in full. The “A” preference shares and “B” preference shares are not cumulative and their holders will not be compensated in subsequent years for a shortfall in a prior year.

The ING Group’s Articles of Association make provision for cancellation of preference shares.

“A” preference shares
The dividend on the “A” preference shares is equal to a percentage of the amount (including share premium) for which the “A” preference shares were originally issued.

This percentage is calculated by taking the arithmetic mean of the average effective yield on the five longest-dated Dutch government loans, as prepared by the Dutch Central Bureau of Statistics and published in the Official Price List of Euronext Amsterdam N.V. for the last twenty stock exchange days preceding the day on which the first “A” preference shares are issued, or, as the case may be, preceding the day on which the dividend percentage is adjusted. The percentage thus established may be increased or decreased by not more than a half percentage point, depending on the market conditions then prevailing, as the Executive Board may decide with the approval of the Supervisory Board.

The dividend percentage will be readjusted on January 1, 2004 in keeping with the average effective yield at that time on the five longest-dated Dutch government loans and thereafter every ten years. The dividend on the “A” preference shares will be EUR 0.24 per year until January 1,2004.

“A” preference shares may only be cancelled if a distribution of the amount (including share premium) for which the “A” preference shares were originally issued reduced by the par value of the shares can be made on each “A” preference share. Upon liquidation of ING Group, a distribution of the amount (including share premium) for which the “A” preference shares were originally issued will, insofar as possible, be made on each “A” preference share.

Amounts are in millions of euros, unless otherwise stated

Depositary receipts for ordinary shares and for preference shares
The issue and transfer of ordinary shares and preference shares is restricted, pursuant to the Articles of Association of ING Group. Natural persons may acquire ordinary shares and/or preference shares up to a limit of 1% of the issued ordinary share capital or the issued preference share capital, respectively. Legal entities may not acquire any ordinary or preference shares.

However, there are some exceptions to this rule, including the Trust especially appointed for that purpose.

The Trust holds more than 99% of the ordinary and preference shares issued by ING Group. In exchange for these shares, the Trust has issued depositary receipts for ordinary shares and preference shares. The depositary receipts are freely transferable.

The holder of a depositary receipt is entitled to receive from the Trust payment of dividends and distributions corresponding with the dividends and distributions received by the Trust on a share of the relevant category. Moreover, the holder of a depositary receipt is entitled to attend and to speak at the General Meeting of Shareholders of ING Group. For the exercise of voting rights in the Annual General Meeting of Shareholders, the Trust will, on request, grant holders of depositary receipts a voting proxy up to the exchangeability limit of their depositary receipts, i.e. in the case of natural persons, up to a maximum of 1% of the issued share capital per depositary receipt holder.

Concentration of holders of depository receipts for ordinary shares
As at December 31, 2000, ABN AMRO Holding N.V., AEGON N.V. and Fortis had an interest in depositary receipts of ING Group between 5% and 10%.

Depositary receipts for ordinary shares held by ING Group
With reference to Section 98 (5), Book 2, of the Dutch Civil Code, as at December 31, 2000, a number of 27 million of depository receipts for ordinary shares ING Groep N.V. with a par value of EUR 0.48 was held by ING Group or its subsidiaries. The shares were purchased to hedge option rights granted to the Executive Board and other employees. In 2000, a total of 21,922,280 transactions were executed with an average purchase price of EUR 65.85 per share. The cost of the shares is deducted from the Other reserves.

In 2000, the movements in depositary receipts for ordinary shares held by ING Groep N.V. and its subsidiaries to hedge the option rights granted to the Executive Board and other employees were as follows:

	Number × 1,000	Amount
Opening balance	10,199	551
Purchases	21,922	1,445
Secondary placements	(4,727)	(218)
Differences between purchase and secondary placement prices		(74)
Depositary receipts as at December 31, 2000	**27,394**	**1,704**

Cumulative preference shares
The par value of the cumulative preference shares is EUR 1.20. In October 2000, the par value of the preference shares was converted from NLG 2.50 into EUR 1.20. Cumulative preference shares may only be issued if at least one fourth of the nominal value is paid up.

The cumulative preference shares rank before the preference shares and the ordinary shares in entitlement to dividend and to distributions upon liquidation of ING Group.

The dividend on the cumulative preference shares will be equal to a percentage, calculated on the amount compulsorily paid up or yet to be paid up. This percentage shall be equal to the average of the deposit rates set by the European Central Bank increased by 0.75 percentage points. During the financial year for which the distribution is made, this percentage is weighted on the basis of the number of days for which it applies, increased by two and a half percentage points and by the average interest surcharge as applied by the three largest lending institutions, in terms of balance sheet total, in the Netherlands (excluding lending institutions which are part of ING Group).

If and to the extent that the profit available for distribution is not sufficient to pay the dividend referred to above in full, the shortfall will be made up from the reserves insofar as possible. If and to the extent that the dividend distribution cannot be made from the reserves, the profits achieved in subsequent years shall first be used to make up the shortfall before any distribution may be made on shares of any other category.

ING Group's Articles of Association make provision for the cancellation of cumulative preference shares. Upon cancellation of cumulative preference shares and upon liquidation of ING Group, the amount paid up on the cumulative preference shares will be repaid together with the dividend shortfall in preceding years, insofar as this shortfall has not yet been made up.

A warrants and B warrants
In 1991, ING Group authorized the issue of 261,070,062 warrants (hereafter A warrants), of which 253,297,808 have been issued. As at December 31, 2000, 29,897,127 A warrants were outstanding (1999: 47,016,271). A warrant holders are entitled to obtain from ING Group, for a fixed price, depositary receipts for ordinary shares in the proportion of 14 A warrants to 5 depositary receipts. A warrant holders may exercise their rights at their own discretion but no later than March 15, 2001. As at December 31, 2000, no A warrants (1999: nil) were held by group companies of ING Group.

In 1998, ING Group authorized the issue of a maximum of 17,317,132 B warrants, of which 17,121,560 have been issued. As at December 31, 2000, 17,114,081 B warrants were outstanding (1999: 17,119,828). B warrant holders are entitled to obtain from ING Group, for a fixed price, depositary receipts for ordinary shares in the proportion of 1 B warrant to 1 depositary receipt. B warrant holders may exercise their rights at their own discretion but no later than January 5, 2008. As at December 31, 2000, no B warrants (1999: nil) were held by group companies of ING Group.

The current exercise price of A warrants is EUR 61.71 for 5 depositary receipts (EUR 12.342 per depositary receipt). The current exercise price of B warrants is EUR 49.92 for 1 depositary receipt. The exercise price of A warrants or B warrants will be adjusted by ING Group if one or more of the following circumstances occur:

1. ING Group issues ordinary shares with pre-emptive rights for existing holders thereof at an issue price which is below the then applicable exercise price (A warrants) or the average price over the 20 business days preceding the relevant announcement of the median price between the highest and lowest prices of the depositary receipts of EUR 0.48 par value as stated in the Official Price List of Euronext Amsterdam N.V. (B warrants);

2. ING Group issues ordinary shares to existing holders thereof, such shares being paid from a reserve of the company at a price which is below the then applicable exercise price (A warrants) or the average price over the 20 business days preceding the relevant announcement of the median price between the highest and lowest prices of the depositary receipts of EUR 0.48 par value as stated in the Official Price List of Euronext Amsterdam N.V. (B warrants);

3. ING Group issues ordinary shares to existing holders thereof by way of paying a dividend at a price which is below the then applicable exercise price (A warrants) or the average price over the 20 business days preceding the relevant announcement of the median price between the highest and lowest prices of the depositary receipts of EUR 0.48 par value as stated in the Official Price List of Euronext Amsterdam N.V. (B warrants);

4. ING Group grants to existing holders of ordinary shares pre-emptive rights to obtain securities other than ordinary shares;

5. Any company grants to existing holders of ordinary shares of ING Group a right of subscription for securities which may be converted into or exchanged for ordinary shares of ING Group, provided that the price for which such ordinary shares of ING Group may (initially) be obtained is lower than the then applicable exercise price;

6. ING Group makes a distribution in cash out of its share premium reserve(s) to holders of ordinary shares.

In case of a split or consolidation of the shares of ING Group, a warrant holder shall remain entitled to a number of shares, the aggregate par value of which shall be equal to the aggregate par value of the number of shares to which he was entitled before the split or consolidation.

In case of a restructuring of the share capital of ING Group or a merger of ING Group with any other company or a transfer of the assets of ING Group (or a substantial part thereof) to any other company, the exercise price of the A warrants and B warrants will not be adjusted. In that event, a warrant holder will be entitled to obtain the securities of the kind and number a holder of ordinary shares would have been entitled to if the A warrants and B warrants had been exchanged for ordinary shares immediately before that event.

Amounts are in millions of euros, unless otherwise stated

Reserves

The composition of and movements in the reserves were as follows:

	Total	Share premium	Revaluation reserve	Reserve for partici-pating interests	Exchange differences reserve	Other reserves
Balance as at December 31, 1998	**25,880**	**6,602**	**14,454**	**417**	**(2)**	**4,409**
Unrealized revaluations after taxation	2,864		2,821	63		(20)
Exchange differences	(7)				(7)	
Net profit not recognized in the profit and loss account	2,857		2,821	63	(7)	(20)
Write-off of goodwill	(1,427)					(1,427)
Profit appropriation previous year	2,669					2,669
1998 final dividend and 1999 interim dividend	(729)	(5)				(724)
Exercise of optional dividend	301	301				
Exercise of warrants and options	76	76				
Private placements	20	20				
Changes in ING Groep N.V. shares held by group companies	(551)					(551)
Balance as at December 31, 1999	**29,096**	**6,994**	**17,275**	**480**	**(9)**	**4,356**
Unrealized revaluations after taxation	(7,499)		(7,398)	(50)		(51)
Exchange differences	(21)				(21)	
Net profit not recognized in the profit and loss account	(7,520)		(7,398)	(50)	(21)	(51)
Write-off of goodwill	(11,774)					(11,774)
Profit appropriation previous year	4,922					4,922
1999 final dividend and 2000 interim dividend	(900)	(5)				(895)
To share capital due to conversion of par value of shares into euros	(31)	(31)				
Exercise of warrants and options	73	73				
Changes in ING Groep N.V. shares held by group companies	(1,153)					(1,153)
Balance as at December 31, 2000	**12,713**	**7,031**	**9,877**	**430**	**(30)**	**(4,595)**

As at December 31, 2000, the capital and reserves of Stichting Regio Bank, included in Other reserves, amounted to EUR 347 million (1999: EUR 315 million) and cannot be freely distributed.

The revaluation reserve and the reserve for participating interests include the statutory reserves.

Amounts are in millions of euros, unless otherwise stated

Dividend restrictions

ING Group and its Dutch group companies are subject to legal restrictions regarding the amount of dividends they can pay to their shareholders. The Dutch Civil Code contains the restriction that dividends can only be paid up to an amount equal to the excess of the company's own funds over the sum of (i) the paid-up capital, and (ii) reserves required by law. Additionally, certain group companies are subject to restrictions on the amount of funds they may transfer in the form of cash dividends or otherwise to the parent company.

Furthermore, in addition to the restrictions in respect of minimum capital and solvency requirements that are imposed by industry regulators in the countries in which the subsidiaries operate, other limitations exist in certain countries.

The Executive Board of ING Group believes that these limitations will not affect the ability of ING Group to pay dividends to its shareholders in the future.

5.2.4. Subordinated loans

Subordinated loans includes the 10% subordinated debenture loan issued by ING Groep N.V. in 1991, due on March 15, 2001 with a balance sheet value of EUR 485 million (1999: EUR 485 million).

The number of debentures held by group companies as at December 31, 2000 was 108,264 with a balance sheet value of EUR 49 million (1999: 49,131 with a balance sheet value of EUR 22 million).

The following unsecured subordinated loans from group companies to ING Groep N.V., which may be renewable at their due dates at the then prevailing market rates, are included in *Subordinated loans:*

			2000	1999
Interest rate	**Year of issue**	**Due date**	**Balance sheet value**	
8.439	2000	December 31, 2010	1,612	
9.2	2000	June 30, 2030	269	
7.7	1999	June 29, 2029	538	498
			2,419	**498**

5.2.5. Other liabilities

	2000	1999
Debenture loans	4,704	1,454
Amounts owed to group companies	443	4,008
Other amounts owed and accrued liabilities	190	288
	5,337	**5,750**

The Debenture loans can be analyzed as follows:

			2000	1999
Interest rate	**Year of issue**	**Due date**	**Balance sheet value**	
6.125	2000	January 4, 2011	1,000	
6	2000	August 1, 2007	750	
5.5	2000	May 11, 2005	1,500	
5.5	1999	September 14, 2009	1,000	1,000
7.125	1994	June 28, 2004	454	454

The number of debentures held by group companies as at December 31, 2000 was 241,082 with a balance sheet value of EUR 253 million (1999: 31,150 with a balance sheet value of EUR 15 million).

Amounts are in millions of euros, unless otherwise stated

Analysis of the Amounts owed to group companies by remaining term:

	2000	1999
– up to one year	424	899
– one year to five years		125
– over five years	19	2,984
	443	**4,008**

Amsterdam, March 1, 2001

The Supervisory Board,

Cor Herkströter, *Chairman*
Ger Verhagen, *Vice-Chairman*
Mijndert Ververs, *Vice-Chairman*
Lutgart van den Berghe
Jan Berghuis
Paul van der Heijden
Aad Jacobs
Jan Kamminga
Paul Baron de Meester
Johan Stekelenburg
Hans Tietmeyer
Jan Timmer

The Executive Board,

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

6. DIFFERENCES BETWEEN DUTCH AND US ACCOUNTING PRINCIPLES

6.1. Valuation and income recognition differences between Dutch and U.S. accounting principles

The consolidated financial statements of ING Group are presented in accordance with accounting principles generally applied in the Netherlands ('Dutch GAAP'). Dutch GAAP differs in certain respects from accounting principles generally accepted in the United States of America ('US GAAP'). The following is a summary of the significant differences.

a. *Purchase accounting and Goodwill.*

Goodwill, which represents the difference between the purchase price and the fair value of the net assets acquired, is debited or credited in full to shareholders' equity at transaction date.

Under US GAAP, such goodwill is capitalized and amortized over the expected periods to be benefited with adjustments for impairment, based on estimated undiscounted future cash flows. Additionally the amount of goodwill can be different in the detailed allocation of the purchase price to underlying assets and liabilities.

Under Dutch GAAP, ING Group accounted for the 1991 merger of its insurance and banking businesses under the pooling of interests method. As such, the balance sheets and operating statements of the two businesses were effectively combined and no adjustments to the carrying values of the assets and liabilities were made. Under US GAAP, this merger was accounted for according to the purchase method. Because the purchase price was less than the estimated fair value of the net assets acquired, negative goodwill was created, which will be amortized over the 10-year period beginning March, 1991.

b. *Real estate.*

Investments in land and buildings are generally carried at their fair values, based on values prevailing at acquisition or on subsequent, periodic appraisals. These properties are not depreciated. Impairment losses are first charged against the revaluation reserves existing for the individual real estate. Any remaining impairment losses are charged to the profit and loss account. Results on disposal of real estate are charged to the profit and loss account.
US GAAP distinguishes between real estate properties held for own use and real estate held for investments. Properties held for own use are generally carried at historical cost less accumulated depreciation, but the carrying amounts may be adjusted for any impairment in value; depreciation is provided over the estimated economic life of the property. Properties held for investment are generally carried at the lower of cost or net realizable value, and are adjusted for any impairment in value; depreciation is provided over the estimated economic life of the property. Results on disposal of real estate are charged to the profit and loss account.

c. *Valuation of debt securities.*

Debt securities held for investment, other than zero-coupon bonds, are carried at redemption value. Premiums or discounts arising at acquisition are recorded separately and amortized over the estimated life of the portfolio on a straight line basis. Zero-coupon bonds are carried at amortized cost. Additionally, debt securities are recorded net of a provision for credit losses.

Under US GAAP, investments in debt securities must be classified as either:
(i) trading, which are valued at fair value with changes in fair value recorded through current period earnings;
(ii) held-to-maturity, which are carried at amortized cost, or;
(iii) available-for-sale, which are carried at fair value with changes in fair value recorded as a separate component of shareholders' equity.

Premiums and discounts arising from acquisition are amortized to interest income using the effective yield method over the contractual life of the securities.

Allowances for credit losses on debt securities are not permitted. Individual securities classified as either available-for-sale or held-to-maturity are subject to review to determine whether a decline in fair value below amortized cost is other than temporary. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security is written down to fair value as the new cost basis and the amount of the write down is included in the profit and loss account.

Revaluation of debt securities classified as available-for-sale to fair value results in a reconciling item to shareholders' equity. A portion of this reconciliation relates to assets held in support of policies in the Netherlands where the policyholder shares in the profits of the company. Although unrealized gains on these assets are included in shareholders' equity for US GAAP purposes, as these gains are realized a portion may be passed to policyholders, at the discretion of the company.

d. Realized results on sales of debt securities.

Realized gains and losses on sales of investments in debt securities are deferred as part of the provision for yield differences and amortized on a straight-line basis over the estimated average remaining life of the portfolio.

Under US GAAP, realized gains and losses on sales of investments in debt securities are recorded in the earnings of the period in which the sales occurred.

e. Accounting for derivative financial instruments held for risk management purposes.

Under Dutch GAAP, derivative financial instruments, primarily interest rate swap contracts, used to manage interest rate risk are accounted for as off-balance sheet transactions. The related interest income and expense is accounted for on a basis in conformity with the hedged position, primarily on an accrual basis. ING's risk management activities are conducted on an overall basis without, through December 31, 1996, specifically designating derivative contracts as hedges of individual assets or liabilities.

US GAAP requires that derivatives be carried at fair value with changes in fair value recorded in income unless specified criteria are met to obtain hedge accounting treatment. One of such specified criteria, which ING has not fully complied with, is the specific contemporaneous designation of each derivative contract as a hedge of specific assets, liabilities, or pools of similar items. Beginning January 1, 1997, certain interest rate swap agreements are designated with pools of similar assets or liabilities, e.g. fixed rate mortgage loans and fixed rate deposits. In addition, the notional amounts (or durations) of interest rate swap agreements in excess of principal amounts (or maturities) of the underlying pool of assets or liabilities are recorded as an asset or liability in the US GAAP balance sheet at fair value, with changes in fair value recorded in income. Accordingly the risk management derivatives that do not meet the US GAAP hedging criteria are carried at fair value with changes in fair value recognized in current period earnings.

f. Deferred acquisition costs of insurance contracts.

Under both Dutch and US GAAP, costs that vary with and are directly related to the acquisition of life insurance contracts are deferred and amortized.

Under Dutch GAAP, deferred acquisition costs are amortized in proportion to future premiums. Under US GAAP, deferred acquisition costs of traditional insurance contracts are likewise amortized in proportion to future premiums.

For universal-life type contracts, investment contracts and for participating individual life insurance contracts in the Netherlands, US GAAP requires that deferred acquisition costs be amortized at a constant rate based on the present value of the estimated gross profit margins expected to be realized over the life of the book of contracts.

In addition, in accordance with SFAS 115, deferred acquisition costs related to universal-life type contracts, investment contracts and participating individual life insurance contracts under Dutch GAAP are adjusted to reflect changes that would have been necessary if unrealized investment gains and losses related to available-for-sale securities had been realized. The SFAS 115 adjustment to deferred acquisition costs is an adjustment to equity that is not taken through net profit. As a result of this adjustment US GAAP equity has been reduced by EUR 37 million until 2000. (increased by EUR 112 million until 1999).

g. *General provisions.*

Under Dutch GAAP, as applied prior to 1998, liabilities could be set up under certain conditions, for expenses that will be incurred in the future, such as expenses relating to information technology systems enhancement.

Under US GAAP, the criteria for setting up liabilities are more stringent and include, among others, that a liability is incurred at the date of the financial statements for such costs.

With effect from the 1998 financial year, the ING principles for the determination of provision have been changed. As from year-end 2000, all general provisions are in accordance with US GAAP except that general provisions are discounted using a pre-tax discount rate to reflect the time value of money.

h. *Pension liabilities and pension costs.*

For most ING Group employees, separate funds have been created for pension entitlements. These funds are separate legal entities outside the control of ING Group.

From January 1,1998, ING Group has accounted for pension liabilities and pension expenses under International Accounting Standard 19 (revised 1998), with transition taken as January 1, 1997. Under International Accounting Standard 19 the pension expense is based on a specific method of actuarial valuation of projected plan liabilities for accrued service including future salary indexation. Assets are taken at fair value.

Amounts recognized as expense may differ from amounts funded in the same year. The accrual of pension expense is intended to effectively match the full cost of the expected pension benefits to the period of employee service.

A liability (or asset) is recognized for the excess (or deficiency) of plan liabilities over plan assets at transition, subsequently adjusted by the extent that the current year’s expense differs from the current year’s payments to the funds.

The pension expense under US GAAP is based on the same method of valuation of liabilities and assets. Differences in the level of expense and liabilities (or assets) occur due to the different transition date under US GAAP.

i. *Post-employment benefits.*

From January 1, 1998, ING Group has accounted for post employment benefit liabilities and expenses under International Accounting Standard 19 (revised 1998), with transition taken as January 1, 1997.

Expenses and liabilities are determined under a similar methodology as described under pensions.

The benefit expense under US GAAP is based on the same method of valuation of liabilities. Differences in the level of expense and liabilities occur due to the different transition date under US GAAP.

j. *Post-retirement benefits.*

From January 1, 1998, ING Group has accounted for post retirement liabilities and expenses under International Accounting Standard 19 (revised 1998), with transition taken as January 1, 1997.

Expenses and liabilities are determined under a similar methodology as described under pensions.

The benefit expense under US GAAP is based on the same method of valuation of liabilities. Differences in the level of expense and liabilities occur due to the different transition date under US GAAP.

k. *Provision for life policy liabilities.*

The provision for life policy liabilities, under both Dutch and US GAAP, is calculated based on the benefits attributable to the policyholders as set out in the insurance contracts.

Under both Dutch and US GAAP, the liability for life policy benefits for traditional life insurance contracts is computed using a net level premium method with assumptions such as expected investment yields, mortality, morbidity, terminations and expenses consistent with the provisions of SFAS 60, 'Accounting and Reporting by Insurance Enterprises.' These assumptions are based on expectations at the time the insurance contracts are made and include a provision for adverse deviation. Additionally, under both Dutch and US GAAP, the adequacy of the provision for life policy benefits is evaluated each year and is augmented if necessary. The principal difference between Dutch and US GAAP relates to applied investment yields for certain Group companies.

Under both Dutch and US GAAP, the liability for life policy benefits for universal life and investment type contracts as described in SFAS 97, 'Accounting and Reporting by Insurance Enterprises for Certain Long-Duration Contracts and for Realized Gains and Losses from the Sale of Investments', is equal to the balance that accrues to the benefit of policyholders at the balance sheet date.

These contracts include policies where the policyholder bears the investment risk, annual life funds and unit-linked policies. Investments related to such contracts are segregated and the majority are valued at fair value with changes in fair value recorded through current period earnings for both Dutch and US GAAP.

In the Netherlands, the principal individual life insurance contracts sold by the subsidiaries of ING Group provide for bonuses and distributions on account of interest or underwriting experience to policyholders based on the overall results of the operations. Such amounts are generally credited in the form of additional paid-up insurance.
Participating insurance contracts with such features are traditionally sold in the United States by mutual insurance companies. Under both Dutch and US GAAP, the liability for these types of contracts is equal to the net level reserve consistent with the provisions of SFAS. 120, 'Accounting and Reporting by Mutual Life Enterprises and by Insurance Enterprises for Certain Long-Duration Participating Contracts'.

l. *Provision for future catastrophe and other accidental losses*

ING Group carries other insurance provisions for potential exposure to future losses. Amongst these is a non-life provision for future catastrophe and other accidental losses. The yearly additions to the catastrophe provision are based on estimates of premiums for external reinsurance. The provision implicitly accrues loadings for catastrophe risks included in gross premium revenues.

Under US GAAP, these provisions are not allowed, since such losses are recorded in the period they are incurred.

m. Valuation and profit recognition of equity participations.

This item relates to certain shareholdings, which are held for sale, and which are carried at either the lower of cost or market value or at net asset value. Dividends received and realized gains and losses on the sale of these shareholdings are charged to the profit and loss account.

Under US GAAP, these shareholdings are accounted for at either fair value with changes in fair value recorded in shareholders' equity, or, in cases where significant influence can be exercised by the shareholders, by the equity method. Also under US GAAP, criteria on recognition of gains and losses on the sale of these investments are more stringent. As a result, profit on sale of a company was recognized in the year 2000 under Dutch GAAP and in the year 2001 under US GAAP because the sale was formally concluded in the year 2001.

Amounts are in millions of euros, unless otherwise stated

6.2. Reconciliation of Dutch GAAP shareholders' equity and net profit to U.S. GAAP:

	Shareholders' equity		Net profit		
	2000	**1999**	**2000**	**1999**	**1998**
Amounts determined in accordance with Dutch GAAP:	**25,274**	**34,556**	**11,984**	**4,922**	**2,669**
Adjustments in respect of:					
a. Goodwill:					
Goodwill associated with acquisitions	16,287	5,324	(429)[1]	(517)	(810)
Negative goodwill associated with the 1991 merger		(32)	32	27	27
b. Real estate:					
Valuation	(3,025)	(2,142)	(198)	(198)	(167)
Realized gains and losses on sales			31	95	7
c. Valuation of debt securities	1,200	272	14	44	138
d. Realized results on sales of debt securities:					
Realized gains and losses on sales			16	74	928
Reversal of provision for yield differences	1,218	992	(228)	(188)	(449)
Amortization of premiums and discounts			(561)	(338)	(194)
e. Accounting for derivative financial held for risk management	258	112	98	(355)	327
f. Deferred acquisition costs of insurance contracts	411	489	184	94	7
g. General provisions		215	(215)	(224)	(143)
h. Pension liabilities and pension costs	(735)	(755)	18	64	68
i. Post-employment benefits	79	23	50	(3)	(2)
j. Post-retirement benefits	21	28	(2)	16	12
k. Provision for life policy liabilities	(166)	(80)	(7)	(35)	2
l. Provision for future catastrophe and other accidental losses	348	337	4	19	17
m. Valuation and profit recognition of equity participations	334	856	(221)	(37)	8
Sub-total	16,230	5,639	(1,414)	(1,462)	(224)
Tax effect of the adjustments	(101)	(179)	(355)	(330)	98
Total adjustments	16,331	5,818	(1,059)	(1,132)	(322)
Amounts determined in accordance with US GAAP:	**41,605**	**40,374**	**10,925**	**3,790**	**2,347**

(1) The adjustment recorded in 2000 for goodwill associated with acquisitions has been reduced by EUR 608 million as a result of a change in German tax law. Under Dutch GAAP, the release of deferred tax liabilities related to a prior acquisition of a group company is credited to equity as an adjustment to goodwill when the tax law is enacted. Under US GAAP, the adjustment is included in income from continuing operations for the period that included the enactment date.

Amounts are in millions of euros, unless otherwise stated

6.3. Net profit per share

	2000	1999	1998
Net profit determined in accordance with Dutch GAAP	11,984	4,922	2,669
Reconciling adjustments to net profit U.S. GAAP	(1,059)	(1,132)	(322)
Net profit determined in accordance with U.S. GAAP	10,925	3,790	2,347
Dividend on preference shares	(21)	(21)	(21)
Net profit available for ordinary shares:			
– Dutch GAAP	11,963	4,901	2,648
– U.S. GAAP	10,904	3,769	2,326
Weighted average ordinary shares outstanding	953.9	957.8	931.8
Effect of dilutive securities:			
– Warrants	13.2	13.9	17.3
– Stock-plans			0.5
	13.2	13.9	17.8
Weighted average ordinary shares adjusted for diluted computation	967.1	971.7	949.6
Basic earnings per share:			
– Dutch GAAP	12.54	5.12	2.84
– U.S. GAAP	11.43	3.94	2.50
Diluted earnings per share:			
– Dutch GAAP	12.37	5.04	2.79
– U.S. GAAP	11.27	3.88	2.45

Method of computation of basic and diluted earnings per share has been described in note 3.5.

6.4. Presentation differences between Dutch and US accounting principles

In addition to the differences in valuation and income recognition principles, other differences, essentially related to presentation, exist between Dutch and U.S. GAAP. Although these differences do not cause differences between Dutch and U.S. GAAP reported net profit and/or shareholders' equity, it may be useful to understand them to better interpret the financial statements presented in accordance with Dutch GAAP. The following is a summary of the classification differences that pertain to the basic financial statements.

a. Tangible fixed assets, comprised primarily of data processing equipment and other movable assets used in the company's operations, are presented as a separate item in the balance sheet.

   Under U.S. GAAP, such assets are presented, together with all other assets used in the company's operations, under Property and equipment.

b. Real estate properties in use by ING Group's operating entities are presented as an investment, and the related rental income as investment income and operating expense.

   Under U.S. GAAP, real estate owned and occupied by a business unit is presented separately under the caption Property and equipment, and the impact of rental income and expense is eliminated from the profit and loss account.

c. Equity securities of shareholdings in enterprises in the same industries as ING Group and certain receivables from the same enterprises are reported as participating interests, regardless of whether they are accounted for using the equity method.

   Under U.S. GAAP, only shareholdings which are accounted for under the equity method are presented separately from other investments in equity securities.

d. Investments for the risk of policyholders, interest in investment pools and deposits with reinsurers are included in Investments.

   Under U.S. GAAP, investments for the risk of policyholders are included in Separate accounts and interests in investment pools and deposits with reinsurers are included in Other assets.

e. Assets, other than real estate, under operational lease contracts are classified as Lending.

   Under U.S. GAAP, assets under operational lease contracts are included in Other assets.

f. The balance sheet value of derivative contracts is included in Other assets and Other liabilities.

   Under U.S. GAAP the gross positive and negative fair values of derivatives that are considered to be held for trading purposes are presented under Trading account assets and Trading account liabilities.

g. Reinsurance recoverables on claims are recorded as an offset to the insurance provisions. Reinsurance ceded results are included in Underwriting Expenditure.

   Under U.S. GAAP, the insurance liabilities are presented on a gross basis and the reinsured portion as an asset under Reinsurance receivables. Reinsurance ceded results are applied to each appropriate caption of the profit and loss account.

h. Premium income of the non-life operations is presented on a written basis, with the change in unearned premiums reported as an underwriting expenditure.

   Under U.S. GAAP, non-life premium income is presented on an as earned basis.

i. Premiums collected on universal-life type contracts and insurance contracts that do not expose the company to significant mortality or morbidity risks are reported as premium income and the allocation of these premiums to the provision for life policy benefits as an underwriting expense.

   Under U.S. GAAP, premiums collected on these types of products are not reported as revenue in the profit and loss accounts; revenues from these products are amounts assessed against policyholders and are reported in the period that the amounts are assessed unless evidence indicates that the amounts are designed to compensate for services provided over more than one period.

j. Death and surrender benefits paid on universal-life type contracts and the corresponding release of the provision for life policy benefits are reported separately as underwriting expenses in the profit and loss accounts.

   Under U.S. GAAP, these items are not reported separately; benefits paid from these products are the amounts paid in excess of the related release of the provision for life policy benefits.

k. Interest paid to contract holders of guaranteed investment contracts is reported as an investment expense that is netted against investment income.

   Under U.S. GAAP, the interest paid to contract holders of guaranteed investment contracts is reported as an underwriting expense and not netted against investment income.

l. Short-term and long-term borrowings are included in the following captions: funds entrusted to and debt securities of the banking operations and other liabilities.

Under U.S. GAAP, short-term borrowings are presented separately from long term borrowings.

m. If the financial statements had been prepared in accordance with U.S. GAAP, certain items, which are included in interest income and expense, would have been classified differently. Included in these captions are, among others, the amortization of realized gains (losses) on sales of certain financial instruments used in interest rate risk management which have been deferred, results of interest arbitrage transactions and certain loan fees.

Under U.S. GAAP, realized gains (losses) on sales of financial instruments are classified as either trading income or separately as results from sales. Results of interest arbitrage transactions are included in trading income under U.S. GAAP.

n. Investment expenditures include certain amounts for interest charges and value adjustments to investments as well as administrative expenses.

Under U.S. GAAP, investment expenditures would generally only include administrative expenses.

o. All financial information related to health and disability insurance is incorporated under the segment ‘non-life’.

Under U.S. GAAP, financial information related to these classes of insurance is incorporated under the segment ‘life’.

Amounts are in millions of euros, unless otherwise stated

6.5. Condensed consolidated balance sheet

The following is a condensed consolidated balance sheet of ING Group, for the years ended December 31, 2000 and 1999, restated to reflect the impacts of the valuation and presentation differences between Dutch and U.S. GAAP.

	2000		1999	
	U.S. GAAP	Dutch GAAP	U.S. GAAP	Dutch GAAP
Assets				
Total investments	189,373	277,176	157,980	195,806
Separate accounts	81,947		33,522	
Trading account assets	51,074	28,273	32,831	20,719
Loans	244,583	246,807	199,842	201,798
Banks	44,132	44,132	41,911	41,911
Cash and due from banks	6,337	6,337	4,978	4,978
Participating interests	1,017	2,372	606	3,265
Reinsurance receivables	9,555	611	2,473	279
Other receivables	16,991	16,789	6,289	6,108
Deferred policy acquisition costs	11,065	10,653	4,763	4,274
Goodwill	16,287		5,324	
Property and equipment	5,731	2,129	4,027	1,937
Other assets	15,263	14,893	15,130	11,740
Total assets	**693,355**	**650,172**	**509,676**	**492,815**
Liabilities				
Future policy benefits, claims reserves, other policyholder funds and unearned premiums	208,885	200,153	109,384	107,475
Deposits	186,564	252,816	158,900	224,806
Banks	94,675	94,675	75,265	75,265
Trading account liabilities	21,201		9,946	
Short-term borrowings and current maturities of long-term debt	45,622		70,484	
Long-term borrowings, excluding current maturities	48,878		12,892	
Other liabilities	42,415	73,547	31,134	49,244
Total liabilities	**648,240**	**621,191**	**468,005**	**456,790**
Minority interests	3,510	3,707	1,297	1,469
Shareholders' equity	41,605	25,274	40,374	34,556
Total liabilities, minority interests and shareholders' equity	**693,355**	**650,172**	**509,676**	**492,815**

Amounts are in millions of euros, unless otherwise stated

6.6. Condensed consolidated profit and loss account

The following is a condensed consolidated profit and loss account of ING Group, for the years ended December 31, 2000, 1999 and 1998 to reflect the impacts of the valuation and presentation differences between Dutch and U.S. GAAP.

	2000		1999		1998	
	U.S. GAAP	Dutch GAAP	U.S. GAAP	Dutch GAAP	U.S. GAAP	Dutch GAAP
Revenues	50,636	58,584	35,715	45,727	28,789	38,071
Expenses	38,081	44,615	31,097	39,653	25,509	34,567
Income before taxes and dividends on own shares	12,555	13,969	4,618	6,074	3,280	3,504
Profit before income taxes	12,555	13,969	4,618	6,074	3,280	3,504
Income taxes	1,483	1,838	729	1,059	886	788
Profit after income taxes	11,072	12,131	3,889	5,015	2,394	2,716
Minority interests	147	147	99	93	47	47
Net profit	**10,925**	**11,984**	**3,790**	**4,922**	**2,347**	**2,669**

6.7. Newly issued accounting standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ('SFAS 133'), 'Accounting for Derivative Instruments and Hedging Activities'. SFAS 133 requires that all derivative instruments, including certain derivative instruments embedded in other contracts, be recorded on the balance sheet, as either an asset or liability, measured at its fair value. The change in a derivative's fair value is generally to be recognized in current period earnings. However, if certain conditions are met, a derivative may be specifically designated as a hedge of an exposure to changes in fair value, variability of cash flows, or certain foreign currency exposures. When designated as a hedge, the fair value should be recognized currently in earnings or other comprehensive income, depending on whether such designation is considered a fair value or as a cash flow hedge. With respect to fair value hedges, the fair value of the derivative, as well as changes in the fair value of the hedged item, are reported in earnings. For cash flow hedges, changes in the derivative's fair value are reported in other comprehensive income and subsequently reclassified into earnings when the hedged item affects earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. SFAS 133 is applicable for financial years beginning after June 15, 2000. ING Group has adopt SFAS 133 as of January 1, 2001 and non-trading derivatives that do not qualify as hedges under SFAS 133 as of January 1, 2001, are recorded at fair value with changes in fair value included in earnings. The initial revaluation of these derivatives at adoption of the new rules are recorded as cumulative effects of a change in accounting principle, after tax, in the US GAAP profit and loss account. Application of SFAS 133 does not have a material effect on ING Group's US GAAP equity as of January 1, 2001.

In September 2000, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 140 ('SFAS 140'), 'Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities', that replaces SFAS 125. SFAS 140 primarily relating to transfers of financial assets and securitizations that differ from provisions of SFAS 125 and are effective for transfers taking place after March 31, 2001. It is not expected that there will be a material effect on the financial statements of ING Group.

Under Dutch law, it is expected that goodwill related to acquisition as from January 1, 2002, should be recognized as an asset and amortized over its useful life. The impact that this change will have on ING Group's financial position and results of operations will be dependent on the amount of goodwill related to new acquisitions after the effective date of the change in the law.

Amounts are in millions of euros, unless otherwise stated

7. ADDITIONAL INFORMATION REQUIRED UNDER U.S. GAAP

7.1. Investments

Debt securities include fixed-interest securities, with the exception of mortgage loans and policy loans. Following is a summary of investments in marketable securities at December 31, 2000 and 1999. Amounts reported in the column 'Balance Sheet Value' correspond to the Dutch GAAP balance sheet value.

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Balance sheet value
December 31, 2000					
Debt securities available-for-sale:					
– Dutch Government	8,802	476	99	9,179	8,858
– Foreign Governments	41,912	1,158	248	42,822	41,266
– Corporate debt securities	49,756	742	799	49,699	49,996
– Mortgage-backed securities	15,052	419	273	15,198	15,464
– Other	20,164	273	183	20,255	20,567
Sub-total	135,686	3,068	1,602	137,153	136,151
Shares and convertible debentures	12,363	10,402	613	22,152	22,152
Total	**148,049**	**13,470**	**2,215**	**159,305**	**158,303**

	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value	Balance sheet value
December 31, 1999					
Debt securities available-for-sale:					
– Dutch Government	13,223	561	231	13,553	13,239
– Foreign Governments	44,713	998	681	45,030	43,902
– Corporate debt securities	23,226	441	736	22,931	22,957
– Mortgage-backed securities	10,456	149	412	10,193	10,773
– Other	15,179	243	176	15,246	15,170
Sub-total	106,797	2,392	2,236	106,953	106,041
Shares and convertible debentures	12,734	17,512	882	29,364	29,364
Total	**119,531**	**19,904**	**3,118**	**136,317**	**135,405**

Maturities of debt securities
The amortized cost and estimated fair value of debt securities by contractual maturity are shown below. Expected maturities may differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without penalties.

Amounts are in millions of euros, unless otherwise stated

	2000	
	Amortized cost	Estimated fair value
– Within one year	18,231	18,318
– After 1 year through 5 years	35,623	36,504
– After 5 years through 10 years	34,276	34,298
– After 10 years	32,089	32,320
– Without maturity	415	516
– Mortgage-backed securities	15,052	15,197
Total	**135,686**	**137,153**

Proceeds on sales of investments in debt securities, shares and convertible debentures
During the years ended December 31, 2000 and 1999, proceeds from sales of debt securities were EUR 91,938 million and EUR 79,213 million, respectively. For the same periods, proceeds from sales of shares and convertible debentures were EUR 18,467 million and EUR 3,282 million, respectively.

Realized gains and losses on sales of debt securities and termination of derivative financial instruments
Under Dutch GAAP, debt securities are stated under Investments at redemption value. The difference between redemption value and the purchase price is included as a provision for yield difference in either Accrued liabilities or Accrued assets. Realized gains and losses on sales of debt securities are calculated as the difference between the proceeds and the redemption values and are also included in the provision for yield difference. The provision for yield differences also includes realized results on the termination of derivative financial instruments. The provision for yield difference is amortized over the estimated average remaining life to maturity of the portfolio.

The changes in the provision for yield difference are as follows:

	2000	1999
Opening balance	1,530	668
Additions	195	1,397
Amortization	(441)	(517)
Foreign currency translation adjustments	30	(18)
Ending balance	**1,314**	**1,530**

Realized and unrealized results on shares and convertible debentures
The amounts can be analyzed as follows:

	2000	1999
Realized gains and losses	7,814	565
Unrealized gains and losses	(7,266)	2,331
Total	**548**	**2,896**

7.2. Lending

Loans are stated at their outstanding principal balances. Interest income is accrued on the unpaid principal balance. Each of the business units within the banking operations of ING Group maintains its own system for servicing and monitoring past due loans. ING Group's international banking offices and subsidiaries generally account for delinquent loans in accordance with U.S. GAAP. Domestic banking offices follow the same policy for consumer mortgage and personal loans. For commercial loans combined with an overdraft facility, interest continues to accrue and is charged to that overdraft facility.

Amounts are in millions of euros, unless otherwise stated

The collectibility of the overdraft facility is evaluated with the primary loan on a regular basis, and a provision is established as deemed necessary in the judgment of management.

ING Group identifies loans as impaired as those loans for which it is probable that the principal and interest amounts contractually due will not be collected. ING Group evaluates all loans on non-accrual status for potential impairment as well as other loans of which management may have concerns as to the ultimate collectibility.

The following table summarizes ING Group's investments in impaired loans as of December 31. In accordance with SFAS 114, small balance homogeneous loans such as consumer mortgages and loans and small business loans are excluded from the definition of impaired loans presented below.

	2000	**1999**
Total recorded investment in impaired loans at December 31	5,860	5,763
Amount of impaired loans for which a provision exists	4,280	4,279
Amount of provision related to impaired loans	2,554	2,422
Average recorded investment in impaired loans during the period	5,465	4,497
Interest income on impaired loans recognized in the period	261	192
Interest income on impaired loans recognized on a cash basis	137	110

7.3. Deferred tax assets

The net deferred tax assets amounting to EUR 2,888 million (1999: EUR 3,309 million) includes a provision for doubtful deferred tax assets of EUR 70 million (1999: EUR 0 million). The change in the provision were in 2000 EUR 70 million (1999: EUR (5) million).

7.4. Pension liabilities

In the main countries in which ING Group operates, employees' retirement arrangements which cover the majority of employees are provided by defined benefit plans based on average remuneration and length of service. These are generally externally funded, with assets of the plan held separately from those of ING Group in independently administered funds. Some smaller Dutch plans are fully insured with insurance companies of ING Group.

Where a constructive obligation exists by a business to provide benefits as established by a history of such benefits, these have been valued in accordance with International Accounting Standards.

Net periodic pension cost
The aggregate amount of the net periodic pension cost for the defined benefit pension plans computed in accordance with SFAS No. 87 is presented below.

	2000	**1999**
Service cost	284	260
Interest cost	427	333
Expected return on assets	(612)	(485)
Amortization of:		
Transition obligation (asset)	(17)	(17)
Actuarial (gain) loss	(31)	(46)
Net employer cost	**51**	**45**

Amounts are in millions of euros, unless otherwise stated

Projected benefit obligation

A detailed reconciliation of the Projected Benefit Obligation for the defined benefit retirement plans over 2000 and 1999 is presented in the following table:

	2000	1999
Net benefit obligation beginning of year	6,925	6,369
Service cost	284	260
Interest cost	427	333
Plan participants' contributions	7	9
Effect of prior service cost	24	4
Actuarial (gain) loss	78	373
Acquisitions	546	136
Settlements	(2)	(9)
Gross benefits paid	(225)	(218)
Currency (gain) loss	142	108
Other (transfer of plan from pension to post employment FAS 112)		(440)
Net benefit obligation at end of year	**8,206**	**6,925**

Fair value of plan assets

A detailed reconciliation of the Fair Value of Plan Assets for the defined benefit retirement plans over 2000 and 1999 is presented in the following table:

	2000	1999
Fair value of plan assets at beginning of year	8,114	7,327
Actual return on plan assets	346	875
Employer contributions	187	208
Plan participants' contributions	7	9
Acquisitions	553	
Annuity purchase		(11)
Gross benefits paid	(225)	(240)
Currency (gain) loss	33	186
Other (transfer of plan from pension to post employment FAS 112)		(240)
Fair value of plan assets	**9,015**	**8,114**

Funded status reconciliation

A detailed reconciliation of the funded status at December 31, 2000, 1999 and 1998 including amounts recognized in the ING Group's statement of financial position is presented in the following table:

	2000	1999	1998
Funded status at end of year	(809)	(1,190)	(958)
Unrecognized net actuarial gain (loss)	870	1,408	1,419
Unrecognized prior service cost	19	(3)	(2)
Unrecognized net transition (obligation) asset	50	67	82
Net amount recognized at end of year	**130**	**282**	**541**

Amounts are in millions of euros, unless otherwise stated

These amounts recognized in the statement of financial position consist of the following:

	2000	1999	1998
Prepaid benefit cost	(806)	(482)	(343)
Accrued benefit cost	936	764	884
Additional minimum liability	3	3	2
Intangible asset		(1)	(1)
Accumulated other comprehensive income	(3)	(2)	(1)
Net amount recognized at end of year	**130**	**282**	**541**

A breakdown of the Projected Benefit Obligation (PBO) and Fair Value of the Assets is given below:

	December 31, 2000		December 31, 1999		December 31, 1998	
	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets
PBO	7,408	798	6,451	474	5,757	612
Fair Value of Plan Assets	8,750	264	7,852	262	6,952	375

Financial assumptions

The weighted average of principal actuarial assumptions used for valuation purposes, rounded to the nearest 25 basis points, were:

	Dec. 31, 2000	Dec. 31, 1999	Dec. 31, 1998
Discount rate	6.25%	5.75%	5.00%
Salary increase	3.00%	2.75%	2.25%
Cost of living increase	2.25%	2.00%	1.50%

	2000	1999	1998
Expected return on assets	7.75%	6.75%	7.75%

All assumptions except the expected return on assets were weighted by projected benefit obligations. The expected rate of return on assets assumption was weighted by the fair value of assets.

Defined contribution plans

ING Group also operates a number of defined contribution plans covering employees of certain subsidiaries. The assets of all ING Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. The pension costs charged to the profit and loss account represent contributions payable by ING Group to the funds.

7.5 Post-retirement benefits other than pensions

ING Group provides post-retirement health care benefits to a number of retired employees in certain countries, principally the Netherlands and the United States, which are predominantly unfunded.

Valuation of the major Dutch plans assumes medical cost inflation of 2.75% (1999: 2.5%). The discount rate assumed at December 31, 2000 was 6.0% (1999: 5.75%). The valuation of the major US plans assume that medical cost inflation will fall from its current level of 8.5% (1999: 9.5%) over the next few years and reach a constant level of 5.5% (1999: 5.5%) in eight years. The weighted average discount rate assumed for the major US plans at December 31, 2000 was 7.75% (1999: 8%).

Amounts are in millions of euros, unless otherwise stated

Net periodic benefit cost

The following are the components of net periodic cost for the post-retirement healthcare plans.

	2000			1999		
	Non-U.S plans	U.S. plans	Total	Non-U.S. plans	U.S. plans	Total
Service cost	13	3	16	9	3	12
Interest cost	16	7	23	13	6	19
Amortization of:						
Transition obligation	1		1			
Prior service costs		(10)	(10)		(22)	(22)
Actuarial (gain) loss		1	1		2	2
Net employer cost	**30**	**1**	**31**	**22**	**(11)**	**11**

An increase of 1% in the assumed health care costs for each future year would have resulted in an additional accumulated projected benefit obligation of EUR 60 million at December 31, 2000 (1999: EUR 16 million) and an increase in the charge for the year of EUR 8 million (1999: EUR 3 million). A decrease of 1% in the assumed health care costs for each future year would have resulted in lower accumulated projected benefit obligation of EUR 60 million at December 31, 2000 (1999: EUR 13 million) and a decrease in the charge for the year of EUR 7 million (1999: EUR 1 million).

7.6 Post employment benefits

In the Netherlands ING Group provides post employment income benefits to eligible employees based on employee pensionable remuneration.

Net periodic benefit cost

The aggregate amount of net periodic benefit costs for the post employment benefit plans computed in accordance with SFAS No. 112 principles is presented below:

	2000	1999
Service cost	43	43
Interest cost	65	56
Expected return on assets	(11)	(12)
Amortization of:		
Actuarial (gain) loss	3	3
Net employer cost	**100**	**90**

Amounts are in millions of euros, unless otherwise stated

Projected benefit obligation

A detailed reconciliation of the Projected Benefit Obligation for the post employment benefit plans over 2000 and 1999 is presented in the following table:

	2000	1999
Net benefit obligation beginning of year	1,182	676
Service cost	43	43
Interest cost	65	56
Actuarial (gain) loss	12	43
Gross benefits paid	(71)	(76)
Other (transfer of plan from pension to post employment FAS 112)		440
Net benefit obligation at end of year	**1,231**	**1,182**

Fair value of plan assets

A detailed reconciliation of the Fair Value of Plan Assets for the defined benefit retirement plans over 2000 and 1999 is presented in the following table:

	2000	1999
Fair value of plan assets at beginning of year	240	
Actual return on plan assets	42	
Employer contributions	49	
Gross benefits paid	(71)	
Other (transfer of plan from pension to post employment FAS 112)		240
Fair value of plan assets	**260**	**240**

Funded status reconciliation

A detailed reconciliation of the funded status at December 31, 2000, 1999 and 1998 including amounts recognized in the ING Group's statement of financial position is presented in the following table:

	2000	1999	1998
Funded status at end of year	971	942	676
Unrecognized net actuarial gain (loss)	(28)	(45)	(40)
Net amount recognized at end of year	**943**	**897**	**636**

These amounts recognized in the statement of financial position consist of the following:

	2000	1999	1998
Accrued benefit cost	(943)	(897)	(636)
Net amount recognized at end of year	**(943)**	**(897)**	**(636)**

Amounts are in millions of euros, unless otherwise stated

A breakdown of the Projected Benefit Obligation (PBO) and Fair Value of the Assets is given below:

	December 31, 2000		December 31, 1999		December 31, 1998	
	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets	Assets exceed PBO	PBO exceeds assets
PBO		1,231		1,182		676
Fair Value of Plan Assets		260		240		

Financial assumptions

The weighted average of principal actuarial assumptions used for valuation purposes, rounded to the nearest 25 basis points, were:

	Dec 31, 2000	Dec 31, 1999	Dec 31, 1998
Discount rate	6.00%	5.75%	5.00%
Salary increase	2.75%	2.50%	1.75%
Cost of living increase	2.25%	2.00%	1.50%

	2000	1999	1998
Expected return on assets	6.00%	4.75%	4.75%

Expected return on assets is weighted by the fair value of assets. All other assumptions were weighted by projected benefit obligations.

Amounts are in millions of euros, unless otherwise stated

7.7. Analysis of the non-life liability for unpaid claims and claims adjustment expenses

Activity in the non-life liability for unpaid claims and claims adjustment expenses is as follows:

	2000	1999	1998
Gross opening balance at January 1	5,021	3,988	3,937
Less reinsurance recoverable	262	290	268
Net opening balance at January 1	**4,759**	**3,698**	**3,669**
Changes in composition of Group companies	86	484	(107)
Adjusted net opening balance at January 1	**4,845**	**4,182**	**3,562**
Add:			
Provision for losses and loss adjustment expenses for claims occurring in the current year, net of reinsurance	2,697	2,449	2,092
Decrease in estimated losses and loss adjustment expenses for claims occurring in prior years, net of reinsurance	(50)	(20)	(71)
Interest accrual of provision for disability losses	22	21	20
Total incurred losses and loss adjustment expenses, net of reinsurance	**2,669**	**2,450**	**2,041**
Deduct loss and loss adjustment expenses payments for claims, net of reinsurance, occurring during the:			
Current year	1,362	1,287	1,114
Prior years	991	893	676
Total paid, net of reinsurance	**2,353**	**2,180**	**1,790**
Foreign currency translation adjustments	34	259	(151)
Other changes	(109)	48	36
Net ending balance at December 31	**5,086**	**4,759**	**3,698**
Plus reinsurance recoverable	277	262	290
Gross ending balance at December 31	**5,363**	**5,021**	**3,988**

ING Group had an outstanding balance of EUR 86 million at December 31, 2000 (EUR 77 million at December 31 1999) relating to environmental and asbestos claims of the insurance operations. In establishing the liability for unpaid claims and claims adjustment expenses related to asbestos-related illness and toxic waste cleanup, the management of ING Group considers facts currently known and the current state of the law and coverage litigation. Liabilities are recognized for IBNR claims and for known claims (including the costs of related litigation) when sufficient information has been developed to indicate the involvement of a specific insurance policy, and management can reasonably estimate its liability. In addition, liabilities are reviewed and updated continually.

Amounts are in millions of euros, unless otherwise stated

7.8. Debt securities

The debt securities relate to debentures and other issued debt securities with either fixed interest rates or interest rates based on interest-rate levels, such as certificates of deposit and accepted bills issued by ING Group, except for subordinated items. ING Group does not have debt securities that are issued on terms other than those available in the normal course of business. The maturities of the debt securities are as follows:

			2000			1999
	Domestic	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Fixed rate debt securities						
– 1 year or less	4,445	29,130	33,575	10,410	25,012	35,422
– 2 years or less but over 1 year	1,829	2,477	4,306	933	3,334	4,267
– 3 years or less but over 2 years	795	3,416	4,211	1,110	1,993	3,103
– 4 years or less but over 3 years	1,069	2,624	3,693	793	2,023	2,816
– 5 years or less but over 4 years	635	986	1,621	962	3,767	4,729
– over five years	6,468	2,932	9,400	6,005	1,997	8,002
Total fixed rate debt securities	**15,241**	**41,565**	**56,806**	**20,213**	**38,126**	**58,339**
Floating rate debt securities						
– 1 year or less	729	402	1,131	165	603	768
– 2 years or less but over 1 year	368	812	1,180	413	361	774
– 3 years or less but over 2 years	1,746	380	2,126	27	242	269
– 4 years or less but over 3 years	500	1,092	1,592	1,157	373	1,530
– 5 years or less but over 4 years	72	768	840	500	1,028	1,528
– over five years	569	2,007	2,576	372	2,326	2,698
Total floating rate debt securities	**3,984**	**5,461**	**9,445**	**2,634**	**4,933**	**7,567**
Total debt securities	**19,225**	**47,026**	**66,251**	**22,847**	**43,059**	**65,906**

As of December 31, 2000, ING Group had unused lines of credit available for the banking operations, including the payment of commercial paper borrowings presented above as part of the debt securities, totaling EUR 3,571 million (1999: EUR 865 million). The commercial paper programs of the insurance operations are presented as part of Other liabilities, in Note 7.9.

Amounts are in millions of euros, unless otherwise stated

7.9. Borrowings

Maturities of borrowings presented as part of Other liabilities are as follows:

	December 31, 2000						
	2001	2002	2003	2004	2005	There after	Total
Subordinated loans of group companies	257	963	638	659	1,336	5,382	9,235
Debenture loans	122		992	640	2,644	5,888	10,286
Loans taken up	2,581	561	564	22	13	1,205	4,946
Loans from credit institutions	2,677	20	66	122	2	409	3,296
Total	**5,637**	**1,544**	**2,260**	**1,443**	**3,995**	**12,884**	**27,763**

	December 31, 1999						
	2000	2001	2002	2003	2004	There after	Total
Subordinated loans of group companies	205	449	838	767	604	4,879	7,742
Debenture loans	177	36		850	741	2,421	4,225
Loans taken up	3,343	27	1	290	26	312	3,999
Loans from credit institutions	853	9	9	60	8	94	1,033
Total	**4,578**	**521**	**848**	**1,967**	**1,379**	**7,706**	**16,999**

Commercial paper of the insurance operations, with a carrying value of EUR 3,676 million and EUR 2,693 million at December 31, 2000 and 1999, respectively, are included in Other liabilities. Lines of credit of EUR 2,196 million and EUR 2,838 million support various commercial paper programs at December 31, 2000 and 1999, respectively. Commercial paper borrowings of the banking operations are presented as part of the Funds entrusted to and debt securities of the banking operations. See Note 7.8.

Amounts are in millions of euros, unless otherwise stated

Debt issues are as follows:

Type of issue	Interest rate	Maturity date	Balance sheet amount 2000	Balance sheet amount 1999
Group companies' subordinated loans				
	4.07%	2001		117
	9.13%	2002	181	181
	8.63%	2002	179	186
	6.66%	2002	215	
	5.82%	2002		199
	5.30%	2003	100	
	6.45%	2003	108	
	9.25%	2003	102	102
	6.00%	2004	144	137
	5.85%	2005		299
	6.47%	2005	323	
	6.25%	2006	435	453
	6.63%	2006	102	102
	7.25%	2006	161	149
	6.00%	2007	292	322
	6.00%	2007	444	440
	5.38%	2008	310	341
	5.13%	2008	103	113
	4.63%	2009	492	507
	7.00%	2010	562	
	6.50%	2010	732	
	7.25%	2011	159	159
	4.66%	2015		151
	4.14%		172	124
Debentures loans				
	8.70%	2001		125
	3.04%	2003		273
	4.75%	2003	512	511
	5.75%	2003	273	
	6.63%	2003	127	
	3.06%	2004		101
	3.50%	2004	186	
	3.61%	2004		186
	7.10%	2004	454	454
	3.55%	2005		113
	3.75%	2005	197	
	5.50%	2005	1,500	
	6.25%	2005	113	
	7.00%	2005	172	160
	7.50%	2005	430	
	8.50%	2005	108	100
	8.63%	2005	123	
	3.56%	2006		375
	6.00%	2006	375	
	8.00%	2006	219	

Amounts are in millions of euros, unless otherwise stated

Type of issue	Interest rate	Maturity date	Balance sheet amount 2000	Balance sheet amount 1999
	5.88%	2007	340	340
	6.00%	2007	750	
	6.50%	2008	201	
	5.50%	2009	1,000	1,000
	6.25%	2009	113	113
	6.13%	2011	1,000	
	6.75%	2013	201	
	8.20%	2016	131	
	8.00%	2017	114	
	7.25%	2023	201	
	7.63%	2026	467	
	8.10%	2027	130	
	6.97%	2036	327	
Loans from credit institutions				
	5.05%	2004	101	
	6.11%	2006	174	
	6.80%	2008	135	
Loans taken up				
	7.00%	2002	538	
	6.12%	2003		290
	6.38%	2003	213	
	7.13%	2006	376	
	6.04%	2009	264	244
	6.36%	2009	493	
Other issues maturing in 2001			5,638	4,578
Issues less than EUR 100 million maturing beyond 2001			4,751	3,954
Total			**27,763**	**16,999**

Variable interest rate debts outstanding have been classified based on interest rates as at December 31, 2000 and December 31, 1999, respectively.

7.10. Preference shares of group companies

In December 2000, ING Capital Funding Trust III (the ‘trust III’), a wholly owned company of ING Group in the United States issued 1.5 million 8.439% non-cumulative guaranteed trust preference shares (the ‘8.439% trust preference shares’), with a liquidation preference of USD 1,000 per share, plus any accrued interest and unpaid dividend. The proceeds from the sale of the trust preference shares were invested in preference shares (‘company preference shares’) of ING Capital Funding III LLC (‘LLC III’), a limited liability company in the United States and a wholly owned company of ING Group. The LLC has used the proceeds from the sale of its company preference shares to purchase subordinated notes of ING Group.

In June 2000, ING Capital Funding Trust II (the ‘trust II’), a wholly owned company of ING Group in the United States issued 10 million 9.2% non-cumulative guaranteed trust preference shares (the ‘9.2% trust preference shares’), with a liquidation preference of USD 25 per share, plus any accrued interest and unpaid dividend. The proceeds from the sale of the trust preference shares were invested in preference shares (‘company preference shares’) of ING Capital Funding II LLC (‘LLC II’), a limited liability company in the United States and a wholly owned company of ING Group. The LLC has used the proceeds from the sale of its company preference shares to purchase subordinated notes of ING Group.

In June 1999, ING Capital Funding Trust I (the 'trust I'), a wholly owned company of ING Group in the United States issued 20 million 7.7% non-cumulative guaranteed trust preference shares (the 'trust preference shares'), with a liquidation preference of USD 25 per share, plus any accrued interest and unpaid dividend. The proceeds from the sale of the trust preference shares were invested in preference shares ('company preference shares') of ING Capital Funding I LLC ('LLC I'), a limited liability company in the United States and a wholly owned company of ING Group. The LLC has used the proceeds from the sale of its company preference shares to purchase subordinated notes of ING Group.

Trust I, II and III may redeem the trust preference shares for cash after June 25, 2004, June 25, 2005 and December 31, 2010 respectively or if certain special events occur. The company preference shares have substantially the same terms as the trust preference shares. ING Group has issued subordinated guarantees for the payment of the redemption price and the liquidation distribution on the trust preference shares and the company preference shares.

7.11. Derivative financial instruments

Derivatives are subject to various risks similar to those related to the underlying financial instruments, including market, credit and liquidity risk. The risks of derivatives should not be viewed in isolation but rather should be considered on an aggregate basis along with risks related to ING Group's non-derivative trading and other activities. ING Group manages derivative and non-derivative risks on an aggregate basis as part of its firm-wide risk management policies.

Market Risk.
Market risk is the potential for changes in the value of derivative financial instruments due to market changes, including interest and foreign exchange rate movements and fluctuations in commodity and security prices. Market risk is directly influenced by the volatility and the liquidity in the markets in which the related underlying assets are traded.

Credit Risk.
Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. ING Group's exposure to the credit risk associated with counterparty non-performance is limited to the net positive replacement cost of OTC contracts. Options written do not give rise to counterparty credit risk since they obligate the Group (not its counterparty) to perform. Exchange traded financial instruments such as futures generally do not give rise to a significant counterparty exposure due to the margin requirements of the individual exchanges. For significant transactions, the Group's credit review process includes an evaluation of the counterparty's creditworthiness, periodic credit standing and obtaining collateral in certain circumstances. ING Group does not require collateral from its highly rated institutional counterparties. ING Group may require collateral from private client counterparties under certain circumstances. Under certain conditions, the credit risk can be reduced by entering into bilateral netting agreements. This kind of agreement gives the right to net off receivables and liabilities in respect of open derivatives contracts. ING Group entered into netting agreements with a significant number of its counterparties.

Liquidity Risk.
Liquidity risk is the possibility that ING Group may not be able to rapidly adjust the size of its derivative positions in times of high volatility and financial stress at a reasonable cost. The liquidity of derivative products is correlated to the liquidity of the underlying cash instrument.

Under Dutch GAAP, ING Group accounts for derivatives used for trading activity at market value. Changes in market value are recognized in current period profits through Result from financial transactions.

Derivatives held for purposes other than trading are used generally for two purposes-hedging purposes and to synthetically alter the interest rate characteristics of certain core business assets and liabilities. Interest rate swaps are primarily used to synthetically alter the interest rate characteristics of certain core business assets and liabilities. Beginning on January 1, 1997, certain interest rate swap agreements are designated with pools of similar assets or liabilities, e.g., fixed rate mortgage loans and fixed rate deposits. Interest income and interest expense related to swaps held for purposes other than trading are accrued and the net amount is recognized in current period profits through Interest from banking operations. Unrealized gains and losses are not recognized on the balance sheet. ING Group does not receive or pay fees or commissions related to swap contracts.

ING Group's use of these instruments is modified from time-to-time in response to changing market conditions as well as changes in the mix of the related assets and liabilities. Realized gains and losses upon termination of these swaps are deferred and amortized over a period, which approximates the average remaining life of the portfolio. Amortization is recorded through Interest from banking operations.

Forward and option interest rate contracts held for other than trading purposes are either carried at historical cost or at market value, depending on the carrying value of the related asset or liability. The exchange rate component of forwards is marked to market with changes in market value charged to current period earnings. Premiums paid for purchased options are deferred and recognized as an expense upon maturity of the related contracts. Initial margin requirements of organized exchanges are accounted for as Other assets.

ING Group also uses swaps and forward currency contracts to hedge its exposure to foreign exchange rate risk related to certain foreign currency denominated assets and liabilities. These swaps and forward contracts are carried at market value and are recorded as Other assets or Other liabilities in the accompanying consolidated balance sheet. Changes in market values of these swaps and forwards, hedging the foreign exchange rate risk, are recorded in current period profits in Results from financial transactions. For swaps and forward contracts which are designated as hedges of net investments in subsidiaries with foreign currency exposure, changes in market values are recorded in the revaluation reserve component of shareholders' equity.

Trading activity
ING Group trades derivative financial instruments on behalf of clients and for proprietary positions. Derivative financial instruments used for risk management purposes incorporated into composite trading portfolio's, are also reported as held for trading purposes.

All derivative financial instruments held for trading purposes are reported at fair value and the changes in fair value are recorded as they occur, as part of the Results from financial transactions in Other income.

The Result from securities trading portfolio includes trading results on fixed income and equity securities and the trading results in respect of certain derivative financial instruments such as equity options and futures. The trading results in respect of currency forward contracts, currency options and currency swaps are reported as part of the Result from currency trading portfolio. Other result includes among other, the trading revenue in respect of other derivative financial instruments. Because of their nature, the trading results in respect of interest rate swaps and interest rate futures are reported partially as part of Result from securities trading portfolio and partially as part of Other result.

Amounts are in millions of euros, unless otherwise stated

The following table reflects the notional amounts and gross fair values of trading derivative financial instruments. All significant intercompany contracts have been excluded. The ending net fair value is included on the consolidated balance sheet under Other assets.

					2000					**1999**
	Notional amount	**Average**		**Ending**		**Notional amount**	**Average**		**Ending**	
		Positive fair value	**Negative fair value**	**Positive fair value**	**Negative fair value**		**Positive fair value**	**Negative fair value**	**Positive fair value**	**Negative fair value**
Interest-rate contracts										
OTC										
– swaps	423,518	4,716	4,366	5,625	5,142	388,463	6,176	5,512	5,073	4,478
– forwards	64,540	100	73	71	84	88,694	117	111	114	86
– options										
– purchased	34,581	1,479	1	3,191	1	35,305	237		206	
– written	25,151	5	1,292	5	2,471	30,340	27	193	27	183
Listed										
– options										
– purchased	3,811	3		2		14,961				
– written	3,007		5		2	1,676				
– futures	11,823					14,673	3	156		
Currency contracts										
OTC										
– swaps	20,362	1,444	1,036	1,378	1,067	14,249	644	541	718	561
– forwards	241,560	3,042	3,126	5,158	5,868	110,660	1,834	1,780	1,814	1,913
– options										
– purchased	12,444	960		2,153		6,697	93		66	
– written	13,477		871		2,075	6,468	8	144		94
Listed										
– options										
– purchased										
– written										
– futures	727					578				
Equity contracts										
Over-the-counter:										
– swaps	1,600	51	48	53	49	308	24	26	21	25
– forwards	61	18	13	18	12	1	3		4	
– options purchased	4,408	653	1	577		5,209	761		1,009	
– options written	4,232	1	444		372	4,853		550		810
– futures										
Listed:										
– options purchased	5,775	644		1,444		3,545	484	2	481	3
– options written	6,658		623		1,911	4,566	4	1,133	8	1,139
– futures	394					425	74	5		
	878,129	**13,116**	**11,899**	**19,675**	**19,054**	**731,671**	**10,489**	**10,153**	**9,541**	**9,292**

Amounts are in millions of euros, unless otherwise stated

End-user activity

ING Group's principal objective in holding or issuing derivatives for purposes other than trading in risk management. The operations of ING Group are subject to a risk of interest rate fluctuations to the extent that there is a difference between the amount of interest-earning assets and the amount of interest-bearing liabilities that mature or reprice in specified periods. The principal objective of ING Group's asset/liability management activities is the management of interest rate risk and liquidity within parameters established by various management committees and approved by the Executive Board. To achieve its risk management objective, ING Group uses a combination of interest rate instruments, primarily interest rate swaps. When ING Group purchases foreign currency denominated debt or has foreign net investments, it subjects itself to changes in value as exchange rates move. These fluctuations are managed by entering into currency swaps, forwards and options.

The following table reflects the notional principal amounts and fair value of derivative financial instruments used for non-trading. All significant intercompany contracts have been excluded.

	2000			1999		
	Notional amounts	Ending fair value Assets	Ending fair value Liabilities	Notional amounts	Ending fair value Assets	Ending fair value Liabilities
Interest-rate contracts						
OTC swaps	208,153	3,442	3,264	177,009	3,081	3,175
– forwards	2,375	23	1	1,645	1	1
– options:						
– purchased	7,279	26		12,167	138	
– written	1,381		53	3,950		68
Listed						
– futures	481			4,672		
Currency contracts						
OTC swaps	12,171	296	629	17,974	365	964
– forwards	21,865	222	129	16,651	240	67
– options						
– purchased	305	16		367	1	
– written	290		16	315		1
Equity contracts						
OTC swaps	208	3	6			
– forwards				24		
– options:						
– purchased	3,020	330		2,498	287	
– written	2,192		463	2,117		353
Listed options						
– purchased				14	1	
– written	10		8			
– futures	5			186		
Other contracts						
OTC	108			299	19	
	259,843	**4,358**	**4,569**	**239,888**	**4,133**	**4,629**

Amounts are in millions of euros, unless otherwise stated

End-user Contracts:

	Notional principal amounts		Percentage of 2000 amount maturing			
	2000	1999	Within 1 year	1 to 5 years	Thereafter	Total
Interest Rate Contracts	219,669	199,443	39.08%	29.79%	15.68%	84.55%
Currency contracts	34,631	35,307	10.50%	1.77%	1.05%	13.32%
Equity contracts	5,435	4,839	0.54%	1.44%	0.11%	2.09%
Other contracts	108	299	0.04%			0.04%
Total	**259,843**	**239,888**	**50.16%**	**33.00%**	**16.84%**	**100.00%**

End-user Interest Rate Swaps:

	Notional amounts of contracts maturing as of December 31, 2000			
	Within 1 year	1 to 5 years	Thereafter	Total
Received fixed swaps				
Notional amounts	56.545	34.183	17.365	108.093
Weighted average received rate	5.37%	5.77%	5.66%	5.54%
Weighted average paid rate	5.19%	2.83%	3.46%	4.16%
Pay fixed swaps				
Notional amounts	40,702	37,037	20,019	97,758
Weighted average received rate	5.14%	5.64%	5.36%	5.37%
Weighted average paid rate	5.29%	4.29%	4.05%	4.66%
Other swaps				
Notional amounts	161	1,636	505	2,302
Weighted average received rate	5.41%	6.25%	5.25%	5.97%
Weighted average paid rate	6.13%	5.78%	4.77%	5.58%
Total	**97,408**	**72,856**	**37,889**	**208,153**

All rates were those in effect at December 31, 2000. Variable rates are primarily based on LIBOR and may change significantly, affecting future cash flows.

7.12. Business combinations

For acquisitions in 2000 and 1999 refer to note 1.3. ‘Changes in the composition of the Group’.

On January 5, 1998, ING Group increased its interest in Bank Brussel Lambert N.V. (‘BBL’) to virtually 100% from 13.4% as at December 31, 1997. The acquisition was financed by the issue of 82.0 million new shares of ING Groep N.V. and by the use of 20.3 million ING Groep N.V. shares held by subsidiaries, 17 million ING Groep N.V. call warrants and a payment of EUR 161 million in cash. The total cost of the interest in BBL amounts to EUR 4.5 billion. The goodwill amounted to EUR 2.1 billion and is charged to Shareholders’ equity. As of the 1998 financial year, BBL is included in the ING Group consolidation.

On August 28, 1998, ING Group disposed of a 100% interest in the Netherlands Insurance Companies, a non-life insurance company based in Keene, United States of America. The total proceeds from disposal amounted to EUR 1 billion. The results on disposal amounts to EUR 0,5 billion which is included in Income from investments of the insurance operations under the caption Income from disposal of participating interests. As of the date of disposal the results of the company have been excluded from the consolidated figures.

On August 28, 1998, ING Group took a 100% interest in Guardian Insurance Company of Canada, a non-life insurance company based in Toronto, Canada. The total purchase price of the acquisition amounted to EUR 301 million. The goodwill amounted to EUR 201 million and is charged to Shareholders' equity. As of the date of acquisition the results of the company have been included in the consolidated figures.

Under both Dutch and U.S. GAAP, the business combinations of 2000, 1999, 1998 were accounted for under the purchase method of accounting. Under Dutch GAAP, goodwill arising from acquisitions is directly charged to shareholders' equity in the respective years when the acquisitions take place. Accordingly, goodwill charged to shareholder's equity under Dutch GAAP amounted to EUR 11,774 in 2000, EUR 1,427 million in 1999 and EUR 2,728 million in 1998. For the purpose of the reconciliation of Dutch to U.S. GAAP, ING Group's accounting policy is to capitalize and amortize goodwill on a straight-line basis over a period not exceeding 20 years. Pursuant to this policy, goodwill paid on the 2000, 1999 and 1998 acquisitions will be amortized over a period of 5 to 20 years. Goodwill capitalized for U.S. GAAP purposes in 2000, 1999 and 1998 amounted to EUR 11,824 million, EUR 1,421 million and EUR 2,125 million, respectively.

7.13. Dividend restrictions

In addition to the restrictions in respect of minimum capital and solvency requirements that are imposed by industry regulators in the countries in which the subsidiaries operate, other limitations exist in certain countries. The most significant restrictions for ING Group are related to the insurance operations located in the United States, which are subject to limitations on the payment of dividends to the parent company imposed by the Insurance Commissioner of the state of domicile. For life, accident and health subsidiaries, dividends are generally limited to the greater of 10% of statutory surplus or the statutory net gain from operations. For the property and casualty subsidiaries, dividends are limited to a specified percentage of the previous year's shareholders' equity or previous year's net investment gains, which varies by state. Dividends paid in excess of these limitations require prior approval of the Insurance Commissioner of the state of domicile.

The management of ING Group does not believe that these limitations will affect the ability of ING Group to pay dividends to its shareholders in the future.

7.14. Minimum capital requirements

In accordance with European Union directives, insurance enterprises organized in European Union member countries are required to maintain minimum solvency margins. Life insurance companies are required to maintain a minimum solvency margin of generally 4% of insurance reserves (1% of separate accounts reserves) plus 0.3% of the amount at risk under insurance policies. The required minimum solvency margin for non-life insurers is the greater of two calculations, one based on premiums and one based on claims. The former is based on at least 16% of gross premiums written for the year, the latter is based on 23% of a three-year average of gross claims. As of December 31, 2000, the solvency margin of the insurance operations of ING Group computed in accordance with these directives amounted to EUR 7,989 million (1999: EUR 5,123 million). These companies held capital and surplus, as of December 31, 2000, of EUR 19,897 million (1999: EUR 18,550 million).

The banking operations of ING Group are regulated by the Dutch Central Bank. The solvency requirements of the banking activities of ING Group depend on the degree of risk involved in the various banking operations. The related assets are assigned a weighting coefficient. The total risk (weighted value of both on- and off-balance sheet items) is divided into actual own funds to obtain a Tier 1 ratio. Internationally, it has been agreed that the 'BIS' (Bank for International Settlements) ratio must be at least 8%. As of December 31, 2000, the Tier 1-ratio and BIS-ratio of ING Bank NV were 7.22% (1999: 7.02%) and 10.75% (1999: 10.38%), respectively.

Amounts are in millions of euros, unless otherwise stated

7.15. Stock option plan

ING Group has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, 'Accounting for Stock-Based Compensation'. Accordingly, no compensation cost has been recognized for the stock option plan. Had compensation cost for ING Group's stock-based compensation been determined based on the fair value at the grant dates in 1999 consistent with the method of FAS 123, net profit and earnings per share based on US GAAP would have been as follows:

	2000	1999	1998
Net profit after deducting profits on preference shares			
– as reported	10,904	3,769	2,326
– pro forma	10,775	3,686	2,241
Basis earnings per share			
– as reported	11.43	3.94	2.50
– pro forma	11.30	3.85	2.41
Diluted earnings per share			
– as reported	11.27	3.88	2.45
– pro forma	11.14	3.79	2.36

The fair value of options at the date of the grant was estimated for these purposes using the Trinomial Model with the following weighted average assumptions:

	2000	1999	1998
Risk-free interest rate	5.17%	4.08%	4.17%
Expected life (years)	5.0	7.4	5.0
Expected volatility	30.85%	25.56%	20.23%
Expected dividends	2.24%	1.88%	2.33%

7.16 Restructuring charges

During the fourth quarter of 2000, ING Group recorded a pre-tax charge of EUR 486 million as a result of restructuring the investment banking activities of ING Barings.

The charge includes EUR 281 million for employee related costs and EUR 205 million for write-down of operating assets, termination of lease agreements, computer networks and other exit costs.

The employee related costs refers, amongst others, to an estimated reduction of approximately one thousand positions globally. The reduction will mainly take place in the support functions.

REPORT OF KPMG ACCOUNTANTS N.V.

The Supervisory Board and Executive Board of ING Bank N.V.

We have audited the consolidated balance sheets of ING Bank N.V. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated profit and loss accounts and consolidated statements of cash flows for each of the three years in the period ended December 31, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We serve as principal auditor of ING Bank N.V. In our position we did not audit assets constituting 33% in 2000 and 34% in 1999, and total income constituting 28% in 2000 and 27% in 1999 of the consolidated totals of ING Bank N.V. These data were reported on by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to parts not audited by us, is based totally on the report of the other auditors.

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

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ING Bank N.V. and subsidiaries as of December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the Netherlands.

Amsterdam, the Netherlands
March 1, 2001

KPMG Accountants N.V.

GLOSSARY

Annual life funds
Participants in an annual life fund periodically transfer money to the fund. The sum of the assets of a fund including accrued investment income is divided over the participants who are alive at the end of the duration of the fund.

Associate
An associate is a participating interest in which a significant influence is exercised over the financial and operating policy and which is neither a subsidiary nor a joint venture of the investor.

Basic net profit per ordinary share
The net profit per ordinary share is calculated on the basic of the weighted average number of ordinary shares in issue. The following has been taken into consideration in calculating the weighted average number of ordinary shares in issue:

- own shares held by group companies are deducted from the total number of ordinary shares in issue;
- the computation is based on daily averages;
- in calculating the increase in the weighted average number of shares resulting from the interim stock dividends, the day on which the dividend is payable is taken into consideration;
- in the case of exercised warrants, the day of exercise is taken into consideration.

Certificates of deposit
Short-term negotiable bearer debt instruments issued by banks.

Claim
A demand for payment of a policy benefit because of the occurrence of an insured event, such as the death or disability of the insured or the maturity of an endowment, the incurrence of hospital or medical bills, the destruction or damage of property and related deaths or injuries, defects in, liens on, or challenges to the title to real estate, or the occurenrce of a surety loss.

Claims ratio
The claims ratio is the claims, including claims handling expenses, expressed as a percentage of net earned premiums.

Climbing loan
Climbing loans are loans not generating cash flows prior to the predetermined maturity date. Each year, the accrued interest is added to the principle amount.

Combined ratio
The sum of the claims ratio and the cost ratio for a non-life insurance company or a reinsurance company. A combined ratio of more than 100% does not necessarily mean that there is a loss on non-life insurance policies, because the result also includes the allocated investment income.

Control
Control is presumed to exist when ING Group has, direct or indirect through group companies, more than one half of the voting power or otherwise exercises effective control.

Concentrations
Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect groups of counterparties whose aggregate exposure is material in relation to ING Group's total exposure.

Contingent liabilities
Contingent liabilities are commitments or risks, for which it is more likely than not that no outflow from ING Group of resources embodying economic benefits will occur. The underlying value of these liabilities is not recorded as liabilities in the balance sheet. For these products, the underlying value represents the maximum potential credit risk to which ING Group is exposed, i.e. assuming that all counterparties failed completely to perform in accordance with the terms of the contracts and that any existing collateral or security proves to be of no value.

Convertible debenture
Convertible debentures are debentures with embedded options issued by corporations. The holder has the right to exchange a convertible debenture for equity in the issuing company at certain times in the future according to a certain exchange ratio. Very often, the conversion is callable. This means that it can be repurchased by the issuer at a certain price at certain times in the future. Once the debentures have been called, the holder can always choose to convert prior to repurchase.

Cost ratio
Underwriting costs expressed as a percentage of premiums written.

Country risk
The risk that a foreign government will not fulfil its obligations or obstructs the remittance of funds by debtors, either for financial reasons (transfer risk) or for other reasons (political risk).

GLOSSARY

Credit institutions
Credit institutions are all institutions which are subject to banking supervision by public authorities, including mortgage banks, capital market institutions, multilateral development banks and the International Monetary Fund (IMF).

Deferred tax assets
The amounts of corporation tax recoverable in future periods in respect of:
- deductible temporary differences;
- the carry forward of unused tax losses; and
- the carry forward of unused tax credits.

Deferred tax liabilities
The amounts of corporation tax payable in future periods in respect of temporary valuation differences between carrying amounts of assets or liabilities in the balance sheet and tax base, based on tax rates that are expected to apply in the period when the assets are realised or the liabilities are settled.

Defined contribution plan
A defined contribution plan is a post-employment benefit plan under which the amount of a participant's future benefits is determined by the contributions paid by the employer, the participant, or both (to a separate fund) and the operating efficiency and investment earnings of the fund. These plans do not give rise to a balance sheet provision other than relating to short-term timing differences included in current liabilities.

Depositary receipt
Depositary receipt for ordinary and preference shares, issued by the Trust, in exchange for ordinary and preference shares issued by ING Group.

Derivatives
Derivatives are financial instruments, which include forwards, futures, options and swaps, whose value is based on an underlying asset, index or reference rate.

Diluted net profit per share
Diluted net profit per share data are computed as if the stock options and warrants outstanding at year-end were exercised at the beginning of the period. It is also assumed that ING Group uses the cash thus received for stock options and warrants exercised to buy its own shares against the average market price in the financial year. The net increase in the number of shares resulting from the exercise of warrants and stock options is added to the average number of shares used for the calculation of diluted net profit per share.

Discounted bills
Bills that are sold under deduction of interest giving the owner the right to receive an amount of money on a given date.

Elimination
Elimination is a process by which intercompany transactions are matched with each other and deducted, so that the assets, liabilities, income and expenses are not inflated.

Employee benefits
All forms of consideration given by a company in exchange for service rendered by (former) employees.

Equity method
A method of accounting whereby a participating interest is recorded at its net asset value according to the accounting principles of ING Group.

Equity participation
An investment in the equity of a corporation which is held in order to participate temporarily. The investment does not serve the business of the acquirer and will not be part of the investment portfolio. The acquirer and the equity participation are not organisationally bound.

Fair value
The amount at which an asset or a liability could be traded on a fair basis at the balance sheet date, between knowledgeable, willing parties in arm's-length transactions.

Finance lease
A lease that transfers substantially all the risks and rewards associated with ownership of an asset to the lessee. Title may or may not eventually be transferred.

Financial asset
Any asset that is:
- a contractual right to receive cash or another financial asset from another company;
- a contractual right to exchange financial instruments with another company under conditions that are potentially favourable; or
- an equity instrument of another company.

Financial instruments
Financial instruments are contracts that give rise to both a financial asset for one company and a financial liability or equity instrument for another company.

GLOSSARY

Financial liability
Any liability that is a contractual obligation:
- to deliver cash or another financial asset to another company; or
- to exchange financial instruments with another company under conditions that are potentially unfavourable.

Forward contracts
Forward contracts are commitments to exchange currencies or to buy or sell other financial instruments at specified future dates.

Future contracts
Future contracts are commitments to exchange currencies or to buy or sell other financial instruments at specified future dates.
Exchanges act as intermediaries and require daily cash settlement and collateral deposits.

General provision
A general provision is a liability carried in the balance sheet for a present obligation arising from past events, the settlement of which is expected to result in an outflow from the company of resources embodying economic benefits, whereas the timing or amount of the outflow is uncertain. The settlement, which will take place in the future, should be reliably measurable. The settlement can be enforced by law or the event creates valid expectations in other parties that the company will discharge the obligation.

Goodwill
Goodwill is the difference between the cost of the acquisition and the net asset value of a participating interest. The net asset value is calculated according to the fair value of the assets and liabilities of the participating interest at the moment of acquisition.

Gross premiums written
Total premiums (whether or not earned) for insurance contracts written or assumed (including deposits for investment contracts with limited or no life contingencies written) during a specific period, without deduction for premiums ceded.

Group company
Corporations, i.e. public limited liability companies, private limited liability companies, general partnerships or limited partnerships, that form an organisational and economic entity and are controlled by ING Group.

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

Impairment
An impairment is a permanent diminution in value, i.e. the recoverable amount is less than the carrying amount of the asset. In such circumstances a write-down of the asset is necessary.

In the money
A call option is said to be in the money if the exercise price is lower than the price of the underlying value; a put option is said to be in the money if the exercise price is higher than the price of the underlying value.

Investment portfolio
The investment portfolio comprises those assets which are intended for use on a continuing basis, and have been identified as such. These investments are held in order to cover the insurance provisions and to manage interest rate, solvency and liquidity risks.

Irrevocable facility
Irrevocable facilities mainly constitute unused portions of irrevocable credit facilities granted to corporate clients and commitments made to purchase securities to be issued by governments and private issuers.

Interest-rate arbitrage
Taking advantage of interest-rate differences between separate markets.

Interest-rate rebates
Profit sharing for group life insurance business. A rebate granted to policyholders based on the discounted value of the difference between the interest rate used for calculating the premiums and the expected yield on investment. The profit sharing is granted by means of a premium discount related to the yield on government bonds.

Irrevocable letters of credit
An irrevocable letter of credit concerns an obligation on behalf of a client to, within certain conditions, pay an amount of money under submission of a specific document or to accept a bill of exchange.
An irrevocable letter of credit cannot be cancelled or adjusted by the bank that has granted it during the duration of the agreement unless all those concerned agree.

GLOSSARY

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

Monetary assets and liabilities
Monetary assets and liabilities are assets and liabilities whose amounts are fixed in terms of units of currency by contract or otherwise. Examples are cash, short or long-term accounts, notes receivable in cash and notes payable in cash.

Net asset value
The net asset value is used in the equity method of accounting. The initial net asset value of the investment is determined by the fair value of the assets and liabilities of the investee. After the initial valuation of assets and liabilities of the investee at fair value, the assets and liabilities of the investee are valued in accordance with the accounting principles of the investor. The income statement reflects the investor's share in the results of operations of the investee.

Net premiums written
Gross premiums written for a given period less premiums ceded to retrocessionaires during such period.

Notional amounts
Notional amounts represent units of account which, in respect of derivatives, reflect the relationship with the underlying assets. They do not reflect, however, the credit risks assumed by entering into derivative transactions.

Offsetting of financial assets and financial liabilities
Offsetting is done on the basis of a legal right, by contract or otherwise, to settle or otherwise eliminate all or a portion of an amount due to a creditor by applying against that amount an amount due from the creditor. A financial asset and a financial liability should be offset and the net amount reported in the balance sheet when ING:

- intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously; and
- has a legally enforceable right to set off the recognised amounts; and
- the financial asset and the financial liability are identical in nature.

Operating segments
Operating segments are defined as components of an enterprise about which discrete information is available that is evaluated regularly by the chief operating decision maker or decision making group in deciding how to allocate resources and in assessing performance.

Operating lease
A lease other than a finance lease.

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

Ordinary share
An equity instrument that is subordinate to all other classes of equity instruments. Ordinary shares participate in the net profit for the financial year after other types of shares such as preference shares.

Out of the money
A call option is said to be out of the money if the exercise price is higher than the price of the underlying value; a put option is said to be out of the money if the exercise price is lower than the price of the underlying value.

Over-the-counter instrument
Non-standardised financial instrument not traded on a stock exchange but directly between market participants.

Participating interest
A participating interest exists if a corporation or its subsidiary provides capital or causes capital to be provided for the account of either of them to another corporation in order to be durably linked to that corporation in furtherance of its own activities. An interest is deemed to be a participating interest if 20% or more of the share capital is provided.

Plan assets
Assets (other than non-transferable financial instruments issued by the reporting enterprise) held by an entity (a fund) whereby all of the following conditions are met:

- the entity is legally separate from the reporting enterprise;
- the assets of the fund are to be used only to settle the employee benefit obligations, are not available to the enterprise's own creditors and cannot be returned to the enterprise

(or can be returned to the enterprise only if the remaining assets of the fund are sufficient to meet the plan's obligations); and
- to the extent that sufficient assets are in the fund, the enterprise will have no legal or constructive obligation to pay the related employee benefits directly.

Post-employment benefit plans
Formal or informal arrangements under which a company provides post-employment benefits for one or more employees. Post-employment benefits are employee benefits other than termination benefits and equity compensation benefits, which are payable after the completion of employment.

Preference share
A preference (or preferred) share is similar to an ordinary share but carries certain preferential rights. These rights usually concern the guarantee of a fixed (cumulative) return to the shareholder or a guaranteed return on the investment.

Premiums earned
That portion of net premiums written in current and past periods which applies to the expired portion of the policy period, calculated by substracting movements in unearned premium reserves from net premiums.

Private loan
Private loans are loans to governments, other public bodies, public utilities, corporations, other institutions or individuals with a loan agreement as the only instrument of title.

Private placement
A placement where newly issued shares or debentures come into possession of a limited group of subscribers who are prepared to buy the new securities.

Projected unit credit method
An actuarial valuation method that considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

Promissory notes
A promissory note is a signed and dated document in which the signeratory unconditionally promises to pay a certain sum to a specific person or its order on a certain maturity date, at sight or aftersight in a certain time on a certain place.

Proportional consolidation
A method of accounting and reporting whereby a venturer's share of each of the assets, liabilities and income and expense items of a jointly controlled entity is combined on a line-by-line basis with similar items in the venturer's financial statements or reported as separate line items in the venturer's financial statements.

Provision for loan losses
Provision, presented as a deduction from Lending and Banks, meant to absorb losses from debtors' defaults in the Lending and Banks portfolios.

Recognition
The process of incorporating in the balance sheet or profit and loss account an item that meets the definition of an element and satisfies the following criteria for recognition:
- it is probable that any future economic benefit associated with the item will flow to or from the enterprise; and
- the item has a cost or value that can be measured reliably.

Redemption value
With respect to investments in fixed-interest securities, the amount payable on the maturity date.

Reinsurance
The practice whereby one party, called the reinsurer, in consideration for a premium paid to him, agrees to indemnify another party, called the reinsured or ceding company, for part or all of the liability assumed by the reinsured under a contract or contracts of insurance which the reinsured has issued. The reinsured may also be referred to as the original or primary insurer, the direct writing company, or the ceding company.

Repurchase transactions
Repurchase transactions are commitments to repurchase securities which have been sold.

Reverse repurchase transactions
Reverse repurchase transactions are commitments to sell securities which have been purchased.

Share premium (reserve)
Paid-in capital in addition to the nominal value and paid-up on issued share capital.

Stock dividends
Ordinary or preference shares received in lieu of cash dividends, at the option of the shareholder.

GLOSSARY

Stock option plan
Option rights granted to a number of senior executives, to all ING Group staff in the Netherlands and to a considerable number of employees outside the Netherlands to purchase ING Group shares.

Subordinated loan
A credit or a liability where, in the event of bankruptcy under the application of the emergency regulations as referred to in the Act on Supervision of the Credit System, or liquidation of the debtor, the outstanding part is not eligible for set-off and is not repayable until all other currently outstanding debts have been repaid.

Subsidiary
A corporation:

- in which, by agreement with other holders of voting rights or otherwise, more than half of the voting rights in a general meeting can be exercised by the company or one of its subsidiaries;
- of which the company or a subsidiary is a member or shareholder and can appoint or dismiss, by agreement with other holders of voting rights or otherwise, alone or together with others more than half of the executive board or the supervisory board.

Surrender
The termination of a life or retirement contract at the request of the policyholder after which the policyholder receives the cash surrender value, if any, on the contract.

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

Third-party interest
That part of the net results and of net assets of a subsidiary attributable to an interest which is not owned, directly or indirectly, by the parent.

Trading portfolio
The trading portfolio comprises those financial instruments which are held to obtain short-term transaction results, to facilitate transactions on behalf of clients or to hedge other positions in the trading portfolio.

Treasury bills
Generally short-term debt certificates issued by a central government. Dutch Treasury Certificates are regarded as Dutch Treasury bills.

Unweighted credit equivalent
The unweighted credit equivalent is the maximum loss that ING Group would incur on its derivatives transactions if all its counterparties defaulted with a margin added in accordance with internationally accepted criteria.

Warrant
A financial instrument that gives the holder the right to purchase ordinary shares.

Weighted credit equivalent
The weighted credit equivalent is the unweighted credit equivalent multiplied by the weighting factors determined in accordance with standards of the international supervisory authorities. Under certain conditions, the credit risk can be reduced by entering into bilateral netting agreements.

SCHEDULLE I – SUMMARY OF INVESTMENTS OTHER THAN INVESTMENTS IN RELATED PARTIES

As of December 31, 2000 - Amounts are in millions of euros

Column A **Type of investment**	**Column B** **Cost**	**Column C** **Fair Value**	**Column D** **Amount at which shown in the balance sheet**
Debt securities			
Debentures/ available-for-sale:			
– Dutch government	4,180	4,175	4,248
– Foreign governments	41,749	42,650	41,102
– Public utilities	2,771	2,767	2,779
– Mortgage-backed securities	15,052	15,198	15,464
– Redeemable preference shares/sinking fund	444	439	419
– All other corporate bonds	61,921	61,817	62,522
Private loans / available-for-sale:			
– Dutch government	4,622	5,004	4,610
– Foreign governments	163	172	164
– Public utilities	440	456	447
– Corporate and other loans	2,907	2,944	2,860
Deposits with credit institutions	550	554	553
Other fixed maturity investments	887	976	983
Shares and convertible debentures			
Ordinary shares			
– Public utilities	241	248	248
– Banks, trusts and insurance companies	2,909	7,655	7,655
– Industrial and all others	7,937	13,001	13,001
Preference shares	1,244	1,213	1,213
Convertible debentures	32	35	35
Mortgage loans	22,789	22,590	22,692
Real estate	7,594	10,890	10,890
Policy loans	3,218	3,221	3,218
Total investments	**181,650**	**196,005**	**195,103**

SCHEDULE III–SUPPLEMENTARY INSURANCE INFORMATION

Amounts are in millions of euros

Column A Segment	Column B Deferred policy acquisition costs	Colum C Future policy benefits, losses, claims, and loss expenses	Column D Un-earned Pre-miums	Column E Other policy and claims benefits payable	Column F Premium revenue	Column G Net invest-ment income allocated to under-writing accounts	Column H Benefits, Claims, Losses and Settlement expenses	Column I Amorti-zation of deferred policy acqui-sition costs	Column J Other opera-ting expenses	Column K Pre-miums written
2000										
Life	10,394	192,413		833	24,006	7,025	25,775	914	1,831	24,006
Non-life	259	5,086	1,582	239	3,867	676	2,886	4	1,140	3,908
Total	**10,653**	**197,499**	**1,582**	**1,072**	**27,873**	**7,701**	**28,661**	**918**	**2,971**	**27,914**
1999										
Life	4,027	100,097		841	18,280	9,165	24,238	655	1,295	18,280
Non-life	247	4,760	1,529	246	3,335	407	2,508	15	1,038	3,357
Total	**4,274**	**104,857**	**1,529**	**1,087**	**21,615**	**9,572**	**26,746**	**670**	**2,333**	**21,637**
1998										
Life	3,010	78,642		710	16,431	5,984	19,678	412	1,250	16,431
Non-life	216	3,698	1,302	227	3,255	384	2,430	10	1,042	3,373
Total	**3,226**	**82,340**	**1,302**	**937**	**19,686**	**6,368**	**22,108**	**422**	**2,292**	**19,804**

SCHEDULE IV–REINSURANCE

Amounts are in millions of euros

Column A	Column B Gross Amount	Column C Ceded to other companies	Column D Assumed from other companies	Column E Net amount	Column F Percentage of amount assumed to net
2000 Premiums:					
– Life	24,424	1,013	595	24,006	2.5%
– Non-life	4,066	187	29	3,908	0.7%
Total Premiums	**28,490**	**1,200**	**624**	**27,914**	**2.2%**
1999 Premiums:					
– Life	18,381	622	521	18,280	2.9%
– Non-life	3,480	153	30	3,357	0.9%
Total Premiums	**21,861**	**775**	**551**	**21,637**	**2.5%**
1998 Premiums:					
– Life	16,449	432	414	16,431	2.5%
– Non-life	3,541	213	45	3,373	1.3%
Total Premiums	**19,990**	**645**	**459**	**19,804**	**2.3%**

SCHEDULE VI – SUPPLEMENTAL INFORMATION CONCERNING NON-LIFE INSURANCE OPERATIONS

Amounts are in millions of euros

Column A Affiliation with the registrant	Column B Deferred Policy acqui-sitions costs	Column C Reserves for unpaid claims & claims adjusted expenses	Column D Discount, if any, deducted in Column C	Column E Unearned premiums	Column F Earned-premiums	Column G Net Invest-ment income allocated to non-life opera-tions	Column H Claims and claims adjustment expenses incurred related to accident years Current	 Prior	Column I Amortiza-tion of DPAC(1)	Column J Paid claims & claims adjusted expenses	Column K Pre-miums Written
2000											
Consolidated non-life entities	259	5,086	239	1,582	3,867	676	2,716	(48)	4	2,574	3,908
1999											
Consolidated non-life entities	247	4,760	243	1,529	3,335	407	2,464	(14)	15	2,231	3,357
1998											
Consolidated non-life entities	216	3,698	239	1,302	3,255	384	2,109	(69)	10	2,168	3,373

(1) DPAC: Deferred policy acquisition costs

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