ING GROUP

ANNUAL REPORT 2003

ING

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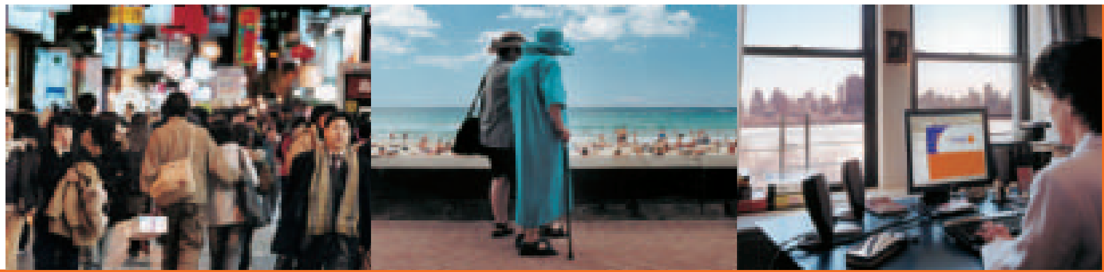


BUILDING ON THE CLIENTS' TRUST

MISSION, PROFILE, STRATEGY

Mission

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

Profile

ING Group is a global financial institution of Dutch origin with 115,000 employees. ING offers banking, insurance and asset management to more than 60 million clients in over 50 countries. The clients are individuals, families, small businesses, large corporations, institutions and governments. ING comprises a broad spectrum of prominent businesses that increasingly serve their clients under the ING brand.

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

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

ING seeks a careful balance between the interests of its stakeholders: its customers, shareholders, employees and society at large. It expects all its employees to act in accordance with the Group's Business Principles.

Strategic objectives*

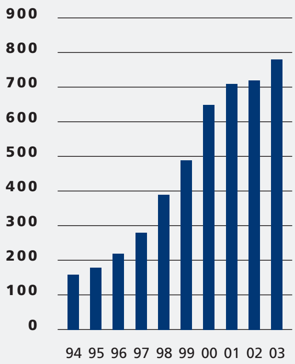
ING Group's strategic objectives are as follows:

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

* for more information see page 22.

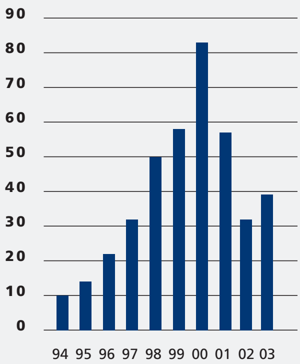
TOTAL ASSETS

in billions of euros



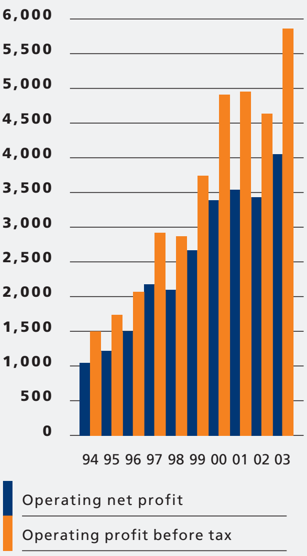
MARKET CAPITALISATION

in billions of euros



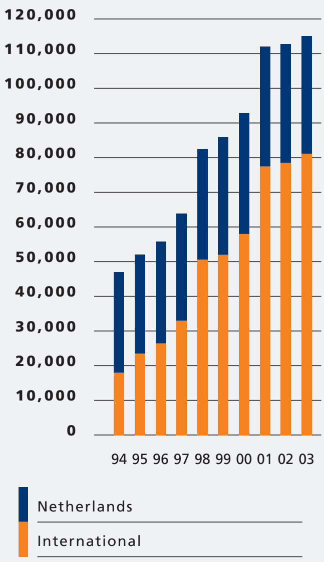
OPERATING PROFIT

in millions of euros



EMPLOYEES

average number



5 YEARS' KEY FIGURES

	2003	2002	2001	2000	1999
BALANCE SHEET *(in billions of euros)*					
Total assets	**779**	716	705	650	493
Shareholders' equity	**21**	18	22	25	35
ASSETS UNDER MANAGEMENT *(in billions of euros)*	**463**	449	513	503	345
MARKET CAPITALISATION *(in billions of euros)*	**39**	32	57	83	58
OPERATING INCOME *(in millions of euros)*					
Insurance operations	**57,560**	64,917	62,464	37,452	29,079
Banking operations	**11,680**	11,201	11,111	11,302	9,876
OPERATING EXPENSES *(in millions of euros)*					
Insurance operations	**4,897**	5,203	5,583	5,023	3,799
Banking operations	**8,184**	8,298	8,186	8,273	7,291
ADDITIONS TO THE PROVISIONS FOR LOAN/INVESTMENT LOSSES *(in millions of euros)*	**1,288**	2,099	907	400	580
PROFIT *(in millions of euros)*					
Insurance operations	**3,486**	3,170	2,792	2,307	1,759
Banking operations	**2,371**	1,468	2,170	2,605	1,981
Operating profit before tax	**5,857**	4,638	4,962	4,912	3,740
Operating net profit	**4,053**	3,433	3,539	3,388	2,665
Net realised capital gains/losses	**-10**	820	713	620	564
Non-operating net profit		247	325	7,976	1,693
Net profit	**4,043**	4,500	4,577	11,984	4,922
Distributable net profit	**4,043**	4,253	4,252	4,901	3,537
FIGURES PER ORDINARY SHARE *(EUR 0.24 nominal value)*					
Operating net profit	**2.00**	1.77	1.83	1.76	1.38
Net profit	**2.00**	2.32	2.37	6.27	2.56
Distributable net profit	**2.00**	2.20	2.20	2.56	1.84
Dividend	**0.97**	0.97	0.97	1.13	0.82
Shareholders' equity	**10.08**	9.14	11.03	13.04	17.90
RATIOS *(in %)*					
ING GROUP					
Operating return on equity (ROE)	**21.5**	17.4	15.3	10.3	8.4
Operating net profit growth	**18**	-3	4	27	67
Dividend payout ratio	**48.5**	44.1	44.1	43.9	44.4
INSURANCE OPERATIONS					
Combined ratio	**98**	102	103	104	107
Capital coverage ratio	**180**	169	180	235	509
BANKING OPERATIONS					
BIS ratio ING Bank	**11.34**	10.98	10.57	10.75	10.38
Tier-1 ratio ING Bank	**7.59**	7.31	7.03	7.22	7.02
Efficiency ratio (1)	**68.4**	71.0	71.7	72.1	73.6
EMPLOYEES *(average number)*	**115,200**	113,060	112,000	92,650	86,040

1. Excluding ING Direct.

CONTENTS

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MESSAGE FROM THE CHAIRMAN

Dear stakeholder !

IN SHORT

Firm profit growth in 2003

—

60 million clients can count on ING

—

Investing in ING Direct, insurance in developing markets and pensions as ING's specialities

—

'Bank of the Year' in the field of corporate social responsibility

—

Modernisation of ING's corporate-governance structure

—

Successful ING Globerunners Programme

—

Leaving behind a solid company with an international team led by Michel Tilmant

2003 was not an easy year, but we were able to demonstrate our flexibility and creativity in adjusting to the market. Our net operating profit increased by 18.1% to EUR 4,053 million. The measures we took last year to strengthen our financial position have proved to be effective on both the banking and insurance side. The broad spread of our activities also helped our results.

The theme of this annual report is client focus. Clients come first and they are our top priority. Every day we work hard to be their first choice and live up to their expectations. Our 60 million clients count on us. Whether they need life insurance, investment funds, pension funds, a start-up loan for a one-man business or a complex financing facility for a large company, every client gets the same service and attention. But there is always room for improvement. For example, we are working hard to improve the service level of Nationale-Nederlanden.

In 2003, the political and economic circumstances remained shaky worldwide. The SARS epidemic caused much unrest. The war in Iraq put international political relations on an edge. Financial markets remained initially volatile, which undermined the confidence of individuals and businesses. Scandals continued at various large corporations. ING did well despite these difficult circumstances. The results from the banking operations showed a distinct improvement, especially in the Benelux, thanks to the good interest result. The loan losses decreased considerably. The insurance operations had a more difficult time. Due to the low interest rates and the strong euro, revenues were under pressure. We also had to deal with slightly lower premium income, due to the fierce competition and the fact that we prefer profitability over market share.

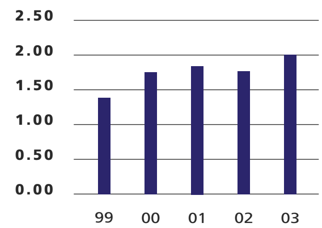
We continued to invest in profitable growth activities. ING Direct is developing very successfully. In 2003, it became profitable for the first time. Seven years ago, ING Direct started from scratch in Canada. At the end of 2003, ING Direct had 8.5 million clients and funds entrusted of almost EUR 100 billion, was active in eight countries and reported a net profit of EUR 151 million. Insurance in developing markets is another ING speciality. We are now active in eighteen developing economies, with 2003 premium income at EUR 7.1 billion and operating profit before tax at EUR 634 million, in local currencies an increase of 11% and 16%, respectively. Furthermore, we are actively anticipating the ageing of the population and the reforms in pension schemes. This is a relevant issue in many countries, providing new opportunities for ING.

This report not only describes our commercial activities and performance. You can also read about ING's achievements in the field of corporate social responsibility. I am very proud that The Banker magazine voted ING 'Bank of the Year' in the field of corporate social responsibility. Of course, ING wants to make a profit first, but this can only be sustained by keeping in mind the interests of all our stakeholders – our clients, shareholders, employees and society at large. This approach has been embedded in our policy for many years.

We made progress in modernising our corporate-governance structure. By introducing a number of important changes that were approved by the Annual General Meeting of Shareholders in April 2003, we have demonstrated that good corporate governance is important to us and that we want to stay in step with the latest international developments. We abolished all restrictions on voting rights, and we no longer make a distinction

OPERATING NET PROFIT PER SHARE

in euros



EWALD KIST

Chairman of the Executive Board

between shareholders and holders of depositary receipts. In general, shareholders and depositary-receipt holders have more say in ING's policy.

ING will continue to modernise its corporate governance. Our remuneration policy will be discussed in the Shareholders' Meeting, and in 2004 also shareholders and holders of depositary receipts outside the Netherlands will be able to vote by proxy, thus participating in the decisions that are put before the Shareholders' Meeting.

As you know, we are also working hard on building our brand. We want to create one strong ING brand and become one of the leading international brand names. Last year, we made progress in achieving this goal. The success of ING Direct certainly contributed to this.

I also look back with pleasure on the ING Globerunners Programme. Our sponsorship of the Amsterdam Marathon and the ING New York City Marathon were great highlights. The marathons of Brussels, Ottawa and Puna (India) are also part of the ING Globerunners Programme. In every sense of the word, ING has been able to put itself on the map.

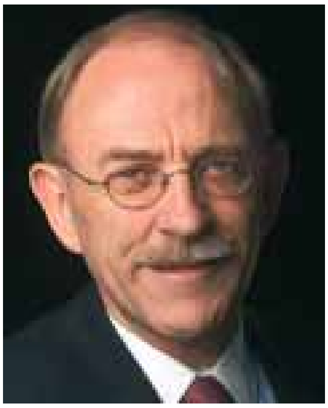
On a personal note, 2004 will be a year of major change. On 1 June I will say goodbye to ING where I have worked for the last 35 years. It has been a privilege to be the chairman of ING's Executive Board and to guide ING through some difficult years. I am proud of this great company and its 115,000 dedicated employees.

It is only fair to say that the past few years have not been easy. After a period of acquisitions, we have been working hard to achieve synergy between banking, insurance and asset management and to streamline and integrate activities. At the same time we had to cope with a number of meagre years. More than ever, ING has had to face harsh financial realities by cutting costs and increasing efficiency. But cost control and efficiency are always relevant and, next to good business sense, they will remain important to maintain our profit track record.

I will leave behind a solid company, with an international, renewed Executive Board, led by my successor Michel Tilmant. The new team will have to set the strategic priorities for the years to come. I am confident that they will do a good job. ING is well-positioned to take advantage of better times, provided that we continue to focus on the needs and wishes of our clients in the most efficient way. Value for money and entrepreneurship – that is what it all comes down to in the end.

EWALD KIST

Chairman Executive Board



CEES MAAS

Member of the Executive Board and Chief Financial Officer

INFORMATION FOR SHAREHOLDERS

Profit retention and distribution policy

ING Group's profit retention and distribution policy is dictated by its internal financing requirements on the one hand and the capital providers' dividend expectations on the other. ING Group's internal funding needs are determined partly by statutory solvency requirements and capital ratios, compliance with which is essential to its existence. No less important to ING Group are its credit ratings, which directly affect its financing costs and hence its profitability. For their part, the capital providers expect a dividend which reflects ING Group's financial results and is relatively predictable.

ING Group's policy is to distribute to the capital providers an annual dividend in the range of 43%-44% of net operating profit. Should the Group post a lower result in any year, it will endeavour to maintain the total amount of dividend per share distributed at the same level.

Each year, after publication of the financial results for the first six months of the year, an interim dividend is distributed by way of an advance against the final dividend, being in principle half of the total dividend over the preceding year.

With effect from the final dividend for 2002, the dividend is payable, at the option of the shareholder or depositary-receipt holder, either in cash or in newly issued (depositary receipts for) shares. Depositary receipts for shares equivalent to the (depositary receipts for) shares in respect of which cash dividend is chosen, will be sold on the stock exchange. This way of funding the cash part of the dividend is temporary and will be ended as soon as the debt/equity ratio of ING Group has reached the desired lower level.

Rating agencies

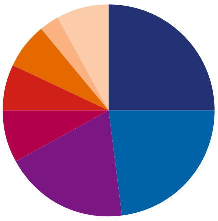
The economic climate in 2003 led to frequent contacts between ING and the credit rating agencies. In April 2003, ING Groep N.V. and ING Verzekeringen N.V. were downgraded one notch by Moody's Investors Service to Aa3, whilst the rating for ING Bank N.V. remained unchanged (Aa2). The ratings applied by Standard & Poor's remained unchanged in 2003 (ING Groep N.V. and ING Verzekeringen N.V. A+ and ING Bank N.V. AA-). All above-mentioned ratings have a stable outlook. An overview of the ratings is given on page 67.

Corporate governance

ING changed its corporate governance in 2003. This has resulted in a carefully balanced structure that on the one hand gave full voting rights to holders of depositary receipts and on the other hand does justice to ING's desire to defend itself against hostile take-over attempts by maintaining the independent trust, which votes for all shares that are not represented in the Shareholders' Meeting. See also the chapter on corporate governance starting on page 68.

GEOGRAPHICAL DISTRIBUTION OF ING SHARES

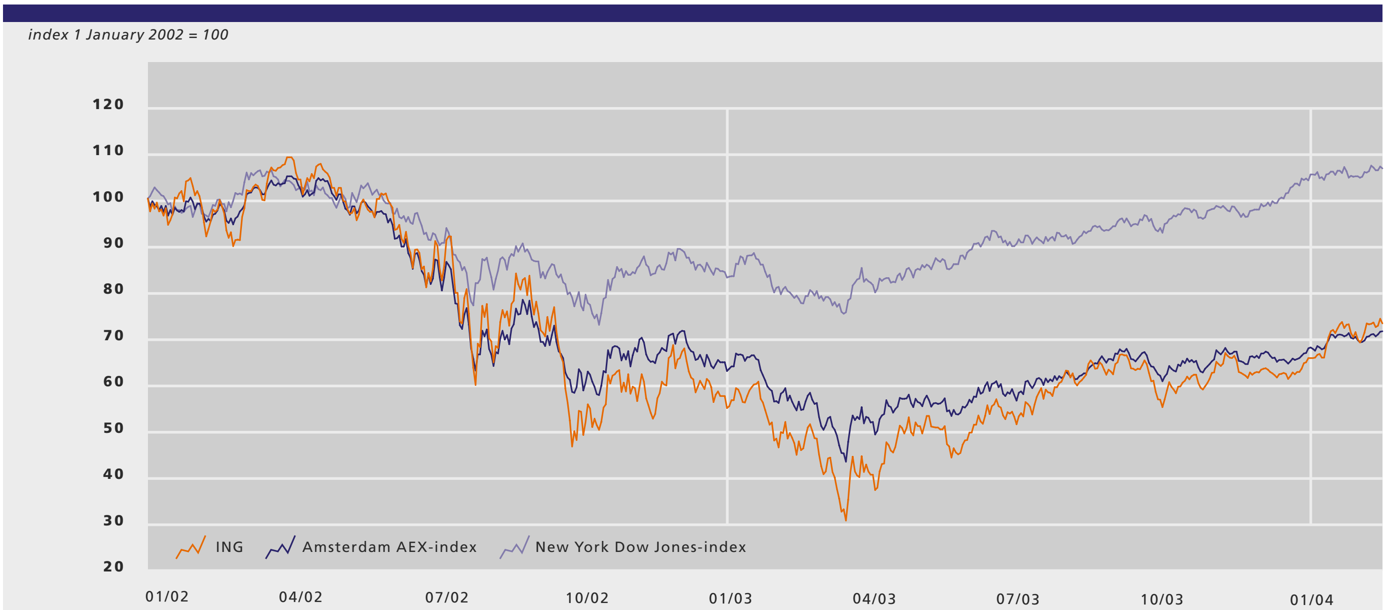
in %



United Kingdom	25
US and Canada	23
The Netherlands	19
Belgium	8
Luxembourg	7
Switzerland	7
Germany	3
Other	8

PRICES DEPOSITARY RECEIPTS FOR ORDINARY SHARES

index 1 January 2002 = 100



Listings

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

Shareholders with stakes of 5% or more

Under the Dutch Act on the Disclosure of Significant Holdings in Listed Companies, three holders of depositary receipts with an interest or potential interest of between 5% and 10% in ING Group were known as at 31 December 2003. They were ABN AMRO, Aegon and Fortis Utrecht.

DIVIDEND HISTORY

in euros

	2003	2002	2001	2000	1999
Interim dividend	**0.48**	0.48	0.47	0.41	0.32
Final dividend	**0.49(1)**	0.49	0.50	0.72(2)	0.50
Total	**0.97(1)**	0.97	0.97	1.13	0.82

1. Proposed.
2. Including an exceptional dividend of EUR 0.19.

PRICES DEPOSITARY RECEIPTS FOR ORDINARY SHARES

Euronext Amsterdam Stock Exchange, in euros

	2003	2002	2001	2000	1999
Price – high	**19.06**	31.20	43.97	42.76	30.59
Price – low	**8.70**	13.29	22.80	24.26	22.18
Price – year-end	**18.49**	16.14	28.64	42.54	29.97
Price/earnings ratio *	**9.3**	9.1	15.7	24.2	21.7

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

SHARES AND WARRANTS IN ISSUE

in millions

	YEAR-END 2003	YEAR-END 2002
(Depositary receipts for) ordinary shares of EUR 0.24 nominal value	**2,115.9**	1,992.7
(Depositary receipts for) preference shares of EUR 1.20 nominal value	**87.1**	87.1
Warrants B	**17.2**	17.2
(Depositary receipts for) own ordinary shares held by ING Group and its subsidiaries	**28.1**	28.4

AUTHORISED AND ISSUED CAPITAL

in millions of euros

	YEAR-END 2003	YEAR-END 2002
ORDINARY SHARES		
– authorised	**720.0**	720.0
– issued	**507.8**	478.2
PREFERENCE SHARES		
– authorised	**360.0**	360.0
– issued	**104.5**	104.5
CUMULATIVE PREFERENCE SHARES		
– authorised	**1,080.0**	1,080.0
– issued	**–**	–

Shareholders' Bulletin is a magazine with interviews and articles about ING's activities. It appears three times a year.

Shareholders' News appears at least four times a year, reporting on the results and special topics.

At www.ing.com/group shareholders can find up-to-date information on ING, such as the agenda for the Shareholders' Meeting

INVESTOR RELATIONS

In addition to financial press releases, ING also publishes a Shareholders' News and Shareholders' Bulletin. You can subscribe to both publications through the ING Group website, www.ing.com. To be kept informed on press releases and other ING news, you can subscribe to the e-mail service on www.ing.com.

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www.ing.com

IMPORTANT DATES IN 2004/2005*

Annual General Meeting of Shareholders
Tuesday, 27 April 2004, 10:30 am
Circustheater, The Hague

—

ING share quotation ex final dividend 2003
Thursday, 29 April 2004

—

Payment of 2003 final dividend
Friday, 4 June 2004

—

Publication of results first three months 2004
Thursday, 13 May 2004

—

Publication of results first six months 2004
Thursday, 5 August 2004

—

ING share quotation ex interim dividend 2004
Friday, 6 August 2004

—

Publication of results first nine months 2004
Thursday, 4 November 2004

—

Publication of annual results 2004
Thursday, 17 February 2005

—

Annual General Meeting of Shareholders
Tuesday, 26 April 2005

* All dates shown are provisional.

STRUCTURE AND COMPOSITION OF THE BOARDS

SUPERVISORY BOARD

EXECUTIVE BOARD

ING EUROPE
- Life insurance
- Non-life insurance
- Retail banking
- Pensions
- Investment management
- Wholesale banking*
- ING Direct*

**) global activities*

ING AMERICAS
- Life insurance
- Non-life insurance
- Pensions
- Investment management

ING ASIA/PACIFIC
- Life insurance
- Pensions
- Investment management

Composition of the Boards as at 31 December 2003

SUPERVISORY BOARD

Cor Herkströter *(66) Chairman*
Luella Gross Goldberg *(66)*
Paul van der Heijden *(54)*
Claus Dieter Hoffmann *(61)*
Aad Jacobs *(67)*
Wim Kok *(65)*
Godfried van der Lugt *(63)*
Paul Baron de Meester *(68)*
Jan Timmer *(70)*
Karel Vuursteen *(62)*

AUDIT COMMITTEE

Aad Jacobs *Chairman*
Claus Dieter Hoffmann
Paul Baron de Meester
Jan Timmer

REMUNERATION AND NOMINATION COMMITTEE

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

CORPORATE GOVERNANCE COMMITTEE

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

EXECUTIVE BOARD

Ewald Kist[1] *(59) Chairman*
Michel Tilmant[2] *(51) Vice-chairman*
Fred Hubbell *(52)*
Cees Maas[3] *(56) Chief Financial Officer*
Alexander Rinnooy Kan *(54)*

EXECUTIVE COMMITTEES

ING EUROPE

Michel Tilmant *(51) Chairman*
Erik Dralans *(55)*
Angelien Kemna *(46)*
Diederik Laman Trip *(57)*
Eli Leenaars *(42)*
Jan Nijssen *(50)*
Harry van Tooren *(56)*
Luc Vandewalle *(59)*
Hans Verkoren *(56)*
Ted de Vries[4] *(56)*

ING AMERICAS

Fred Hubbell *(52) Chairman*
Yves Brouillette *(52)*
Bob Crispin *(57)*
Tom McInerney *(47)*
Jan Nijssen *(50)*

ING ASIA/PACIFIC

Alexander Rinnooy Kan *(54) Chairman*
Jacques Kemp *(54)*
Jan Nijssen *(50)*
Patrick Poon *(56)*
Chris Ryan *(44)*

1. Retirement as of 1 June 2004
2. Chairman as of 28 April 2004
3. Vice-chairman and CFO as of 28 April 2004
4. Retirement as of 1 January 2004

STRUCTURE

ING has a two-tier board structure consisting of the Supervisory Board and the Executive Board. The latter is responsible for the day-to-day management of the business and long-term strategy. The Supervisory Board is responsible for controlling management performance and advising the Executive Board. The Supervisory Board is made up exclusively of outside directors. Under the Executive Board, three regionally oriented Executive Centres and a global platform for asset management are responsible for managing the business units.

ING EUROPE

ING Europe delivers banking, insurance and asset-management services to retail, corporate and institutional clients via a multi-distribution approach. ING belongs to the leading financial institutions in Europe. The Netherlands, Belgium and Poland are the three home markets. ING Europe also includes ING Direct (which is also active in several countries outside Europe) and all international wholesale-banking activities.

ING AMERICAS

ING Americas encompasses ING's insurance and asset-management activities in the US, Canada, and Latin America, where ING has prominent market positions. The Executive Centre consists of four core operating units: US Financial Services, ING Investment Management, ING Canada and ING Latin America.

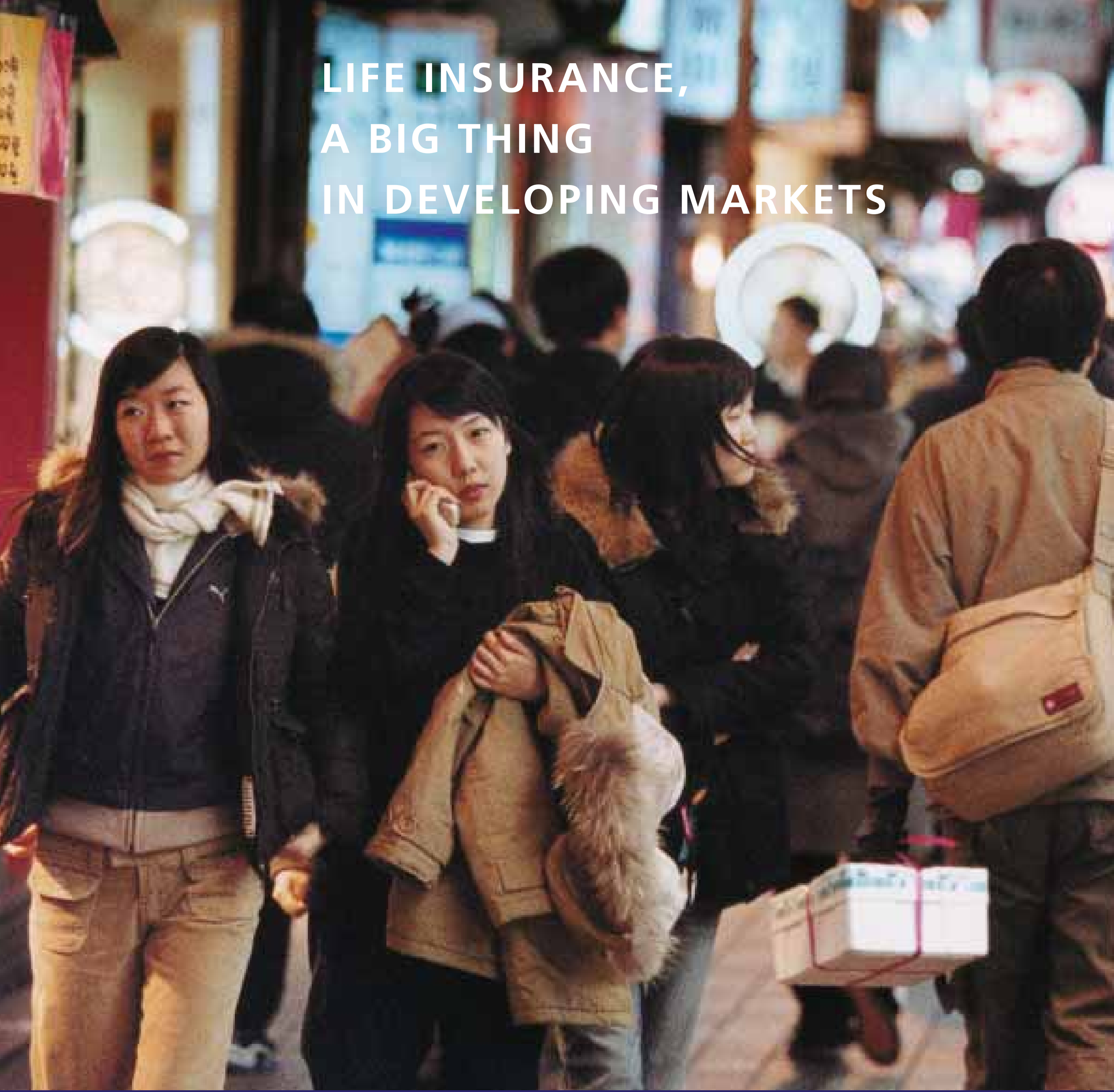
ING ASIA/PACIFIC

The Executive Centre ING Asia/Pacific encompasses ING's insurance, pensions and investment-management activities in the Asia/Pacific region. ING's key markets are Taiwan, Hong Kong, Australia/New Zealand, Japan, Korea, Malaysia, China and India.

ASSET MANAGEMENT

Asset management is ING's third core activity alongside insurance and banking. These activities are coordinated on a global basis and include investment and account management for institutional investors, ING's real-estate and equity-investment activities, the management of ING mutual funds, and asset management on behalf of the ING insurance companies. The investment-management operations are integrated in the three regional executive centres, while the other asset-management entities are part of ING Europe.

LIFE INSURANCE, A BIG THING IN DEVELOPING MARKETS



Throughout Asia, Central Europe and Latin America there is an increasing demand for life insurance. Many countries are characterised by a young population, rapid economic growth and a growing demand for more sophisticated financial products that offer a guarantee for a safe future.

ING has a long-standing reputation as a life insurer. Since 1863, National Life Insurance Bank, one of ING's founding companies, started gaining experience with the development and sale of life-insurance products. Another of ING's predecessors, 'the Netherlands est. 1845', began even earlier in selling insurance internationally.

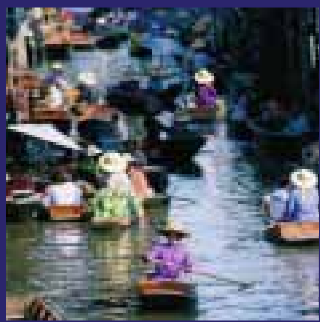
Choosing life insurance in developing markets as a commercial spearhead for ING, was a matter of supply meeting demand. This proved to be a good choice. The life-insurance activities in developing markets are responsible for 13% of ING's insurance profits and the upward trend continues. In 2003, ING's total premium income in developing markets rose by 11% in local currencies.

CHINA

Pacific-Antai Life Insurance Company is ING's joint venture with China Pacific Insurance Company in Shanghai. It is Shanghai's second largest foreign insurance company. PALIC has also started business in Guangzhou.

INDIA

ING Vysya Life Insurance has been in business since 2001. The joint venture sells its life-insurance products via the branches of ING Vysva Bank and a tied-agent force of over 800 insurance advisors.



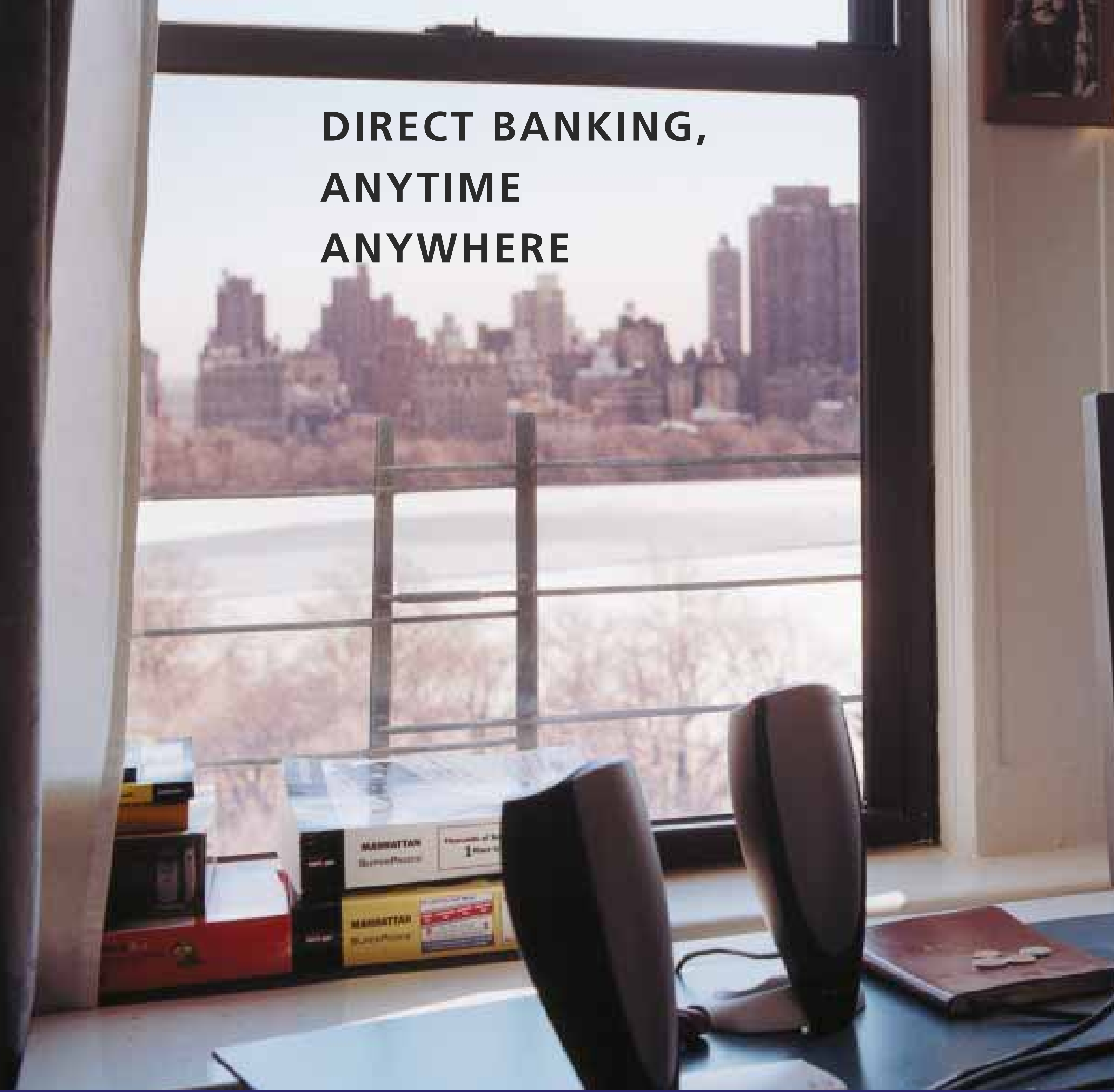
THAILAND

Thailand is a promising growht market, where ING sells life insurance through tied agents and offers asset-management services.

CHINA

ING Capital Life (ICL) is the first foreign-invested insurance provider in Dalian (northern China). This is the second life insurance operation ING has established in China. The first one was PALIC.

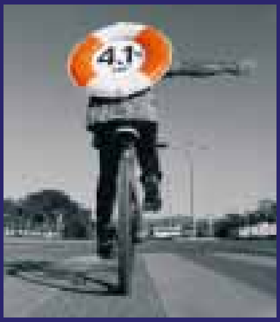
DIRECT BANKING, ANYTIME ANYWHERE



ING Direct offers customers higher interest on deposits, lower interest on loans and charges no fees or service charges. ING Direct can do this because it does not have the overheads that others do. It services its clients mainly via call-centers and the Internet. ING Direct is accessible 24 hours a day and 7 days a week, offers its customers control over their money and keeps all products, procedures and transactions as easy, reliable and fast as possible. ING Direct started in 1997 in Canada. In the last few years, 8.5 million customers in 8 countries around the world have discovered that ING Direct offers them great rates, easy to understand products, maximum freedom and optimum convenience.

GERMANY

In 2003, ING Direct became full owner of DiBa and acquired Entrium. At year-end, ING Direct had over 3.7 million clients and EUR 38.1 billion in funds entrusted in Germany.



UNITED KINGDOM

The growth of ING Direct UK has been spectacular. In nearly eight months it attracted over 305,000 clients and EUR 11.5 billion in funds entrusted.

ING DIRECT CAFÉS

ING Direct cafés offer coffee and high interest rates on savings as well as a tangible presence.

BRAND AWARENESS

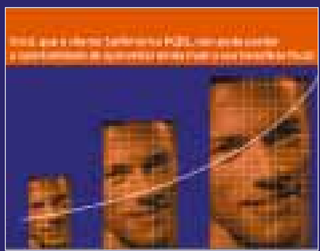
ING Direct's average overall aided brand awareness has developed favourably. It is now over 70%.

ING PENSIONS, TO ENJOY LIFE NOW AND IN THE FUTURE

All over the globe, countries are struggling with the financial consequences of an ageing population. As one of the world's leading pension providers, ING cooperates with governments, industry organisations, companies and individuals to secure sustainable pensions for current and future generations. ING's pension business encompasses all financial instruments that are intended to secure a stable retirement income such as life insurance, annuities, pension funds, 401K and related retirement saving plans, long-term savings, mortgages and mutual funds. ING also advises governments on pension reforms, participates in international research projects and provides information to create awareness of the need for adequate pension provisions.

POLAND

Poland contributed to the successful growth of ING's Pension Funds, which attracted 2 million clients in only a few years. The pension fund and the life insurance company have joined forces to build one ING Nationale-Nederlanden brand. The image is from their 'Best Friend' TV commercial.



BRAZIL

President Lula is stimulating pension reforms in Brazil. ING's joint venture partner SulAmérica, a leader in the field of health and property and casualty insurance, broadened its activities to pensions. The folder above informed clients about tax advantages of retirement savings.

UNITED STATES OF AMERICA

The US is the largest market for ING's pension business. With its 'Financial Horizons' program, ING US Financial Services informed people about the financial implications of retirement. The vivid orange Retirement Readiness Vehicles toured the country to spread the message and promote the ING brand.

ASIA

In the longer term, Asia will witness the fastest growth in retirement savings. With a population of 1.3 billion, China is a market with substantial long-term potential. PALIC, ING's joint venture with China Pacific Insurance Company, offers life-insurance and annuity products in Shanghai and Ghangzhou.

REPORT OF THE SUPERVISORY BOARD

IN SHORT

MTP 2003 - 2005 and strategic developments discussed extensively

—

Tabaksblat Code on corporate governance high on agenda

—

Adjustment remuneration structure senior management important issue

After profit stabilised in an economically difficult year 2002, we can report an operating net profit increase of 18.1% for 2003, as a result of a modest economic revival, the start of a stock-exchange recovery and strict cost control. In the past year, corporate governance was an important theme. It was decided to abolish the Dutch legal large-company regime and to give the holders of depositary receipts unrestricted voting rights. These decisions are in line with the Dutch corporate-governance code (Tabaksblat Code) and will give shareholders more say.

More meetings

The Supervisory Board met five times with the Executive Board and twice without the Executive Board. The Audit Committee met seven times. The Remuneration and Nomination Committee met three times and the Corporate Governance Committee once. During these meetings, the members of those various committees discussed specific subjects in preparation for decisions that needed to be taken by the Supervisory Board. Committee meetings always take place prior to a Supervisory Board meeting, in which the committee chairman reports on the discussions in the committee meeting.

The composition of the Supervisory Board and the three committees is shown on page 7.

Supervisory Board

During the Supervisory Board meeting of January, the Medium Term Plan 2003 – 2005 and the strategic developments were discussed extensively. In particular the developments in the United States and Belgium, two important markets for ING, were reviewed. The annual results were the main topic of the meeting in February, after which the quarterly results dominated the agenda in May, August and November. Other agenda items were the dividend policy, the amendments to the Articles of Association as a result of the modernisation of corporate governance and the annual discussion on management development. In the presence of ING's Legal Counsel, the draft report of the Tabaksblat Committee on corporate governance was discussed. The Supervisory Board expressed its intention to adopt the recommendations of this committee as far as possible. With regard to a few items, ING deviates from the recommendations (see page 69). These will be submitted to the Shareholders' Meeting.

In every meeting the Executive Board informed the Supervisory Board of a number of current topics, such as the reorganisation of the wholesale activities, the new organisational

SUPERVISORY BOARD

The Supervisory Board and Executive Board in their January meeting on strategy. From the front of the table on this page clockwise:
Paul Baron de Meester
Karel Vuursteen
Claus Dieter Hoffmann
Luella Gross Goldberg
Paul van der Heijden
Cor Herkströter, chairman
Jan Timmer
Godfried van der Lugt
Wim Kok
Aad Jacobs

Detailed information on the Supervisory Board members is given on page 74.

RETIREMENT OF EWALD KIST

Ewald Kist, chairman of the Executive Board, will step down on 1 June 2004, after having reached the retirement age of 60. He started his career in 1969 as management trainee with Nationale-Nederlanden. From 1989 to 1993 he was chairman of the Management Committee Netherlands and in 1993 he joined the Executive Board of ING Group, of which he became vice-chairman in 1999 and chairman in 2000. During his four years as chairman he led ING through a difficult period of economic recession and falling share prices. During that same period, more and more attention was devoted to corporate governance. He made ING a more transparent company, gave the holders of depositary receipts the right to vote and gave more meaning to corporate social responsibility. He will hand ING over to the new chairman as a modern company ready to take full advantage of the economic revival, with enough room to break new grounds. ING owes him much gratitude for his contribution to the development of Nationale-Nederlanden and ING in the past 35 years.

structure of ING Netherlands and the sale of various business units. The general management of several business units gave presentations on the developments in Asia/Pacific as well as the global pensions strategy, which is one of ING's worldwide commercial spearheads. The American insurance activities were also amply discussed.

During its meetings without the Executive Board, the Supervisory Board discussed its own functioning as well as the composition of the board based on its profile. The functioning of the Executive Board as a whole and its individual members was also reviewed. Another important issue was the adjustment of the remuneration structure of the Executive Board and of the management levels below the Executive Board.

Audit Committee

The regular meetings of the Audit Committee were always held in the presence of the internal and external auditor as well as management of Corporate Control & Finance. From the Executive Board, the chairman, the vice-chairman and the CFO attended every meeting. In January, the Audit Committee held an extra meeting on the possible losses resulting from National Century Financial Enterprises (NCFE). This US company, active in the financing of health care insurance, ran into trouble. ING manages Mont Blanc Capital Corporation, which runs a financial risk on NCFE. A substantial provision was made to cover that risk and measures were taken to prevent this kind of risk in the future.

In February, May, August and November, the 2002 annual results and the 2003 quarterly results were discussed. The report of the internal auditor about the quality of the internal-control procedures within ING got the necessary attention. Furthermore, an update was received on risk management in ING. Two additional meetings were scheduled in March and September to discuss the 2002 annual results and the results for the first six months of 2003, respectively, on the basis of US accounting principles (US GAAP).

Other important issues were corporate governance, especially the recommendations of the Tabaksblat Committee regarding the

EXECUTIVE BOARD

From right to left:
Michel Tilmant, vice-chairman
Ewald Kist, chairman
Cees Maas, CFO
Alexander Rinnooy Kan
Fred Hubbell

Henk Snijders, secretary

Detailed information on the Executive Board members is given on page 72.

IN SHORT

Michel Tilmant new chairman Executive Board

—

Cees Maas new vice-chairman Executive Board besides his role as CFO

—

Eric Boyer de la Giroday, Eli Leenaars and Hans Verkoren proposed for appointment to the Executive Board

—

Eric Bourdais de Charbonnière proposed for appointment to the Supervisory Board

role of the Audit Committee, and the stricter regulations in the US. As a result of the Sarbanes-Oxley Act (SOX), the responsibilities of the Audit Committee have increased. Two members are recognised as financial experts according to SOX. The Audit Committee informed the Supervisory Board about the developments around the International Financial Reporting Standards (IFRS), the new European accounting and reporting standards that will be introduced in 2005.

General management of Nationale-Nederlanden gave a presentation on the measures taken to improve the quality of service. In September, a presentation took place on ING's activities in Poland.

Remuneration and Nomination Committee

One of the main issues during the meetings of the Remuneration and Nomination Committee was the renewal of the remuneration structure for top management of ING. More information about the decisions regarding the new remuneration policy for ING's senior management can be found as of page 79 of this annual report. A delegation of the Supervisory Board met on two occasions with representatives of the Central Works Council to explain the background to the new remuneration structure on the basis of questions that had come up.

The composition of the Executive Board was discussed, as was the composition of the Supervisory Board. It was decided to set the maximum term for members of the Supervisory Board at three terms of four years and to drop the age limit of 70 years. The Articles of Association were amended accordingly. In preparation for the discussion of the functioning of the Executive Board, the Remuneration and Nomination Committee talked to every member of the Executive Board individually.

The meetings of the Remuneration and Nomination Committee were attended by the chairman and the vice-chairman of the Executive Board and the member of the Executive Board responsible for Management Development and Human Resources.

Corporate Governance Committee

The newly established Corporate Governance Committee met for the first time in 2003. ING's response to the report of the Tabaksblat Committee was dealt with as were the conclusions of the Dutch Central Bank and the Pensions and Insurance Supervisory Authority of the Netherlands based on a survey of the governance structure of the Executive Board and the Supervisory Board. The outcome of the survey was positive with some recommendations to further improve the role of the two Boards.

New rules were formulated for the three Supervisory Board committees and the existing rules for the Supervisory Board and the Executive Board will be brought into line with the final Tabaksblat Code. The chairman and the vice-chairman of the Executive Board both attended the meeting of this committee.

Composition of the Executive Board

In the previous annual report, we informed you about the retirement of a member of the Executive Board as per 1 July 2003. The present chairman, Ewald Kist, will retire as per 1 June 2004, having reached the retirement age. The present vice-chairman, Michel Tilmant, will succeed him as chairman on 28 April 2004. Besides his role as CFO, Cees Maas will become vice-chairman as of that date. The Supervisory Board proposed three new members for appointment by the General Meeting of Shareholders on 27 April 2004, Eric Boyer de la Giroday, Eli Leenaars and Hans Verkoren. For their details, see page 73.

Composition of the Supervisory Board

After the General Meeting of Shareholders on 15 April 2003, three members of the Supervisory Board retired and two new members were appointed. An introduction programme was held for the newly appointed Supervisory Board members, which concentrated on the specific responsibilities of the Supervisory Board. At the end of 2003, the Supervisory Board was made up of ten members. General information on the Supervisory Board members can be found on page 74. In the opinion of the Supervisory Board, all members but one are independent as stated in the Dutch corporate-governance code. The Tabaksblat Code does not recognise Godfried van der Lugt as an independent member since he was chairman of the ING Group Executive Board less than five years ago. He retired in 2000. His current term of office ends in 2005. In case of his reappointment in 2005, he will then be considered independent pursuant to the

OBITUARY JOHAN STEKELENBURG

In January 2003, Johan Stekelenburg, member of the Supervisory Board, contracted a serious illness from which he died nine months later, on 22 September 2003. There had been moments of hope during the difficult months preceding his death, but they were always followed by regression. Although he was unable to attend meetings as a result of his illness, Johan Stekelenburg remained very involved with ING. He had been able to make a contribution to the discussions with the Central Works Council on the new remuneration structure for the Executive Board. He was appointed a member of the Supervisory Board in 1997, on the recommendation of the Central Works Council. We will remember him as an exceptional and passionate man, always looking for solutions. In that role he has been of great value to ING. He was a wonderful colleague. May he rest in peace.

code. The code accepts that one member of the Supervisory Board may not be independent.

The Supervisory Board has nominated one new member for appointment at the General Meeting of Shareholders on 27 April 2004: Eric Bourdais de Charbonnière. For his details, see page 76.

Annual accounts and dividend

This annual report contains the report of the Executive Board and a summary of the annual accounts. The full annual accounts as drawn up by the Executive Board have been reviewed by the Supervisory Board and signed by all members of both Boards. The annual accounts are available at www.ing.com, where a printed version can also be ordered.

The proposed final dividend for 2003 amounts to EUR 0.49 per share. Including the interim dividend of EUR 0.48 per share, the total dividend for 2003 will amount to EUR 0.97 per share. Shareholders can take up their final dividend either in shares or in cash.

Dedication is the basis for success

Looking back on 2003, one can say that the year ended better than it began. During less favourable times in particular, much is asked of the managers and employees of a company. The Supervisory Board would like to express its gratitude to all management and staff for their effort and involvement in the past year. ING is a strong company and still has much potential to grow. Serving the clients' needs on a daily basis remains the foundation of a successful company.

Amsterdam, 8 March 2004
THE SUPERVISORY BOARD

REPORT OF THE EXECUTIVE BOARD

FINANCIAL HIGHLIGHTS

STABLE AND STRONG

IN SHORT

Operating net profit in 2003 up 18.1% to EUR 4,053 million

—

Operating expenses decreased by 3.1%

—

Total number of staff decreased to 114,300 at year-end

ING achieved a strong improvement in results in 2003. Operating net profit amounted to EUR 4,053 million, an 18.1% increase compared with 2002. Banking profits were up by 72.6%, which compensated for the somewhat weaker performance of insurance activities. A focus on our existing business combined with strict cost discipline contributed to ING's good results. During 2003, ING took several measures to strengthen its capital base, which resulted in strongly improved ratios for both the insurance and banking operations.

Income

ING's total operating income decreased by 9.2% to EUR 69.1 billion, mainly due to the strengthening of the euro in the course of 2003. Organically (excluding exchange-rate fluctuations and acquisitions/divestments), total income increased by 1.9% in spite of difficult market conditions.

Total operating income of the insurance operations decreased by 11.3% to EUR 57.6 billion due to consumer uncertainty about the economic climate and fierce competition in the main insurance markets. Organic insurance income was flat. Life premium income decreased by 0.8%. Premium income from non-life insurance rose by 4.2% organically. Total premiums in the developing markets in local currencies showed a healthy growth of 10.9%.

Total income from banking increased by 4.3% to EUR 11.7 billion. This increase was caused by a higher interest result following higher volumes (notably at ING Direct) and a higher average interest margin in the Netherlands.

Efficiency

Total operating expenses decreased by 3.1% from EUR 13,501 million in 2002 to EUR 13,081 million in 2003. Organically, there was a 3.0% increase in operating expenses. The main reasons for this expense growth were the ongoing expansion of ING Direct and the insurance operations in developing markets as well as higher pension costs.

The total number of staff (full-time equivalents) decreased by 1,900 to 114,300 at the end of December 2003. Ongoing restructuring, integration and cost-containment programmes have led to a reduction of the workforce in the banking units in ING Europe and the insurance units in ING Americas. ING Direct attracted some 1,700 new staff (including Entrium employees) to handle the strong growth of its business. Staffing levels of the insurance operations in a number of developing markets as well as in Canada increased, too.

Total operating expenses of insurance decreased by 5.9% to EUR 4.9 billion. Organically, total operating expenses grew by 6.5% despite strict cost control. This increase was mainly caused by higher pension costs, additional expenses related to the improvement of the service level of the Dutch operations, implementation costs of shared service centres and reorganisation costs in the US and Poland.

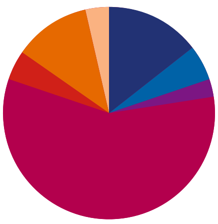
Total operating expenses of banking decreased by 1.4% to EUR 8.2 billion, despite higher pension expenses, the impact of the collective labour agreement in the Netherlands and accelerated depreciation of capitalised software, as well as the ongoing expansion of ING Direct. Organically, thus excluding currency fluctuations and the consolidation of Toplease and ING Vysya Bank, expenses increased by EUR 84 million or 1.0%. The efficiency ratio for banking (excluding ING Direct and restructuring provisions) improved from 71.0% in 2002 to 68.4% in 2003.

Profit development

ING benefited from the improved economic conditions and the rebounding equity markets in the course of 2003. This resulted in a full-year operating net profit of EUR 4,053 million, up 18.1% from 2002. Operating profit before tax rose by 26.3% to EUR 5,857 million.

GEOGRAPHICAL DISTRIBUTION OF GROSS PREMIUM INCOME

in millions of euros



The Netherlands 16%	7,429
Belgium 6%	2,568
Rest of Europe 3%	1,404
North America 53%	24,314
Latin America 5%	2,338
Asia 13%	5,950
Australia 4%	1,644
Other	-128
Total	45,519

THE EXECUTIVE BOARD

From left to right: Ewald Kist (chairman), Michel Tilmant (vice-chairman), Alexander Rinnooy Kan, Fred Hubbell, Cees Maas (CFO)

IN SHORT

Banking operating net profit up 73%

—

Banking profits from higher interest result, lower expenses and a lower loan-loss provision

—

ING Direct reported first full-year profit

—

Insurance operating net profit decreased by 1%, partly due to weak dollar

—

US-dollar hedge limited negative effect on profit

Net profit for 2003 fell EUR 457 million, or 10.2%, to EUR 4,043 million, mainly due to the absence of net realised capital gains on shares in 2003 as a result of a deliberate policy change (net realised capital gains on shares in 2002: EUR 820 million).

Operating net profit from the insurance operations decreased from EUR 2,538 million in 2002 to EUR 2,508 million in 2003 (–1.2%). The strengthening of the euro against other (major) currencies had a negative impact of EUR 92 million despite the mitigating effect of the US-dollar hedge. Excluding the impact of the strong euro, operating net profit from insurance activities rose by 2.7%. Operating profit before tax increased by 10.0% compared with 2002. Life insurance profit before tax decreased by 4.8% from EUR 2,603 million in 2002 to EUR 2,478 million in 2003. Explanatory factors behind this decrease are substantially lower one-off gains, pressure on interest and dividend income and the negative impact of the strong euro. On the positive side, lower investment losses, higher stock-market indices, higher realised capital gains on real estate and ongoing cost control contributed to the life insurance profit before tax. Non-life insurance profit before tax continued on its growth path, increasing from EUR 567 million in 2002 to EUR 1,008 million in the reporting year (+77.8%).

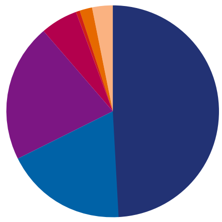
Bank profits rose substantially in 2003. Operating net profit from the banking operations increased by 72.6% to EUR 1,545 million in 2003, mainly driven by a higher interest result, lower expenses and lower loan-loss provisions. The addition to the provision for loan losses decreased by EUR 310 million to EUR 1,125 million, which is equal to 46 basis points of average credit-risk-weighted assets, compared with 59 basis points in 2002. For the first time, ING Direct reported a full-year profit. ING Direct's operating profit before tax was EUR 151 million compared with a loss of EUR 48 million in 2002.

US-dollar hedge

During 2003, the value of the euro strengthened against most currencies. Thanks to the US-dollar hedge the impact on operating net profit was limited to a negative EUR 49 million. The US-dollar-hedge result amounted to EUR 119 million after tax compared with EUR 55 million in the same period last year. ING has also hedged the

GEOGRAPHICAL DISTRIBUTION OF BANK LENDING

in billions of euros



The Netherlands 49%	143.8
Belgium 18%	54.1
Rest of Europe 21%	61.6
North America 6%	16.6
Latin America 1%	1.7
Asia 2%	5.6
Australia 3%	9.2
Total	292.6

IN SHORT

More than half of new insurance business generated by ING Asia/Pacific

—

Although distributable net profit was lower, dividend was equal to 2002

expected profits in US dollar and US dollar-linked currencies for 2004 and 2005. On the insurance side, profits were hedged at a EUR/USD exchange rate of 0.922 for 2004 and 1.253 for 2005. On the banking side, the EUR/USD exchange rates were 1.222 for 2004 and 1.253 for 2005.

Value of new business and embedded value

The value of new life business written in 2003 was EUR 440 million, compared with EUR 519 million in 2002. The decrease is primarily due to lower sales and lower pricing targets, which are attributable to lower interest rates. As in 2002, ING Asia/Pacific generated more than half of the total value of new life-insurance business created by the group, indicating the strong future earnings potential of the ING businesses in the region.

At the end of 2003, the total embedded value of ING's life insurance operations was EUR 21.7 billion compared with EUR 23.3 billion at year-end 2002. The primary reasons for this decline are currency effects and changes to future-assumed investment returns.

Dividend

For 2003, a total dividend of EUR 0.97 per (depositary receipt for an) ordinary share will be proposed to the Annual General Meeting of Shareholders on 27 April 2004. Taking into account the interim dividend of EUR 0.48 made payable in September 2003, final dividend will amount to EUR 0.49 per (depositary receipt for an) ordinary share. Although distributable net profit was lower in 2003 than in 2002 due to the discontinuation of the policy to realise fixed and pre-determined amounts of capital gains, dividend was kept at 2002 level. Temporarily, this will result in a higher payout ratio. The payout ratio as a percentage of distributable net profit will be 48.5% (2002: 44.1%). The final dividend will be made payable in stock or cash on 4 June 2004. ING intends to fully fund the cash element by selling the bearer depositary receipts that would have been issued if stock had been chosen instead of cash. The value of the dividend in stock will be 0% to 4% higher than the dividend in cash.

ING Europe

The strong improvement in ING Europe's operating profit before tax is mainly attributable to substantial higher banking results (+58.3%). The main drivers for these strong bank results were lower risk costs, a higher interest result and higher income from real estate. Furthermore, expenses were well under control despite an incidental rise in the fourth quarter of 2003. Banking operations in the Netherlands and Belgium performed very well as did ING Direct. However, the results in Germany (ING BHF-Bank) and Poland (ING Bank Slaski) are still far below target. The efficiency ratio (excluding ING Direct and restructuring expenses) improved from 69.8% to 67.4% year-on-year.

The insurance operating profit before tax improved by 8.8% although it bore the impact of one-off items. Pressure on investment income and higher expenses resulted in lower life results in the Netherlands. The life operations in Belgium and Poland, however, performed well. The non-life results on the home markets in the Netherlands and Belgium developed very favourably.

ING Americas

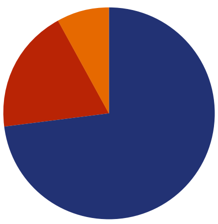
ING Americas achieved an operating profit before tax of EUR 1,086 million (+4.1%). Excluding the impact of the currency-hedge gain, exchange rates and one-off items, operating profit before tax increased by 28.9% to EUR 905 million. Performance was driven by the improving economy, lower credit-related investment losses, an increase in assets under management and strong underwriting and premium growth in the Canadian property-and-casualty business. Operating profit before tax was reduced by the impact of lower interest rates causing margin compression and lower fixed-annuity sales, as well as unfavourable mortality in the reinsurance business. Growth in the property-and-casualty businesses and higher benefit costs combined with one-time US costs increased total expenses by 2.9% compared with 2002. Excluding the US one-time costs, total expenses increased by only 1.1%.

ING Asia/Pacific

ING Asia/Pacific reported an 18.9% increase in operating profit before tax, excluding a one-off gain of EUR 222 million in 2002 from the transaction with ANZ. Including that gain, operating profit before tax was down 24.9% to EUR 453 million. Higher earnings were driven by the life and non-life businesses in Australia and the life operations in Korea and Japan. The Asian developing markets showed double-digit premium growth figures, indicating the region's strong future profit potential. Offsetting these positive developments was the lower attributable result from the holdings in the two banks that form part of ING Asia/Pacific. ING also sold its share in AnShin Card Services (Taiwan) in July 2003 and the life business in Indonesia in November 2003 to put more emphasis on its core activities in Asia.

OPERATING PROFIT BEFORE TAX BY EXECUTIVE CENTRE

in millions of euros



ING Europe 73%	4,305
ING Americas 19%	1,086
ING Asia/Pacific 8%	453
Other	13
Total	5,857

Asset Management

The functional operating profit before tax from asset-management activities grew strongly by 63.9% to EUR 431 million. This figure results from splitting off the asset-management profit contribution from the insurance and banking results. In 2003, asset-management activities accounted for 7% of ING Group's operating profit before tax.

Assets under management increased from EUR 449 billion at the end of 2002 to EUR 463 billion at the end of 2003 (+EUR 14 billion or +3.1%). ING changed its definition of assets under management to conform more closely with industry practice. This restatement led to a net increase of EUR 9 billion. Furthermore, net inflow of EUR 11 billion and the effect of higher stock markets (+EUR 32 billion) were partly offset by exchange differences (–EUR 38 billion). All regional units of ING Investment Management as well as ING Real Estate contributed to the EUR 11 billion net inflow.

Capital base

Following the sharp decline on stock markets in 2002 and early 2003, ING took a series of measures to strengthen its capital base during the course of 2003. An optional stock dividend was re-introduced and ING sold part of its equity and real-estate holdings to reduce debt. ING also successfully issued two new subordinated perpetual loans in Europe and the US. To protect the capital levels from stock-market decline, ING has hedged EUR 4.0 billion of its Dutch equity portfolio since the beginning of 2003.

As a result of these measures, the capital base of ING Verzekeringen N.V. increased to EUR 15.8 billion at the end of December, which is 180% of the legally required level (year-end 2002: 169%). The tier-1 ratio of ING Bank N.V. was 7.59% at the end of December 2003, an improvement of 28 basis points compared with year-end 2002 (7.31%). ING Groep N.V.'s debt/equity ratio improved to 14.4% (year-end 2002: 19.9%).

Shareholders' equity

On 31 December 2003, shareholders' equity amounted to EUR 21.3 billion, an increase of EUR 3.0 billion or 16.9% compared with year-end 2002. The full-year net profit added EUR 4.0 billion to shareholders' equity whereas revaluations accounted for an increase of EUR 0.3 billion. Exchange-rate fluctuations adversely impacted shareholders' equity by –EUR 1.2 billion. Shareholders' equity per share increased from EUR 9.14 at year-end 2002 to EUR 10.08 at the end of 2003.

Return on equity

The operating net return on equity increased from 17.4% in 2002 to 21.5% in 2003. The return on equity of the insurance operations was 22.7% as against 18.6% for 2002. The return on equity of the banking operations increased from 6.5% in 2002 to 11.1% in 2003. The risk-adjusted return on capital (RAROC) of ING's banking operations was 17.6% compared with 13.2% for 2002 (pre-tax and excluding ING Direct).

IN SHORT

Assets under management increased to EUR 463 billion

—

Shareholders' equity rose by 17% to EUR 21.3 billion

—

Operating net return on equity rose to 21.5%

GROUP STRATEGY AND OUTLOOK

BUILDING ON EXISTING STRENGTH

IN SHORT

Good progress with regard to ING's strategic objectives

—

Effective measures resulted in a stronger capital position, for both the insurance company and the bank

—

Portfolio optimisation resulted in some business units being sold

—

New initiatives perfected ING's click-call-face concept

Market conditions have changed drastically in recent years. Looking back on 2003, ING faced a weak economic climate and unstable geo-political circumstances. However, ING made good progress with regard to its five strategic objectives.

Strategic objectives

Strengthen the capital base for a solid financial foundation

The stock markets, which fell sharply between 2001 and early 2003, heavily impacted on ING's financial position. At the end of 2002, a number of short-term and long-term measures were announced, aimed at strengthening ING's capital base and reducing the sensitivity of ING's financial position to market volatility. An important long-term measure to strengthen the capital base was the introduction of optional stock dividend as of the final dividend 2002. Furthermore, ING successfully issued two subordinated perpetual loans in Europe and the United States, raising a total amount of EUR 1.1 billion. Another measure to improve the capital base was the sale of shares and real estate during the year. The proceeds were used to reduce the core debt of ING and improve the debt/equity ratio. As a result, the debt/equity ratio of ING Group improved from 19.9% at the end of 2002 to 14.4% at the end of 2003.

Apart from the sale of shares, ING protected EUR 4 billion of its Dutch equity portfolio against a sharp stock-market decline at the beginning of 2003 by means of a cost-neutral collar. This accounts for approximately 40% of ING's equity portfolio worldwide. In the course of 2003, ING decided to open up the upside potential in the equity portfolio by reducing the total amount of written call options to EUR 0.7 billion, while keeping approximately EUR 4.4 billion of the Dutch equity portfolio protected against a potential decline.

All these measures resulted in a more favourable capital position for both the insurance company and the bank. At the end of 2003, the capital base of ING's insurance units amounted to EUR 15.8 billion, which is 180% of the legally required level (year-end 2002: 169%). The Tier-1 ratio, indicating the financial strength of our banking units, improved from 7.31% at the end of 2002 to 7.59% at the end of 2003. The revaluation reserve for shares amounted to approximately EUR 900 million on 31 December 2003.

Optimise the existing portfolio

Focus and execution were the key words in 2003. The adverse economic circumstances forced ING to increase focus in terms of activities and markets it wants to be in. We continued our policy to refrain from making large acquisitions. Furthermore, a more critical assessment of the business portfolio has resulted in a number of actions. For instance, several business units were sold in the course of 2003. Examples are ING Fatum (ING's insurance business in the Netherlands Antilles and Aruba), ING Sviluppo in Italy, ING Life Indonesia and its share in the AnShin Card Services Company (Taiwan). Furthermore, the international wholesale branch network was restructured. We also announced the management buy-out of Baring Private Equity Partners.

Create value for clients

The multi-product and multi-channel approach has been the core of ING's strategy. In all markets where ING is active, ING's business units have continued to create value for their clients. ING in the Netherlands, for example, combined its sales forces and made further progress integrating its operations. Perfecting its click-call-face concept enabled ING to increase the quality of customer service, giving clients in the Netherlands improved access to the different distribution channels and products.

An example in Asia is the initial product launch of the China Merchant Antai Open-ended Securities Series Funds. ING's clients in China welcomed the fund and invested over EUR 500 million. In the United States, ING Bank has formed a commercial alliance with Bank of New York aimed at marketing, sales and delivery of global custody and related services to international clients. A strong brand enhances trust among customers. In 2003, ING made further progress in creating one global brand. BBL in Belgium was re-branded to ING Belgium. As a result brand awareness increased to 90% at year-end.

Develop our special skills

ING Direct continued to exceed expectations and contributed for the first time to the Group profit in 2003, well ahead of schedule. In May, ING Direct launched operations in the United Kingdom, the eighth country where it offers attractive savings products to retail clients. The launch in the UK proved to be the most successful ING Direct start-up so far. By the end of 2003, ING Direct worldwide had close to 8.5 million customers (5.0 million at year-end 2002) and approximately EUR 100 billion in funds entrusted (EUR 55 billion at year-end 2002).

The insurance operations in developing markets have grown as well. The organic growth in premium income was 11% in 2003. In China, we expanded our insurance business. Organic premium income in China rose by 50%. ING's joint venture with China Pacific Insurance Company (CPIC), called PALIC (Pacific Antai Life Insurance Company), received approval to establish a branch in the city of Guangzhou, the third-largest city of China. This allows the many millions of potential customers in southern China to buy insurance products from PALIC.

As a result of the global ageing of the population and pension reforms being introduced in many countries, ING selected pensions as a global spearhead. We developed business objectives for 2004 to expand current pension activities and start up many new initiatives. In addition to working on the realisation of these commercial objectives, ING is stepping up its pension-advisory services to governments and institutions that can benefit from ING's pensions' knowledge and experience.

Further lower the cost base

In Europe, the Americas and Asia/Pacific large cost-saving programmes have been executed in 2003. In the field of Operations/IT in Europe, the alignment of IT architecture and the development of various shared service centres continued.

In the United States, ING has integrated its operations, resulting in yearly cost savings in the amount of approximately EUR 300 million. US Financial Services has signed a 7-year contract with IBM to provide information-technology infrastructure services. This contract will generate substantial cost savings. Procurement as an important cost-saving tool has developed in 2003 from a transaction-oriented function to a strategic instrument. The awareness for procurement has increased considerably, which led to successful cost-saving initiatives.

As a result of strict cost control, total operating expenses decreased by 3.1%. Operating expenses increased by 3% organically. Main explanatory factors for this rise in costs are continued investments in new business (ING Direct and insurance activities in developing countries), substantial investments in IT infrastructure and investments to improve service (e.g. Nationale-Nederlanden). At the insurance operations total operating expenses decreased by 5.9% (organic change: +6.5%). The efficiency ratio of the banking operations improved from 71.0% in 2002 to 68.4% in 2003 (excluding ING Direct and restructuring provisions). As from 2004, ING Direct will no longer be excluded.

Outlook

The year 2003 proved that the efforts with regard to the strategic objectives paid off. The Executive Board is cautiously optimistic about the outlook for 2004. In the year ahead, ING will continue to leverage its existing strength in both mature and developing markets. The Executive Board considers it premature at this stage to make a profit forecast for 2004.

In 2004, ING's top priorities will be to strive for excellence in servicing our clients in mature and developing markets, to further improve the capital position, to allocate capital as efficiently as possible, to be firm on the cost side, and to continue the policy of active portfolio management.

IN SHORT

Good progress in ING's special skills

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Premium income of insurance operations in developing countries up 11% organically

—

Cost-saving programmes limited ING's cost rise to 3% organically

—

Building further on existing strength in 2004

ING EUROPE

GOOD RESULTS IN A CHALLENGING ENVIRONMENT

MICHEL TILMANT

Vice-chairman of the Executive Board and Chairman of the Executive Committee ING Europe

Financial markets picked up in 2003, but the economic recovery in Europe was delayed. ING Europe responded by focussing on its existing business and by putting value before growth. The client approach was refined and improved, while high priority was given to cost control and risk management. ING Europe's operating profit before tax rose by 32.8%.

Strategy and results

ING Europe offers its services to retail and wholesale clients. Its activities range from banking and insurance to asset management. This important region employs 66% of ING's staff and accounts for 70% of ING's operating profit before tax.

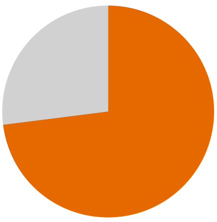
After a tough 2002 and a very difficult first quarter in 2003, financial markets worldwide picked up strongly last year. However, the economic recovery took more time to materialise, especially in Europe. In this environment, ING opted to put value before growth. We focussed on the existing business, launched the right initiatives to contain costs and gave high priority to risk management. These efforts, combined with a focus on improving the overall service towards the client, led to good results. ING Europe's overall operating profit before tax rose by 32.8% to EUR 4,305 million. Income grew by 6.9% to EUR 28,654 million. Operating expenses went down by EUR 30 million. The total headcount of ING Europe was 76,000 at the end of 2003, against 77,900 in December 2002, a reduction of 2.4%. Retail profits before tax (including Private Banking) rose by 26% and Wholesale pre-tax results almost doubled (+92%) compared with 2002.

Retail Financial Services

With its diversified distribution mix, ING serves approximately 27 million retail clients in Europe. In the home market of the Benelux, ING is present with the full range of distribution channels. In the mature markets (UK, Germany, Spain, France and Italy), ING serves its clients with a unique direct-banking concept. In this respect, ING Direct (including DiBa in Germany, discussed in a separate chapter), and Postbank in the Netherlands are important growth engines in ING's retail-banking business. In Central Europe, ING runs one of the largest tied-agent forces in the area. The retail business performed well last year. Profits before tax rose by 20% to EUR 1,608 million (excluding Private Banking).

OPERATING PROFIT BEFORE TAX

in millions of euros



ING Europe 73%	4,305
Rest of ING 27%	1,552

FREDDIE NIJHOF

Managing director of the Nijhof-Wassink Group, the Netherlands

HARMAN NIJHOF

Supervisory director

"We're specialist in three core activities: transporting bulk cargo and fluids, financing and insurance of company cars, and we're also the official Volvo company-car dealer in the eastern part of the Netherlands and central Poland. Our relationship with ING Bank is based on mutual trust. ING Bank has been our exclusive banker since we established our company in 1963 and we hope to continue that for many years to come."

The Netherlands

In the Netherlands, the different ING companies continued their integration to one organisation ING Netherlands, albeit still functioning under different brand names. The ING-branded companies generated EUR 3,061 million income and EUR 923 million profit before tax. The comparable figures for the non-ING-branded labels were EUR 9,231 million and EUR 1,488 million. The reorganisation created extra incentives to help promote products and services of sister companies. It also stimulated the transfer of best practices, especially using the sales expertise of RVS. As a result ING generated more business per client. Life premiums increased by 13.3% in 2003.

Nationale-Nederlanden (NN), which is the overall number-one life insurer in the Netherlands, made further steps to improve the quality of its service in terms of reduction of backlogs and easier accessibility. These efforts were not yet reflected in surveys on client satisfaction, so NN will continue to focus all its short-term attention on further improving its service in 2004.

Postbank added a new service for its clients with the creation in January 2003 of a mortgage sales force. In line with ING's click-call-face strategy, this new sales force introduced the 'face' in this attractive but competitive market. This initiative allowed Postbank to boost the sale of mortgages to a total amount of EUR 6.0 billion.

South-West Europe

In Belgium, the banking operation Bank Brussels Lambert changed its name in April 2003 to ING, concluding an 18-month process to familiarise customers and employees with the new brand. The Belgian insurance operations were already integrated and rebranded in 2001 into ING Insurance. In 2003, ING Insurance captured a ten percent market share and as such became one of the top-five companies in the sector, much sooner than initially expected. Also in Belgium, ING's employees joined forces under the 'Athena' project: twelve working groups came up with plans and projects to enhance the use of existing infrastructure and resources in order to better meet the requirements of the customers and to improve the level and quality of income. The current implementation of these projects is expected to lead to an important profit contribution by 2005.

Putting value before growth implied that ING had to be more selective about its portfolio choices. This became an important issue for other countries belonging to the South-West-Europe region. At ING Bank France, a restructuring plan was implemented with a view to adapting the cost structure to new market conditions and to restore the company's profitability. In Italy, ING concluded an agreement with UniCredito Italiano and Aviva about the sale of the agent-network activities of ING Sviluppo, as well as the affiliated Italian life insurance, asset-management and private-banking activities. ING will continue to service the Italian retail market via ING Direct.

Central Europe

ING continues to have a strong position in Central Europe. In Hungary and Romania, ING is market leader in life insurance and in Poland and Hungary we are number two in the field of pensions. Furthermore, in 2003 ING received the award for 'Best Cash Management Bank in Eastern Europe' for the fifth consecutive year.

The developing Central-European countries were affected by the strong economic head wind in 2003. In this market environment ING showed resilience and maintained performance. Premium income in these countries grew by 7% to EUR 810.5 million. In order to sustain long-term profitability, ING also had to take the

IN SHORT

Operating profit before tax up by 33% to EUR 4,305 million

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Cost containment and good risk management paid off

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Retail bank in core European markets performed well.

—

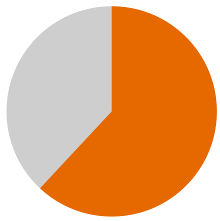
Private Banking makes a come-back, five-fold rise in profits

—

Premium income in developing Central-European markets up by 7%

NUMBER OF STAFF

full-time equivalents, year-end



ING Europe 66%	76,000
Rest of ING 34%	38,300

ING BELGIUM

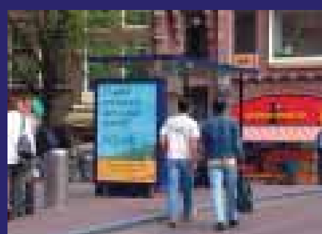
In Belgium, BBL now operates under the name ING. The rebranding process lasted 18 months. Clients, employees and intermediaries reacted positively. Total brand awareness in Belgium rose from 50% to 90% at year-end 2003.

POSTBANK MORTGAGES

Postbank expanded its distribution capacity by adding its own sales force. Personal financial advisors now meet customers in the comfort of their own homes. The move resulted in a boost in the sale of retail mortgages.

ING ROMANIA

ING has long been active in Central and Eastern Europe. In Romania, ING's banking activities have traditionally been focused on serving the corporate market. Last year, ING began to target the retail segment by offering residential mortages.



NATIONALE-NEDERLANDEN

NN has been one of the largest pension providers in the Dutch market for many years. In 2003, NN introduced a campaign with the tagline: "So you think you'll live to an old age? So do we!". The public's awareness of NN as an ING company rose to 46%.

IN SHORT

ING Wholesale aligning the commercial strategy of its different segments

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Wholesale profits before tax almost doubled to EUR 1,613 million

—

Asset-management activities in Europe profit from closer alignment with ING's sales channels and insurance companies

necessary steps to control costs. At ING Bank Slaski in Poland, this implied a major restructuring, leading to the redundancy of 760 employees, ten percent of the total staff.

Private Banking

Two years ago, ING's private-banking activities turned into a separate business line within ING. Important restructuring activities at Private Banking contributed to a significant improvement in the results. Profit before tax rose from EUR 16 million in 2002 to EUR 88 million in 2003. A substantial increase in assets under management was achieved, especially in Asia, Belgium and the Netherlands. In a quality survey on private banking, Euromoney ranked ING Private Banking among the fifteen 'Best Global Banks'. ING received a top-ten ranking in four out of the five regions where ING Private Banking is active.

ING Wholesale

ING Wholesale stretches beyond the borders of Europe. Due to the international presence of many of its European clients, ING Wholesale also services these clients in the Americas and Asia.

In 2003, ING Wholesale improved risk management, restructured its operational cost base and its international branch network and, above all, unified its client approach to increase value for both ING and its clients. Important efforts went into the alignment of the commercial strategy of Corporate Financial Services (CFS) and Financial Markets (FM), as much in Europe as in the core developing markets.

As a result, ING Wholesale restored profitability in 2003. Compared with the very difficult year 2002, profit before tax almost doubled to EUR 1,613 million. Revenue growth was achieved thanks to the strong performances in the home markets of the Netherlands and Belgium. The wholesale banking business in the Americas also showed good results in 2003, having taken action to strengthen its businesses. In Asia, ING surmounted the impact of SARS in the first six months of the year. The UK experienced a breakthrough year in 2003 as the combined operations turned in a profitable performance. In Germany, at ING BHF-Bank, the implementation of the new strategy and the focus on cost control had to be accompanied by a reduction in staff. Employee Benefits, amounting to 20% of ING Wholesale's pre-tax results further improved its position in Europe. Results went up by 21%.

Corporate Financial Services

Corporate Financial Services (CFS) started to clearly redefine its client base in 2003. This is mid-corporates in the Benelux, Poland and Germany, large international corporates globally (including blue-chip companies in developing markets) and financial institutions (banks and non-banks). In order to deliver high added value to these clients, CFS is further enhancing its senior relationship-management skills, developing specific sector expertise and cross-selling capabilities while upgrading its client information reporting. Of strategic importance are anchor products, such as payments and cash management, general lending, structured finance (including acquisition finance) and trade banking, but also other products, such as employee benefits, mergers and acquisitions advisory and asset management in specific markets. Investments will be made in syndicated finance and securitisation for the benefit of ING's customers and its own capital management.

Financial Markets

Financial Markets customers face different kinds of risk such as foreign-exchange risk, interest-rate risk and equity risk. Financial Markets (FM) offers a range of products – from spot foreign exchange to very sophisticated derivatives – to help them manage these risks. Thanks to a continued focus on cost containment (costs were reduced by 10%) results in this business improved. Important contributors were the treasury and strategic trading businesses. Financial Markets wants to continue this strong performance and give full support to the client-oriented strategy of ING Wholesale. To do so, additional investments have been made into developing a much closer alignment between product specialists and client relationship managers. In the major developed markets, FM started reorganising and upgrading its sales teams. In the future, a global sales co-ordination team will help service clients across the various regions. These initiatives will further improve the exchange of information, which – together with excellent service quality – is indispensable to meet the clients' needs.

ING Investment Management Europe

ING Investment Management Europe (ING IM Europe) manages EUR 110.8 billion in assets. It was transferred from the former Executive Centre ING Asset Management to ING Europe (see also the Asset Management chapter). As a result of this reorganisation, ING IM Europe became more closely aligned with ING's sales channels and insurance companies in the region. This allows ING IM to respond more quickly to changes in client demands and market opportunities. Due to the volatile markets of the past years, retail clients had a strong preference for products with capital protection. ING IM met this demand with its Protected Mix Funds.

Operations/IT

Operational excellence is a key requirement for future profitability in financial services. Operations & IT (OPS/IT) is one of the areas where most cost savings can be found. This is why it is a separate functional responsibility within ING's European management structure.

In 2001, ING launched an ambitious programme that seeks to reduce the overall costs of OPS/IT and upgrade the quality of its operations. By the year 2005, the programme is expected to lead to a considerable reduction in total expenses.

Major achievements in 2003 were the consolidations of data centres in the Netherlands and Belgium and the standardisation of ING's IT infrastructure and IT applications. ING also continued to implement the shared-services-centre concept in the banking business and in insurance. Shared service centres allow ING to deliver high-speed and high-quality back-office services to its business units. As such, they help ING to exploit its scale to the fullest extent and to use the available experience within the Group as optimal as possible.

In 2004, ING will continue the implementation of its OPS/IT programme. In international payments it will support ING Wholesale in its ambition to be a top-payments and cash-management bank in Europe. ING will also step up its joint initiative with the Bank of New York to offer global custody & fund administration activities to institutional clients in the Benelux, Germany and Central Europe. In insurance, a new state-of-the-art solution for life insurance will be implemented and the development of a new non-life system launched. This should contribute to lifting ING's insurance operations to best-of-class level.

Outlook

ING Europe has made important strides to adapt its business to leaner times. Looking forward over the next twelve months, the economic outlook is more positive in some areas, but still uncertain elsewhere.

With these prospects in mind, ING Europe will continue to be very operationally focussed, making sure that financial performance is sustained. Controlling costs will remain high on the agenda for ING, as will risk management. In the longer term, these priorities will enable a high level of cost competitiveness and service quality. In the short term, they help laying the basis for the business upturn when it comes.

In the retail business, product innovation and service optimisation will be the top priority. In the Netherlands, Retail Financial Services will enhance its sales capacity and invest more in the improvement of its sales force.

ING Wholesale will continue to implement its new strategic focus, by aligning the commercial strategy of its different segments, as much in Europe as in the core developing markets. More cross-selling must support its objective of creating value as much for the client, as for ING. Creating value also means that risk management should continue to be high on the agenda.

Next to these ongoing strategic choices, ING Europe wants to take advantage of new external opportunities, like the accession of several East- and Central-European countries to the European Union in 2004. This should generate stronger economic growth in this region over time. With its strong position in Central Europe, ING hopes to profit from this enlargement of the European Union. ING Private Banking has started to invest in a number of key developing markets where we believe there are significant growth opportunities, including India, China and Korea.

ING Europe is confident about the strengths and prospects of its core business. That is why we believe that focus on improving the capital efficiency and return of the existing business, combined with great efforts to be a truly customer-focussed organisation, will help keep ING in the top tier of European financial institutions.

IN SHORT

Cost-saving initiatives in Operations/IT on schedule

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ING to stay operationally focussed in Europe

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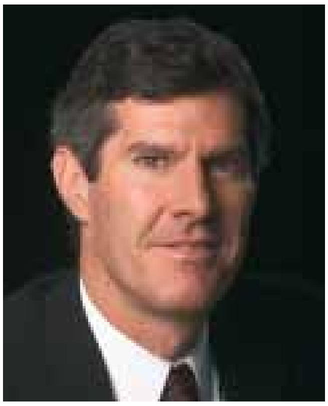
ING Europe wants to be a truly customer-focussed organisation

ING AMERICAS

PERFORMANCE ON TRACK, FOCUS ON EXECUTION



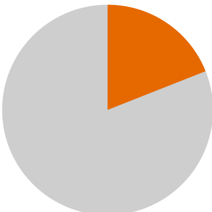
FRED HUBBELL

Member of the Executive Board and Chairman of the Executive Committee ING Americas

ING Americas finished 2003 with much better results, successfully completing a three-year integration process of ReliaStar and Aetna Financial Services with other businesses in the United States. In 2003, ING Americas reported an operating profit before tax of EUR 1,086 million, an increase of 4.1% over 2002. The underlying profit growth was 28.9%. The results benefited from improvements in the United States' equity markets, lower investment losses and continued strong underwriting and premium growth in the Canadian property-and-casualty business. The results were partly offset by lower margins due to the low-interest-rate environment.

OPERATING PROFIT BEFORE TAX

in millions of euros



ING Americas 19%	1,086
Rest of ING 81%	4,771

Strategy and results

In the Americas, ING holds key positions in insurance, asset management and retirement services. In this region, ING serves more than 33 million customers, 14.4 million of which are in the United States. In the US market, ING has a top-five position in life insurance and retirement services. In Canada, ING is the number-one property-and-casualty (P&C) company. In Latin America, ING is active in Mexico, Peru, Brazil, Chile and Argentina in insurance and pension services. In Mexico, ING is the largest insurer.

ING has five business priorities in the Americas. ING's first priority is to improve returns, profits and efficiency. To strengthen customer and distributor relationships is the second business priority. Third, ING aims at strengthening its IT platforms. ING Americas is doing this by reducing the complexity of applications and infrastructure. The fourth business priority is to attract and keep motivated employees. By gauging feedback from employee surveys, ING Americas is improving performance management, simplifying decision-making and streamlining processes. The final priority is to improve market positioning. ING constantly evaluates the contributions of its businesses and leverages current strong rankings as regional economies improve.

In 2003, ING Americas reported an operating profit before tax of EUR 1,086 million, an increase of 4.1% compared with 2002. Growth in the property-and-casualty businesses and higher

N. ANTHONY CALHOUN

Treasurer of the District of Columbia

ING manages over USD 500 million in retirement assets for 30,000 D.C. government employees. "We asked ING to educate our employees on the importance of diversification," says D.C. Treasurer N. Anthony Calhoun. "ING responded by conducting educational seminars during early morning shifts, graveyard shifts, and every time in between." ING gives back to the D.C. community by doing business with minority-owned enterprises and supporting schools, shelters and after-school programs.

benefit costs, combined with one-time US costs, increased total expenses with 2.9% over 2002. Excluding the US one-time costs, total expenses increased only 1.1%.

US Financial Services

In the United States, ING US Financial Services (USFS) comprises businesses offering an array of products and services to retail and institutional clients, including retirement programmes, annuities, life insurance, employee benefits, mutual funds and financial planning. Early 2004, ING decided to combine US Financial Services and US Institutional Businesses resulting in a single business structure for the US operations.

In 2003, ING delivered better results through a continuing effort to improve the business fundamentals. ING continued to face the challenge of historically low interest rates, which has compressed margins and affected returns for fixed-annuity and traditional life products. This was partly offset by substantially lower investment losses. The US business carefully balanced the need to retain adequate profit margins with the need to offer competitively priced products to distributors and customers, a challenge confronting the entire industry. ING was well positioned to capitalise on the equity-market upswing. USFS' strategy paid off with the boost in US equities, as measured by the S&P 500 Index, which closely compares to ING's equity-related retirement services, and closed up 26% over the previous year.

USFS reported operating profit before tax of EUR 718 million for the year, 49% better than 2002 (at constant exchange rates). Sales of variable annuities and retirement services increased, reflecting higher consumer confidence driven by more stable financial-market conditions. Gross premiums for fixed annuities declined substantially compared with 2002, reflecting continued focus on sound pricing and a low-interest-rate environment that reduced the attractiveness of this product in general.

ING's US Institutional Business consists of reinsurance and institutional-markets businesses, offering reinsurance products, risk-management tools and customised solutions and services to direct writers, including mortality research, product-development support and health and disability claim consulting. The good performance in group reinsurance and institutional markets was negatively offset by high mortality in individual life reinsurance throughout the year and especially in the third quarter.

Canada

Strong underwriting, combined with higher premiums, drove robust operating profits for Canada. Canadian operations reported strong operating profit before tax of EUR 163 million, up EUR 54 million from 2002. Premiums totalled EUR 2,164 million (+10.9% organically) due to premium growth in all regions and business lines. The combined ratio improved from 97.7% to 94.9%.

With this solid performance ING Canada continues to be the leading provider of P&C insurance in Canada. Strong operational and cost efficiencies, expanded expertise in risk selection and pricing, as well as strategic alignment with distribution partners contributed to the solid performance in Canada.

Latin America

ING Latin America reported EUR 292 million of operating profit before tax in 2003, an increase of EUR 56 million over 2002. This includes a gain of EUR 44 million from the sale of the Bital joint venture in Mexico. Mexico and Brazil reported higher operating profits before tax, which were dampened by lower results in Argentina and the impact of divestures (e.g. Fatum in the Netherlands Antilles).

IN SHORT

ING Americas' operating profit before tax rose by 4.1% to EUR 1,086 million

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Stock-market recovery supported results

—

Expenses increased by 2.9%, mainly due to one-time US costs

—

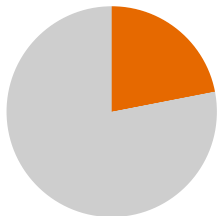
Profits in the US up 49%; efforts to improve the US business model rewarded

—

Strong underwriting and higher premium led to firm profit growth in Canada

NUMBER OF STAFF

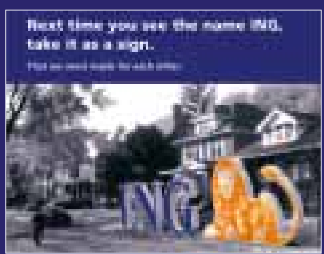
full-time equivalents, year-end



ING Americas 23%	**26,000**
Rest of ING 77%	**88,300**

ING NEW YORK CITY MARATHON

Chairman Ewald Kist and NY City Mayor Michael Bloomberg hold the finish ribbon as Margaret Okaya of Kenya wins the women's marathon. ING's title sponsorship of the NY City Marathon boosted ING's name recognition significantly in the US.



ING CANADA

Over four million Canadians rely on ING for their insurance, investment and banking solutions. ING is the largest provider of property-and-casualty insurance in Canada and continues to expand its product line through a variety of distribution channels.

SULAMÉRICA

Head office in Rio de Janeiro. SulAmérica and ING are together embarking on the promising and fast-growing Brazilian market. The joint venture aims to reinforce the activities in the insurance market and develop products and services for the asset-management market.

ING COMERCIAL AMÉRICA

An advertisement highlighting ING Comercial América's triple-A rating in Mexico. ING Comercial América is the largest insurance company in Mexico, offering life, health and P&C insurance. ING also offers wholesale-banking and asset-management services.

IN SHORT

Higher profits in Mexico and Brazil dampened by lower results in Argentina

—

ING IM created a single asset-management platform in the Americas

—

ING Re rated as one of the top-three reinsurers by life insurers in 2003

—

ING New York City Marathon raised ING brand awareness to a high point

—

ING introduced the 'Client Service Guarantee' in Canada

—

Balancing profitability and market share will remain key in 2004

ING Comercial América in Mexico has established itself as an industry leader in the market with over 7.8 million customers and a top-market ranking in the P&C, auto insurance business and a number-five position for retirement savings funds. Mexico continued to show strong performance in 2003 with EUR 198 million of operating profit before tax. In 2003, our performance continued to benefit from strong insurance underwriting and a wide distribution network of approximately 9,000 agents that helped to deliver consistent returns. During the year, ING Comercial América also invested in its customer service to continually improve the quality of business for its retail and corporate customers. ING Comercial América was also engaged in an ongoing legal dispute with fertiliser producer company Fertinal over an insurance claim. The dispute, which began in 2001, concerns significantly divergent opinions between ING Comercial América and Fertinal as to the amount to be covered under Fertinal's insurance policy. The case is still before the Mexican courts.

In an effort to build its presence in Brazil, ING strengthened its relationship with one of the premier insurance providers in the country by launching the 'SulAmérica, associated with ING' endorsement brand. The rebranding came 17 months after ING took a 49% stake in SulAmérica in 2002. SulAmérica serves more than 6 million customers and represents 15% of the market.

In Chile, ING is the number-one life insurer and the number two in health. ING in Chile developed ING Express, a new concept in self-service that allows customers to obtain account information from ING Chile's diverse business lines.

ING Investment Management Americas

ING Investment Management Americas (ING IM Americas) manages over EUR 165 billion in assets for institutional, managed-account and alternative-asset clients as well as many of ING's mutual funds and insurance companies.

During 2003, ING IM Americas created a single asset-management platform in the Americas through the integration of several historically independent organisations. We integrated our businesses under a common management committee, eliminated redundancies and forged a single shared identity and vision. This reorganisation strengthens the competitive position by enabling us to offer our best capabilities in each client channel and making client service, business development and operations more efficient. For example, in 2003 we began offering in the institutional market our core US fixed-income strategies that were initially developed to manage portfolios of insurance affiliates and funds (see also the Asset Management chapter).

ING IM Americas offers its clients four primary areas of investment management: fixed income, quantitative equity strategies, qualitative equity strategies and alternative assets (including private equity, single-strategy hedge funds and hedge fund of funds). Investors first and foremost expect strong investment performance from ING, and many also require professional advice and investment education. ING IM Americas provides its financial intermediaries with expert investment and educational tools to help their clients meet long-term financial goals.

Highlights

Branding reaches high point with marathon

In 2003, the ING brand progressed further and now covers all ING Americas business units, except Peru. US brand awareness hit a high point last November at the running of the ING New York City Marathon. All over the city in the weeks leading up to one of the world's largest foot races, ING's lion imprint was seen everywhere – on street lamp banners, T-shirts, billboards and, on race day, a continuous streaming of signs along the final leg of the race leading into New York's Central Park.

Research executed after the marathon in New York concluded that awareness of the sponsorship increased fourfold, while all important brand attributes – for example fresh thinking, innovative products and purchase consideration – saw a dramatic rise. This elevation of brand in the Americas over the last three years has paralleled the building of strong positions in each market. In the US, ING Financial Partners was initiated in the first 'branded broker/dealer' program.

ING Re rewarded for client orientation

ING Re was one of the top-three reinsurers judged as best overall by life insurers in the 2003 Life Reinsurance Marketing Opportunities Survey for North America. Examples of ING Re's client orientation include the introduction of a new release of ASCENT, the company's electronic life underwriting manual. At the end of the year the tool was being used by some 30 life insurance companies and continued to help differentiate ING Re in the marketplace.

Client Service Guarantee in Canada

In Canada, ING introduced an innovative Client Service Guarantee. This is the first fully national and integrated customer-driven initiative ever undertaken by ING Canada's three insurers – ING Insurance Company of Canada, ING Novex, and BELAIRdirect. The new element in this service, however, is that ING is willing to penalise itself if it cannot deliver on its promise, thus ensuring credibility. The Client Service Guarantee lets customers know they can rely on ING at a time when they are facing a crisis and looking for someone to depend on.

Outlook

In 2004 and beyond, ING's economic assumptions reflect some overall improvement in the Americas, but the economic environment remains challenging. Therefore, ING will closely monitor the low-interest environment and developments in equity and credit markets.

ING is aiming on improving returns on economic capital, while also consistently growing its earnings by improving efficiency and getting profitable new business. Overall, ING will continue its policy to properly balance profitability and market share. The focus is on execution: building customer-oriented businesses, strengthening the ties with customers and distributors, managing costs effectively, attracting and keeping inspired employees and further improving the IT infrastructure.

ING ASIA/PACIFIC

STRATEGY AT WORK

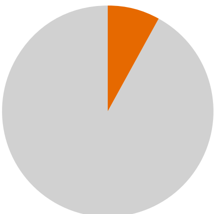
ALEXANDER RINNOOY KAN

Member of the Executive Board and Chairman of the Executive Committee ING Asia/Pacific

ING Asia/Pacific delivered a strong performance during 2003, despite a number of adverse economic and financial developments in the region. The Asian life operations continued on their steady growth path. ING's strategic alliances, especially in the area of bancassurance and distribution capacity, reached scale and delivered good results in markets such as Japan, China and India.

OPERATING PROFIT BEFORE TAX

in millions of euros



ING Asia/Pacific 8%	453
Rest of ING 92%	5,404

Strategy and results

ING believes it has a unique distribution channel mix in Asia/Pacific: a powerful combination of tied agents, independent agents, brokers/dealers and banks. In addition to fully-owned companies, ING's operations include a number of joint ventures with local partners. We have over six million retail clients and 60,000 points of distribution. Our portfolio comprises Australia, Japan, Korea, Malaysia, Hong Kong, Taiwan and the activities in the developing markets of China, India and Thailand. Differences in the level of market development and business environment in these countries are taken into account when setting the strategic priorities. Overall, ING focuses on achieving long-term, sustainable leadership positions in this region with an emphasis on becoming a consistently low-cost producer. Strategic priorities include an increased focus on the current portfolio of countries, growth of the customer base, leadership in bancassurance and expansion of distribution alliances. ING also focuses on enhancing agent productivity, operational efficiency and improving the design of products to reduce asset-and-liability mismatches in tenor and yield.

ING Asia/Pacific generated almost 60% of the total value of new business created by ING Group in 2003, indicating the strong growth potential, especially in developing markets. In these markets, organic premium income grew by 24.3%. Excluding a one-off gain in 2002 from a transaction with joint-venture partner ANZ, ING Asia/Pacific's operating profit before tax grew by 19% in 2003. The value of new business and profit generation was particularly strong considering the difficult economic environment in Asia in the first half of 2003, the impact of SARS, the effects of the low-interest-rate environment and the appreciation of the euro.

Australia and Japan

In Australia, ING achieved very good results. ING has two large joint ventures: ING Australia (ING 51%; ANZ 49%) for its life and wealth-

JEONG WOO CHUL

Plastic surgeon

HONG EUN YOUNG

Agent ING Life Korea

"My business relationship with ING Life started when I opened my cosmetic surgery clinic. Ms. Hong advised me on promoting my clinic and insurance planning. I came to understand that ING Life is a solid and financially stable company and that's why I bought an annuity to finance the future overseas studies of my children. Ms. Hong helped me tremendously and now I help her, as business partners do."

management businesses, and QBE-MM (ING 50%; QBE 50%) for non-life business. Other businesses in Australia include Austbrokers and ING Investment Management. ING Australia ranks number four overall in the life and wealth-management business. It enjoys market shares of around 10% and 11%, respectively, in retail life insurance and retail wealth management. ING's most important distribution channel in Australia is its network of approximately 8,000 independent advisors. QBE-MM ranks number six in Australia with a market share of around 5.5% based on 2003 total premium written.

Despite its narrow product range (single-premium variable annuities and company-owned life insurance), the business in Japan performed well. Nomura continues to be a critical distribution partner, while two of the largest banks (Mizuho and UFJ) started selling annuities in November 2003 with excellent results. ING also signed distribution agreements with the first largest banking group Resona. ING now ranks number three among single-premium variable-annuity providers in Japan. ING's pensions joint venture with Principal Financial Group of USA is the number-seven pensions provider in the country.

Large potential in developing markets

ING's businesses in Taiwan, Korea and Malaysia continued to do well in 2003. Organic premium income grew by respectively 13.6%, 54.9% and 15.7% in these three countries.

Taiwan is one of ING's most important markets in the Asia/Pacific region. ING Antai is ranked number four in Taiwan with 1.5 million customers and an 8% market share. In an effort to reduce the overall risk profile of the company, ING Antai redesigned existing products and introduced new products with a larger unit-linked or participating element.

ING is the number-three life insurer in Malaysia with over one million retail clients. It is also the number-four provider of employee benefits. During the year, ING Malaysia rebranded from its previous name of Aetna Universal Services. Research has shown that the rebranding to ING has increased awareness of ING's insurance and employee-benefits operations in Malaysia and increased market share.

In Korea, ING Life ranks number five and is one of the fastest growing international companies. The agency workforce is among the most productive in the Asia/Pacific region, and efforts are underway to broaden the agency pool to maintain this strong performance. In addition to its life business, ING has a successful 20%-owned joint venture with Kookmin Bank. This joint venture has over EUR 6 billion in assets under management.

The developing markets China, India and Thailand also proved their growth potential with a strong rise in premium income in 2003. Total organic premium income growth was 75% in these markets.

In China, ING operates three joint ventures comprising two insurance companies and one fund-management operation. In Shanghai, ING's joint venture with China Pacific Insurance, known as Pacific Antai Life Insurance Company (PALIC), was awarded a license in September 2003 to operate a branch in Guangzhou. PALIC currently ranks seventh in terms of new business premium among life-insurance companies in Shanghai. In the northeastern city of Dalian, ING is in partnership with the Beijing Capital Group in a joint venture called ING Capital Life Insurance Company (ICLIC). ICLIC completed its first full year of operations in 2003 and is now ranked fifth in Dalian based on 2003 total premium written. ING's fund management joint venture, China Merchants Fund Management, successfully

IN SHORT

Good results despite adverse economic and financial developments

—

Operating profit before tax up 19%, excluding a one-off gain in 2002

—

Almost 60% of new business generated in Asia, underlining the strong growth potential of this region

—

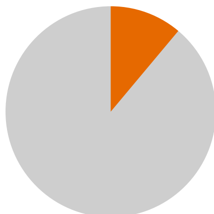
Good performance in Australia and Japan

—

Working on products with a larger unit-linked or participating element in Taiwan to counter impact of low interest rates

NUMBER OF STAFF

full-time equivalents, year-end



ING Asia/Pacific 11%	11,900
Rest of ING 89%	102,400

ING ANTAI LIFE INSURANCE
In 2003, ING Antai in Taiwan opened the doors of its brand new 'café', where Taiwanese citizens can update their knowledge on various financial matters in a relaxed atmosphere. The proceeds from the coffee sales are given to charity.

ING LIFE JAPAN
In 1986, when ING Life Japan opened for business,, it distributed products via petrol stations. Today it works with major Japanese financial institutions to distribute its investment and retirement products. In Japan, ING is the pioneer of variable annuity products.

ING ANTAI
In 2003, ING Antai in Taiwan was recognised for its excellence in customer service and product innovation. The Asian Insurance Industry Awards named it 'Life insurance company of the year' for its responsiveness to the changing needs of consumers.

ING LIFE KOREA
ING is active in Korea with banking, insurance and asset management. Here an advertisement depicting a customer now and in 20 years. ING is keen to capture a greater share of the growing market for retirement and pensions products.

IN SHORT

ING was one of the fastest-growing international companies in Korea

—

Organic premium income in China, India and Thailand up 75%

—

In 2004, focus on the joint ventures

launched its second fund product in December 2003.

In India, ING has a 44% share in ING Vysya Bank and a 26% share in life-insurance joint-venture company, ING Vysya Life. ING Vysya Bank has 3% market share in deposits and over 400 branches. ING Vysya Life launched several new products in the second half of 2003 with strong initial sales. ING Mutual Funds, the investment-management company, promotes a range of mutual funds through an independent distribution network. In Thailand, ING Life continues to build further scale with strong growth in new business and agents. ING ranks number eight in Thailand with over 3,700 agents.

Highlights

Portfolio management

ING actively managed its portfolio during 2003. ING sold its life business in Indonesia, in line with its priority of maintaining a presence in markets where it believes it can reach scale and a top-5 position within a reasonable period. In addition, ING sold its share of its credit-card joint venture in Taiwan to its joint-venture partner.

Expanding bancassurance

ING's bancassurance initiatives showed good successes in Japan, Korea, Australia, Hong Kong and Thailand. In Japan, ING's bancassurance alliances with Mizuho and UFJ have made significant contributions to new business premium. In Korea, ING's bancassurance partnership with joint-venture partner, Kookmin Bank, was successfully launched in November 2003, with solid production of new business and considerable prospects for further growth. In Thailand, ING's joint efforts with Citigroup to cross-sell insurance across the customer base have resulted in superior sales performance. In Hong Kong, ING has deepened its relationships with regional banks with sales support and training to enhance operating efficiency and quality of sales.

Towards Performance Excellence

In 2003, ING Asia/Pacific rolled out the Towards Performance Excellence (TPE) strategic framework in all business units. This is a type of balanced scorecard to more effectively manage a diverse range of businesses in the region. The TPE scorecard consists of six drivers of excellence: portfolio management, operational excellence, financial excellence, reputation, marketing and organisation. Each driver encompasses objectives that each management member is mandated to meet. All six drivers now form the starting point for the strategic-planning process in the region.

Outlook

ING is well-positioned to gain from the strategic initiatives it has undertaken in the Asia/Pacific region. This positive outlook is supported by ING's long history in Asia, the enhancement of its brand positioning in the region, local expertise, and the distribution power of its alliances and joint-venture partnerships.

In 2004, ING Asia/Pacific will continue to focus on its key strategic priorities. Given the importance of joint ventures in the region, special emphasis will be placed on deriving value from these joint ventures. As the businesses in India and China gain momentum and size, their changing needs will require management focus and strategic input. Regulatory changes in the pensions area are expected to create new business opportunities in various countries in the region.

ASSET MANAGEMENT

STRENGTHENING THE RELATIONSHIP WITH THE CLIENT

The world economy showed signs of recovery in 2003. From the lowest rate in March, the rise in the stock markets was almost 30%. ING's asset-management business profited from this upturn. The functional operating profit before tax grew strongly by 64% to EUR 431 million. Especially ING Investment Management, Parcom and ING Real Estate contributed to this rise in profit.

IN SHORT

Assets under management up to EUR 463 billion 3.1%

—

Solid organic net inflow of EUR 11 billion

—

Functional pre-tax profit improved by 64% to EUR 431 million

—

Reorganisation worked as a stimulus for cross-regional sales and leveraging investment expertise

Strategy and results

ING is one of the leading asset-management organisations in the world, offering a complete range of investment products to meet the needs of both institutional and retail investors. The business lines include institutional asset management, mutual funds, managed accounts, real estate, alternative assets as well as trust services.

ING manages assets for private clients (EUR 188 billion), for institutional clients (EUR 126 billion) and ING's insurance subsidiaries (EUR 149 billion). With 74% of the total assets under management within the Group, ING Investment Management is ING's largest asset-management operation.

Despite the weakening of the dollar against the euro, which adversely affected ING's assets under management by EUR 38 billion, assets under management increased by 3.1% from EUR 449 billion to EUR 463 billion in 2003. This was, amongst others, a result of a EUR 11 billion solid net inflow.

Where the integrated financial-product offering at retail-customer level led to 'local client focus with global investment expertise' in 2003, more fundamental changes are taking place in order to improve client satisfaction. Transparency, accountability and reduced product complexity are the main drivers in the business today.

After the US, the European regulatory bodies have also started to implement stricter rules and regulations to enhance good corporate governance in listed companies. Institutional investors are being faced with many changes as a result of developments in the corporate-governance debate. ING Investment Management will take initiatives to help its institutional clients address the resulting challenges, among others by developing a proxy-voting policy for its European funds.

ING continues to improve its investment engine in order to stay a successful asset manager. The relationship between client and asset manager is being strengthened by providing them with more in-house investment expertise.

Investment performance

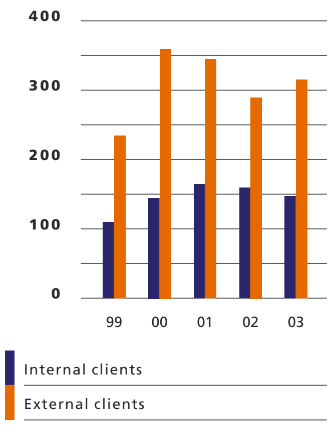
Investment performance remains the key yardstick to measure the quality of ING's investment engine. The upturn in the markets after the first quarter of 2003 helped ING's investment managers to generate a positive performance. In terms of long-term performance 54% of ING's fund assets delivered an above-median performance compared with their peers and 54% of ING's fund assets outperformed their relevant benchmarks. Rating agencies have assigned the highest rating (5 stars) to 21 mutual funds; 44 funds managed by ING have a 4-star rating. These 65 mutual funds (31% of the funds with a star rating) represent a total of EUR 14.4 billion and show ING's strong position in the mutual-fund market.

ING Investment Management

ING Investment Management (ING IM) benefited from the reorganisation, initiated at the end of 2002, which led to three regional investment-management units. The close alignment with the distribution channels which followed from this helped ING to anticipate clients' needs better and to improve its product offering. The global investment platform was also set up after the reorganisation. It has proven to be a stimulus for cross-regional sales and for leveraging investment expertise.

ASSETS UNDER MANAGEMENT BY CLIENT CATEGORY

in billions of euros



IN SHORT

Enhancement of the product offering in Europe

—

In the Americas, ING IM externalised its extensive fixed-income expertise

—

ING Real Estate showed excellent results

—

Baring Asset Management implemented new strategy

ING IM is active in Europe, the Americas and Asia. Institutional assets under management amounted to EUR 72 billion, allowing ING to remain one of the larger third-party money managers in the world with strong market positions. ING IM serves private clients, institutional clients and ING's insurance subsidiaries.

ING IM was able to take advantage of the rebound of the equity markets and a number of its businesses enjoyed good growth in assets and client numbers.

In Europe, ING IM enhanced its product offering for clients in 2003. To complete the range of ING IM's sustainable product line, a Sustainable Fixed Income strategy was developed. Due to market conditions, the development of products with capital protection was in continuous demand on the retail side of the business. ING upgraded its marketing and sales efforts with a larger focus on distribution of investment products. Substantial progress was made in the use of the internet for information and reporting to institutional clients. Throughout the year efficiency was increased by maintaining strict cost management and streamlining the processes.

In the Americas, the stronger client focus allowed ING to externalise its extensive US fixed-income expertise, which was initially developed to manage portfolios of insurance affiliates and funds. Having achieved a top-10% performance over 5 years in US core, core-plus, and high-yield strategies, ING IM was able to begin offering these to institutional clients during 2003.

Because of the depth of team expertise and exceptional performance records, ING was mandated for over USD 1 billion by eleven new institutional fixed clients. Within ING IM's alternative asset strategies in the US, the hedge fund-of-funds products strive to provide absolute positive returns through all market conditions. This product attracts institutional clients, seeking more predictable returns than traditional equity strategies. ING's hedge fund-of-funds products generated strong returns throughout 2003.

The year 2003 marked the transformation of the Asian businesses from a range of new companies to one that is well-positioned to take advantage of the growth opportunities available in the region. Despite the challenges of operating in such a diverse collection of markets, ING IM Asia has achieved leading positions in a number of markets including third largest in the Asian region overall (excluding Japan).

ING Real Estate

ING Group's real-estate activities have been centralised in the centre of excellence known as ING Real Estate. With a portfolio of more than EUR 42 billion, ING Real Estate is ranked as one of the three largest real-estate companies in the world with offices in fourteen countries in Europe, the United States, Asia and Australia. ING Real Estate operates as an investment manager, developer and financier.

Despite the softening of the real-estate markets, the 2003 results exceeded expectations. All three activities made a considerable contribution to this result.

Investment-management activities are carried out for institutional investors who want to spread their property investments. As an investment manager ING Real Estate launched new funds in 2003, such as the ING Clarion Real Estate Income Fund and the ING Retail Property Fund France Belgium.

ING Real Estate Development covers the development of shopping centres, offices and residential units in response to market demand. After the acquisition of Promodeico and a part of Filo, two large real-estate development companies in Spain, much effort was spent on integrating both companies in the existing organisation.

JEREMY EDMONDS

Chief Executive Qantas Superannuation Plan

"Qantas Superannuation is one of the largest corporate pension funds in Australia with almost AUD 4 billion in assets and a reputation for excellence. Critical to that reputation is the performance of our investment managers. ING Investment Management epitomises the strength of the ING brand with high service and performance levels across a decade-long relationship with Qantas."

ING Real Estate Development also continued creating value through numerous real-estate projects around the world. Examples are Liget Park Atrium (Hungary), Zloty Tarasy (Poland), New York Times Tower (USA) and the Haarlem Court House (the Netherlands).

Finance offers a wide range of products from mortgages, project finance, construction finance and leasing arrangements to syndicated loans. The Finance activities made a considerable contribution to ING Real Estate's result with significant portfolio growth. In June 2003, ING acquired the real-estate portfolio of ING Capital New York.

Baring Asset Management

Baring Asset Management (BAM) has two business units: the Investment Management Group and the Financial Services Group. BAM manages assets in developed and emerging equity and bond markets on behalf of institutional and private clients world-wide.

In mid-2003 the investment-management business of BAM implemented a new strategy. BAM changed from a market-driven company to an investment product-oriented company and has focussed successfully on strengthening the relationship between the investor and the client. A new Client Service Board has been established. It is responsible for ensuring that standards of client service are maintained globally and it makes sure that new business opportunities are identified and acted upon.

During 2003 the management structure of the Baring Financial Services Group was reorganised along functional lines based around the three main businesses of fund administration, offshore banking and custody, and trustee services.

Alternative assets and trust activities

Parcom, ING's captive private-equity unit in the Netherlands, showed good sales results in 2003 despite the difficult circumstances in the venture-capital markets. The last quarter showed a noticeable improvement. The size of the portfolio amounted to EUR 500 million. The 2003 profit contribution was quite satisfactory. Parcom will continue to focus on mid-corporate buy-outs in Europe.

In 2003, ING reached an agreement in principle with Baring Private Equity Partners (BPEP) for a management buy-out. While ING continues to regard private equity as an attractive asset class to invest in, this agreement is in line with ING's strategy to focus on its core business.

ING Trust specialises in trust services and the formation and management of companies for tax and asset planning etcetera. It is a leading player in the Dutch market for offshore trust services, serving both corporate and private clients. Throughout 2003, ING Trust focused on strengthening the relationship with the advisors of clients.

Outlook

The challenge for the financial-services industry as a whole, and therefore also for ING, is to rebuild trust among retail customers in investment products. Asset Management will contribute to investing in a trustworthy ING brand by optimising affiliate customer servicing and investing in performance improvement.

ING will continuously evaluate and fine-tune investment processes, increase style and risk diversification in equity products and develop new fixed-income and structured products. The focus will also remain on risk management, cost containment and synergy.

INVESTMENT STRENGTH
ING Investment Management's advertising campaign in Australia with Scottish comedian Billy Connolly. He refers to the difficulties in the 2003 economic conditions. 'When situations get tricky, it pays to have clever people on your side'.

ZLOTE TARASY, POLAND
Zlote Tarasy in Warsaw is ING Real Estate's largest project in Central Europe. Construction got underway in January 2003. With total investments of approximately EUR 400 million, the project will contribute to the modernisation of the city.

NEW YORK TIMES TOWER
This building, designed by Renzo Piano, will be a significant new commercial office tower in the Times Square area. It is being developed as a joint venture by ING Real Estate, the New York Times Company and Forest City Ratner Companies.

CHINA MERCHANTS FUND MANAGEMENT
CMFM, ING's asset management joint venture in China, launched its first fund product in 2003, an open-ended fund with three different risk profiles. The fund was targeted at the retail market and raised more than EUR 520 million.

ING DIRECT

A BREAKTHROUGH YEAR FOR ING DIRECT

IN SHORT

ING Direct produced first full-year profit

—

3.5 million new clients in 2003

—

Funds entrusted up by 80% to almost EUR 100 billion

—

ING Direct UK launched successfully

—

ING Direct became full owner of DiBa Germany and of Entrium

—

More focus on the second core product, mortgages

After reaching break-even in the third quarter of 2002, ING Direct produced a pre-tax profit of EUR 151 million in 2003. ING Direct grew with 3.5 million clients (69%) and EUR 44.2 billion (80%) in funds entrusted to a total of 8.5 million clients and almost EUR 100 billion funds entrusted. At the same time the mortgage business, ING Direct's second core product line, grew with EUR 7.7 billion (58%) to a level of EUR 21 billion. ING Direct operates in a very competitive market, but the strength of its business model and execution capabilities will help to ensure future success.

Strategy

ING Direct's strategy is simple: providing financial services in large mature markets at low cost. It offers its clients best value for money and excellent service via call centres, direct mail and the internet. This strategy has been successful to date and was acknowledged by the financial services research group Lafferty with the 'World's leading direct bank award' in 2003.

ING Direct uses a competitive-rate, no-fees and no-minimum savings account as entry product. Mortgages are the second core product. ING Direct will continue to stimulate the sale of mortgages in all its business units. Upon reaching necessary minimum scale, ING Direct's business units complement the product range by cross-selling other wealth accumulation products such as mutual funds, e-brokerage, pensions and life insurance.

ING Direct distributes these products via three major channels: the call centre, internet and mail. The call centre is the pulse of the business for ING Direct, but an increasing number of transactions are processed via internet and the call centre's 'Interactive Voice Response'. After account opening, more than 75% of customer interactions are performed through these fully automated channels. ING Direct cafés and co-operation with intermediaries and tied agents from sister companies and third parties also drive sales. ING Direct uses these 'face' channels to sell other products like mortgages. Nevertheless, ING Direct will always focus on designing products specifically so as to be able to sell them via the direct channels.

Market expansion

In May 2003, ING Direct UK was launched, an event that was extensively covered by the press. The growth of ING Direct UK has been spectacular. In nearly eight months ING Direct UK attracted over 305,000 clients and EUR 11.5 billion in funds entrusted. Also in 2003, ING Direct reached an agreement to become full owner of DiBa Germany, while in July the closing of the Entrium acquisition took place. Entrium was Germany's second-largest direct bank and added 985,000 clients and approximately EUR 6 billion in funds entrusted. In the US, ING Direct extended its market footprint to the Los Angeles and San Francisco areas. DiBa Germany, ING Direct Australia, ING Direct Canada and ING Direct USA experienced strong mortgage growth in 2003. In Spain, ING Direct launched a mortgage campaign.

Clients

ING Direct will always aim to outperform the market on customer value, ease of doing business and customer service. Innovative marketing, competitive product pricing and high service levels in the call centre illustrate this.

In 2003, 3.5 million new clients joined ING Direct. The loyalty of the ING Direct clients is high. For ING Direct as a whole, less than 5% of clients leave ING Direct per year, which is low compared to the industry average. Client satisfaction, a leading indicator for the client perception of ING Direct, is far above average in all countries where ING Direct is active. Average overall aided brand awareness has developed favourably as well, it is now over 70%. Based on retail funds entrusted, ING Direct has now reached a position among the top-ten banks in five countries, which shows the strong market position of these business units in their respective countries.

Results

In spite of important start-up losses in three new business units, ING Direct generated a pre-tax profit of EUR 151 million in 2003. Five out of eight business units were profitable: Canada, Australia, Spain, USA and Germany. ING Direct's savings business in Canada, the US and Australia already exceeded the ING Group pre-tax RAROC hurdle rate of 18.5%. (RAROC measures performance on a risk-adjusted basis. For further information, see page 60). Expansion of the business model with mortgages and a limited range of other products further improves their RAROC return.

Operational efficiency of ING Direct has improved substantially. The operational cost/asset ratio fell from 59 basis points in 2002 to 49 basis points in 2003. ING Direct puts strong emphasis on operational efficiency, as it is one of the most important sustainable competitive advantages, allowing ING Direct to position itself as a competitive and profitable player in all markets.

Risk

Very strict credit and market-risk management, next to good operational-risk management, help to control the strong growth of ING Direct.

ING Direct keeps testing the business model for interest-rate risk and liquidity risk. These tests conclude that ING Direct is flexible and resilient and able to cope with severe interest changes. ING Direct also has more flexibility to control its costs due to a higher percentage of variable costs (marketing and operational) compared with a regular brick-and-mortar bank.

The savings deposits are invested in a variety of fixed-income investment categories. The average credit rating of this fixed-income portfolio is AA.

Outlook

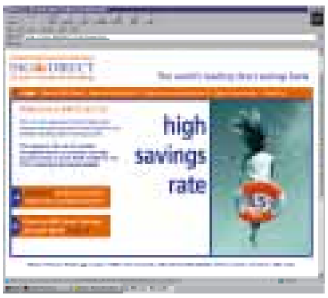
ING Direct will continue to focus on growth of its savings business in all the existing business units, in order to consolidate scale to produce profits and exceed the Group's RAROC hurdle rate. ING Direct will expand its marketing to other regions in the USA and will keep investigating the potential of other markets for the introduction of its business model. The same applies to the extension of the product portfolio to mortgages. ING will put strong emphasis on building mortgage-processing operations in anticipation of an intensified growth of this product line in coming years.

ING is well aware of the fierce competition in the markets where ING Direct is active, but the strength of the ING Direct business model as well as consumer trends give confidence that the coming years will remain in favour of ING Direct.

ING DIRECT, NUMBER OF CLIENTS AND FUNDS ENTRUSTED

clients in thousands, funds entrusted in billions of euros (at year-end)

	TOTAL CLIENTS		TOTAL FUNDS ENTRUSTED	
	2003	2002	2003	2002
Canada (05-'97)	**905**	684	**7.0**	5.1
Germany (06-'98)	**3,735**	1,894	**38.1**	20.3
Spain (05-'99)	**753**	610	**7.9**	6.0
Australia (08-'99)	**719**	475	**6.9**	4.1
France (03-'00)	**339**	270	**7.6**	6.3
USA (09-'00)	**1,399**	864	**12.8**	8.9
Italy (04-'01)	**379**	244	**7.6**	4.5
UK (05-'04)	**305**	-	**11.5**	-
Total	**8,534**	5,041	**99.4**	55.2



www.ingdirect.co.uk

ING IN SOCIETY

ADDED VALUE OF CORPORATE SOCIAL RESPONSIBILITY

IN SHORT

Earning the trust of each stakeholder, a prerequisite for business success

—

ING endorsed the Equator Principles

—

ING introduced its own corporate social responsibility statements

—

Initiatives to bring CSR to the attention of analysts and investors

—

Sponsoring, charitable donations and volunteering to strenghten the bond with community

—

ING adopted new general procurement terms and conditions with ethical clause

Corporate social responsibility (CSR) is a fundamental part of ING's strategy. As a global financial-services provider, ING is active on all of the world's major capital markets and handles millions of daily transactions. As an asset manager, ING invests billions of euros on behalf of pension funds and other institutional investors. ING has a responsibility to conduct its day-to-day business in an ethical as well as socially and environmentally sustainable manner.

Stakeholder dialogue

Stakeholder dialogue is an integral part of ING's commitment to responsible entrepreneurship. ING distinguishes four stakeholder groups: customers, employees, shareholders and society as a whole. ING believes that earning the trust of each stakeholder is a prerequisite for business success. Satisfied customers are the prerequisite for a license to operate. Satisfied and motivated employees contribute to business success as they are more likely to be productive and customer-focused. As to shareholders, ING believes a focus on CSR contributes to the creation of long-term shareholder value. Society as a whole encompasses ING's ongoing sponsoring, volunteering and corporate-giving activities around the world, as well as ING's relationship with NGOs, international organisations and its business suppliers.

Equator Principles

In 2003, ING endorsed the Equator Principles, along with other international banks. By endorsing the Equator Principles, ING will only finance projects in the developing world that fulfil certain social and environmental criteria. The principles are based on the guidelines of the International Finance Corporation, part of the World Bank, and apply to projects in which at least USD 50 million are invested. The endorsement of the Equator Principles demonstrates that ING wants to stimulate its own customers to engage in sustainable business practices. In 2004, ING will continue to implement the Principles in its internal organisation.

CSR Statements

ING also introduced its own CSR statements. The CSR statements are guidelines that set general parameters for ING's risk position when considering transactions that may affect ING's risk appetite by having an environmental, social and reputation impact. The statements provide guidance on how to deal with specific industry sectors known for their potential environmental, social and ethical risks. They form an additional criterion for financing decisions.

Special skills promote sustainable development

Some of ING's most successful products and services contribute to sustainable development. An example is setting up life-insurance activities in developing markets. These life companies make an important contribution to Group profit, but they also help develop the financial sector in developing markets. That is because providing life insurance stimulates long-term contractual saving. This is a condition for growing local capital markets.

Another of ING's special skills is offering advice in pension reform. The ongoing pension reforms around the world are not only an attractive commercial opportunity to expand its pension business, but also an opportunity for the Group to underline its corporate social responsibility. ING advises governments in reforming their pension systems and offers information to increase public awareness of the need for adequate pension provision. ING also partners with multilateral institutions like the OECD to pool know-how and make core pension data available to countries struggling with pension reform. Pension reform is another example of how opportunities for profit can contribute to broader societal needs.

In these and other areas, ING wants to participate in more public-private partnerships in the future. ING believes there is potential for much added value by combining the policy expertise of multilateral institutions and government ministries with the practical expertise of financial institutions like ING.

CSR and Investor Relations

ING believes CSR is an important issue for investor relations and that managing ethical, social and environmental risks has a positive impact on long-term market value. Conversely, unethical behaviour can cause serious financial and reputation damage. Breaches of business principles can have a direct negative impact on the Group's capital position and earnings. That is why the ING Business Principles are embedded into the Group's overall risk-management approach.

During 2003, ING participated in a study carried out by the World Economic Forum that examined attitudes about CSR among mainstream investors and analysts. ING will continue to bring CSR issues to the attention of analysts and investors and try to change attitudes in the mainstream investment community about the importance of CSR.

ING's relationship with the socially responsible investment (SRI) community continued to flourish in 2003. The Investor Relations and Public Affairs departments held their first joint roadshow to SRI investors in France. Other joint presentations were held in ING House. ING was also included in a number of leading sustainability indexes. Examples are the Dow Jones Sustainability World Index, Dow Jones Sustainability STOXX, FTSE4Good Global 100 and FTSE4Good Europe 50. 'The Banker' named ING 'CSR Bank of the Year', and ING received good ratings by various independent providers of SRI research.

Community relations

Around the world, ING's local subsidiaries participate in their own activities to strengthen the bond with the community. These include sponsoring, charitable donations and volunteering. The nature of these activities depends on the needs of the local community. In India, ING supports the Christel House in Bangalore, which provides shelter and schooling to orphans and street children. In Bulgaria, ING developed a website to help turn the archeological site Perperikon into a top tourist site. In the US, the ING Foundation focuses on education and children at risk. ING's sponsoring relationships in Poland focus on local culture. In other countries, ING supports sports. In the same way that ING strives to tailor all products and services to the needs of its clients, ING's community activities around the world are tailored to respond to local needs and the preferences of the local staff. The role of the Group is to provide overall guidelines to ensure activities do not pose any reputation risk.

Engaging business suppliers

Another dimension to ING's CSR commitment is the desire to treat its business suppliers in an ethical way and to encourage them to adopt more sustainable forms of business. In 2003, ING adopted new general procurement terms and conditions to govern its relationships with business partners. One of the new standards states that ING will only do business with companies of unquestionable reputation regarding ethical, environmental, and society-related issues. By including these conditions in its contracts, ING wants to demonstrate that ethical business practices are important to the Group and expects them from all its suppliers worldwide.

For an overview of ING's vision, activities and performance with respect to CSR during 2003, please see the ING in Society 2003 report.

The ING in Society 2003 report will be published in April 2004

HUMAN RESOURCES

CHANGE IS A CONSTANT

IN SHORT

ING developed new tools to track, develop and manage talent

—

Links between performance and reward adapted and refined

—

Diversity initiatives to value the variety of people who work for ING

—

Surveys to know our employees' opinions and learn from them

—

Focus on a good and solid reputation as an employer

In a continually changing business environment, ING seeks to offer the best products and services to its customers. Financial services are first and foremost a people business and ING relies heavily on its intellectual capital. It is the responsibility of Corporate Human Resources & Management Development to develop and execute ING's overarching people strategy and provide employees with the best opportunities to deliver on the customer promise. Top priorities are talent management, performance management, education and support for ING's cultural evolution.

Talent management

ING is committed to training and development, regardless of the economic conditions, as different business challenges require different leadership requirements. In 2003, ING made good progress in a number of fields to provide tools to its employees to manage their own careers.

The ING Business School, located in the Netherlands, hosted more than 600 participants from all over the world. It also provides an excellent opportunity for people to mix with each other and build a common culture. Satellite courses will start in different regions in 2004 to broaden the reach of the business school.

In 2003, the Leadership Pipeline Curriculum was launched on the intranet, which focuses on the leadership skills managers need for the job they are in now, and for the next job they aspire for.

Eleven of ING's most senior leaders participated in the first ING Leadership Expedition. The group met several times to discuss issues that are critical to ING in its future and to learn from best practices. Another expedition with twelve executives will be organised in 2004.

Another online tool is ING Talent Track, a web-based system that includes 2,000 employees. This system was enhanced to allow MD professionals to search for capabilities within the Group.

ING feels it is important to provide all employees with tools that help them take more responsibility for their own career development. We will continue to develop such tools, based on the click-call-face concept we also use for serving customers. This ties in with the whole idea of transparency between employee and employer of which ING is a strong advocate. As a result, the HR delivery models are changing. More and more e-tools, like e-learning and the global Job Vacancies site, are now available. Some 90,000 employees through 25 country links now have access through the intranet to the job openings within the Group.

A globally common development agreement was introduced, enabling employees to work more with their managers in terms of discussing long-term career goals and how they want to achieve these goals.

Performance and Reward

ING continues to reinforce performance management throughout the organisation, with some tools now online.

In 2004, leadership and employee development will be a performance-management factor: all senior leaders will be measured and rewarded based on their performance in developing people at all levels.

The executive-compensation system was restructured to reflect the key value drivers in ING: profit, costs and return on economic capital. We will gradually adapt our pay levels to the appropriate pay levels in the relevant markets. There will be a greater linkage to the relative total shareholder return of ING compared with our peers in short-term and long-term incentives. The new system will be implemented in 2004.

Every voice heard

Another goal ING wishes to achieve is its workforce to reflect its customer base.

Diversity is all about valuing the variety of people that work for ING, no matter whether they are female, male, old, young, disabled, gay and regardless of people's ethnic backgrounds, communities and religions. ING wants to make sure that every voice is heard, valued and adds to the greater organisation.

Diversity is more than just an ING issue, every company faces it. Therefore, ING teamed up with Unilever and IBM and hosted a Women's Leadership Conference to discuss the leadership of women in these times. It provided a good networking opportunity and was highly rated by the attending men and women. ING feels business can take the whole agenda a big step forward if it works together with other companies, governments and educators by sharing best practices in leveraging all of our employees.

ING is making good progress in diversity, supported by the Diversity Council and regional diversity councils, which are now in place in the US and Asia. In Europe, several local diversity initiatives are exercised where necessary and opportune. A huge step forward was that all business units submit their plans on improving diversity in their business, as part of their medium-term plans.

Furthermore, the Diversity Executive Sponsor Group was set up in the second half of 2003. This group consists of ten Executive Committee members from all ING regions, who act as ambassadors to further implement the practice of diversity throughout the organisation. The intent is to continue our momentum in bringing automised solutions closer to the line business.

Employee opinion surveys

ING wants to give its employees avenues to share their issues, for example by conducting employee opinion surveys on a regular basis. Surveys administered around the world help ING to measure whether it is making progress or not and to define priorities. ING will choose whatever works best within a particular culture for employee representation purposes, whether it is a Works Council (the Netherlands and Europe), an ombudsman programme (US) or opinion surveys.

Comprehensive surveys were held in the Americas, Australia and the Netherlands, representing some 35,000 workers (about 1/3 of the workforce). Some of the positives mentioned were that people generally like their job and that in their minds the customer comes first. The survey also shows that we could do more in career development at middle and lower management of the organisation. The global job-posting system and e-learning tools will help address this issue.

Another outcome was that there is the need to improve the speed and efficiency of the cycle of decision-making, which means that there is work to do in terms of empowerment. In terms of strategy, workers tell us that they understand the strategy of their business unit, but not how it all fits together with ING worldwide. We will therefore work on clarifying the bigger picture to our employees in 2004.

The survey further showed that employees think ING pays appropriately. However, it could do a better job in allocating the rewards, as they feel there is not enough differentiation between high versus mediocre performers.

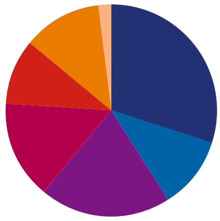
It's all about reputation

ING will continually seek a solid reputation as an employer. Our goal is to always attract top talent, by being fair and offering good rewards and attractive career prospects. This will build a reputation and other people will then want to come and work for us. A good reputation is therefore essential to attract talent.

We expect our people to be flexible, to take initiative and come up with ideas. So far, we have been able to attract talent and have incurred very low turnover. We are thankful to have such a dedicated and flexible workforce.

EMPLOYEES

full-time equivalents, year-end 2003



The Netherlands	33,937
Belgium	12,646
Rest of Europe	22,996
North America	16,594
Latin America	11,792
Asia	13,949
Australia	2,408
Other	22
Total	114,344

What's in ING for you? Find out at www.ing.com/careers

RISK MANAGEMENT

CONSTANT MONITORING OF RISKS

IN SHORT

Comprehensive risk-management procedures on all levels within the Group

—

Aiming for a good balance between risk, return and capital

—

Loan-loss provisions as of 31 December 2003 considered adequate to absorb losses from ING Bank's credit activities

—

Concerning market risk of ING Insurance, focus in 2003 on the low interest-rate levels

This chapter aims to give insight into the principal risks and the way they are monitored: credit risk, market risk, actuarial and underwriting risk, liquidity risk and operational risk.

Balancing risk, return and capital

Because of the size of ING, its wide diversity of activities, types of clients and geographic regions, ING has comprehensive risk-management procedures on all levels within the Group. On Executive Board level, the Risk Policy Committee evaluates and manages ING Group's overall risk profile, aiming for a good balance between risk, return and capital.

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

amounts in millions of euros

	2003	2002
Netherlands	**352**	236
Belgium	**114**	53
Rest of Western Europe	**410**	352
Central and Eastern Europe	**94**	80
North America	**194**	497
Latin America	**-18**	167
Asia	**-31**	3
Other	**10**	47
Total additions	**1,125**	1,435

The regions are related to the risk country of the underlying credit risk.

LARGEST ECONOMIC EXPOSURES BY COUNTRY

amounts in billions of euros

	2003	2002
Netherlands	**183.5**	145.4
United States	**50.4**	67.4
Germany	**49.9**	43.1
United Kingdom	**47.1**	36.0
Belgium	**41.1**	25.3
France	**24.6**	24.0
Spain	**19.2**	10.1
Canada	**12.3**	9.0
Italy	**11.8**	6.3
Australia	**11.0**	7.3

Only covers exposures in excess of EUR 10 billion, including intercompany exposures with ING Insurance.

CREDIT RISK

Credit risk ING Bank

The credit exposure of ING Bank is mainly related to traditional lending to private individuals and businesses. Loans to private individuals are mainly mortgage loans secured by residential property. Loans to businesses are often collateralised but can be granted on an unsecured basis if supported by internal analysis of the borrowers' creditworthiness. Credit exposure arises also from our trading activities for instance in derivatives, repurchase transactions and securities lending/borrowing.

Debtor provisioning

The banking credit portfolio is under constant review. A formal analysis takes place on a quarterly basis to determine the provisions for possible bad debts, using a bottom-up approach. ING is of the opinion that its loan-loss provisions as of 31 December 2003 are adequate to absorb losses from ING Bank's credit-risk-taking activities.

Country Risk

In countries where ING is active, the risk profile is regularly evaluated, resulting in a country rating. Based on this rating and ING's risk appetite, country-risk limits are defined. Country-risk limits are assigned for transfer risk, generally only in developing markets. The amount of developing-markets transfer risk as a percentage of total retail and wholesale lending activities decreased from 6.0% in 2002 to 4.6% in 2003. Exposure is closely monitored for economic country risks, although no formal limits are established.

Credit risk ING Insurance

Within the insurance companies the investment mandates specify the credit risk appetite by type, quality and duration of security. For the investment portfolios backing the insurance liabilities, ING Insurance's policy is to maintain a diversified credit fixed-income investment portfolio within acceptable internally and externally driven parameters. The average credit rating of the general account fixed-income portfolios is shown in the table.

Debtor provisioning

For insurance credit risks, a provision for loan losses is maintained that is considered adequate to absorb losses arising from the existing insurance investment portfolios. The provisions are reviewed on a quarterly basis. They amounted to EUR 178.5 million at the end of 2003 compared with EUR 155 million at the end of 2002.

MARKET RISK

Market risk ING Bank

Trading risk

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

Banking risk

Apart from market risks in its trading portfolios, ING Bank has a structural interest-rate risk on its balance sheet. ING Bank uses several measures to control interest-rate risk. The most important ones are Earnings-at-Risk (EaR) which measures the sensitivity of ING Bank earnings to interest rate movements, and Value-at-Risk, which measures the maximum overnight loss that could occur due to changes in interest rates if positions remain unchanged for a time interval of one day. EaR measures the potential change in the expected (interest) earnings over the next 12 months resulting from an instantaneous rise of interest rates by 1%.

Market risk ING Insurance

The risk of loss occurring through adverse changes of prices in the financial markets is quantified in extensive Asset & Liability Management (ALM) analyses. These ALM analyses are used to determine the adequacy of the assets supporting reserves, to find the optimal asset (investment) mix complementing the (insurance) liabilities, to determine appropriate risk based capital levels and to quantify market movements effects on the P&L. The market risk of ING Insurance is mainly related to interest-rate risk and equity risk. In 2003, specific focus has been on the low interest-rate levels in a number of countries in which ING operates.

Through scenario analysis ING Insurance measures the potential changes in the expected earnings of the insurance operations over the next 12 months resulting from an instantaneous increase/decrease in interest rates by 1%.

RISK CLASSES ING BANK[1]

in % of total outstandings

	2003	2002	MOODY'S EQUIVALENT	MOODY'S EQUIVALENT
Investment Grade: 1-10	**57.1%**	46.5%	Aaa - Baa3	AAA - BBB-
Speculative Grade: 11-17	**41.2%**	51.7%	Ba1 - C	BB+ - C
Problem Grade: 18-22	**1.7%**	1.8%	D	D
Total	**100.0%**	100.0%		

1. Based on retail and wholesale lending activities.

ING INSURANCE FIXED-INCOME SECURITIES BY RATING CLASS

in percentages

	2003	2002
AAA	**36.5%**	37.2%
AA	**16.8%**	16.7%
A	**24.6%**	23.3%
BBB	**18.7%**	18.7%
BB	**2.5%**	2.8%
Higher risks	**0.9%**	1.3%

Total amount of the general account portfolio EUR 98.4 billion (2002: EUR 96.5 billion) which excludes mortgages, policy loans and other fixed-income investments.

CONSOLIDATED TRADING VAR ING BANK

amounts in millions of euros

	YEAR-END 2003	YEAR-END 2002
Foreign exchange	**4.8**	2.5
Equities	**11.2**	10.7
Interest	**11.1**	9.3
High yield/emerging markets	**6.4**	7.7
Diversification	**-10.6**	-9.5
Total VaR	**22.9**	20.7

INTEREST RATE SENSITIVITY ING BANK

amounts in millions of euros

	2003	2002
Earnings-at-Risk	**212**	14
Value-at-Risk	**111**	65

The EUR 198 million increase in the EaR is due to changes in the gap profile and the implementation of a more advanced dynamic simulation approach, which is now used for a substantial part of the savings portfolios. The EUR 46 million increase in VaR is due to changes in the gap profile.

INTEREST RATE SENSITIVITY AND EFFECT ON NET PROFIT ING INSURANCE

amounts in millions of euros

	2003		2002	
Increase interest rates by 1%	**4%**	**95**	3%	80
Decrease interest rates by 1%	**-4%**	**-92**	-4%	-93

Through scenario analysis ING Insurance measures the potential changes in the expected earnings of the insurance operations over the next 12 months resulting from an instantaneous increase/decrease in equity markets by 10%.

EQUITY SENSITIVITY AND EFFECT ON NET PROFIT ING INSURANCE

amounts in millions of euros		2003		2002
Increase of equity by 10%	3%	77	3%	70
Decrease of equity by 10%	-3%	-80	-3%	-68

ACTUARIAL AND UNDERWRITING RISKS

ING is exposed to life and non-life insurance risks. Actuarial risks arise with respect to the adequacy of insurance premium rate levels and provisions with respect to insurance liabilities and capital position. Specific attention is given to the adequacy of provisions for the life business. ING is of the opinion that its insurance provisions are adequate. Underwriting risks are inherent in the process whereby applications submitted for insurance coverage are reviewed. The maximum underwriting exposure is limited through exclusions, cover limits and reinsurance.

LIQUIDITY RISK

Liquidity risk is defined as the risk that ING cannot meet its financial liabilities when due. Liquidity risk is managed at Group and local level through a combination of investment mandates, product features, close monitoring of the day-to-day funding needs and maintenance of an adequate mix of funding sources and liquid assets.

OPERATIONAL RISK

ING's policy is to manage operational risks through clear governance, an embedded operational risk management function, and the implementation of comprehensive operational risk identification, measurement, monitoring and mitigation processes. All business managers are responsible for establishing specific internal policies, procedures and controls and for continuously monitoring and controlling of the operational risks. At the various organisational levels, the Operational Risk Management departments aim at supporting general management. The internal audit function retains a status apart and performs independent periodic investigations into the quality of the system of internal controls and procedures of business units and recommends actions to solve any identified weaknesses.

More information

A comprehensive chapter on risk management has been added to the separately issued Annual Accounts. This information is also available on www.ing.com.

Amsterdam, 8 March 2004

THE EXECUTIVE BOARD

Ewald Kist, *Chairman*
Michel Tilmant, *Vice-Chairman*
Fred Hubbell
Cees Maas, *Chief Financial Officer*
Alexander Rinnooy Kan

Summary of annual figures and Additional information

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

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

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

Availability of Annual Accounts and Form 20-F

The Annual Accounts (Dutch and English) and Annual Report on Form 20-F (only English) are available as PDF files on the ING Group website (www.ing.com/group) and can also be ordered in print by:
e-mail: via www.ing.com/group, button ING Publications
fax: +31 411 652125
mail: P.O. Box 258, 5280 AG Boxtel, The Netherlands

AUDITOR'S REPORT

We have audited the summary annual figures of ING Groep N.V., Amsterdam, for the year 2003 as incorporated in this annual report on pages 48 to 59. This summary annual figures was derived from the annual accounts of ING Groep N.V. for 2003. In our auditor's report dated 8 March 2004 we expressed an unqualified opinion on these annual accounts.
This summary annual figures is the responsibility of the company's management. Our responsibility is to express an opinion on this summary annual figures.
In our opinion, this summary annual figures is consistent, in all material respects, with the annual accounts from which it was derived.
For a better understanding of the company's financial position and the result of its operations for the period and of the scope of our audit, the summary annual figures should be read in conjunction with the annual accounts from which the summary annual figures was derived and our auditor's report thereon.

Amsterdam, 8 March 2004
ERNST & YOUNG ACCOUNTANTS

SUMMARY ANNUAL FIGURES

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

amounts in millions of euros

	2003	2002
ASSETS		
Tangible fixed assets	**1,311**	1,415
Participating interests	**3,167**	2,883
Investments *	**335,003**	297,581
Lending *	**292,556**	284,448
Banks	**61,060**	45,682
Cash	**11,738**	11,421
Other assets	**53,473**	51,186
Accrued assets	**20,463**	21,754
Total	**778,771**	716,370
EQUITY AND LIABILITIES		
Shareholders' equity *	**21,331**	18,254
Preference shares of group companies	**1,783**	2,146
Third-party interests	**1,730**	1,959
Group equity	**24,844**	22,359
Subordinated loans	**3,252**	2,412
	28,096	24,771
General provisions	**2,740**	3,489
Insurance provisions *	**198,035**	195,831
Funds entrusted to and debt securities of the banking operations	**377,824**	319,824
Banks	**102,115**	96,267
Other liabilities	**61,123**	65,397
Accrued liabilities	**8,838**	10,791
Total	**778,771**	716,370

* See notes starting on page 53.

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros	2003	2002
Premium income	**45,519**	52,284
Income from investments of the insurance operations	**9,523**	11,716
Interest result from the banking operations	**8,166**	7,702
Commission	**3,777**	3,960
Other income	**2,108**	1,722
Total income	**69,093**	77,384
Underwriting expenditure	**47,723**	54,575
Other interest expenses	**1,124**	1,288
Salaries, pension and social security costs	**7,429**	7,551
Additions to the provision for loan losses	**1,125**	1,435
Additions to the provision for investment losses	**163**	664
Other expenses	**5,652**	5,950
Total expenditure	**63,216**	71,463
Profit before tax	**5,877**	5,921
Taxation	**1,490**	1,089
Profit after tax	**4,387**	4,832
Third-party interests	**344**	332
Net profit for the period	**4,043**	4,500

amounts in euros		
Net profit per share		
Basic profit per share	**2.00**	2.32
Diluted profit per share	**2.00**	2.32
Dividend per ordinary share	**0.97**	0.97

CONSOLIDATED STATEMENT OF COMPREHENSIVE NET PROFIT

amounts in millions of euros	2003	2002
Net profit for the period	**4,043**	4,500
Other components of comprehensive net profit:		
— unrealised revaluations	**528**	-3,343
— exchange differences	**-1,123**	-1,041
Net profit not recognised in the consolidated profit and loss account	**-595**	-4,384
Realised revaluations released to the profit and loss account	**-258**	-1,051
Comprehensive net profit for the period	**3,190**	-935

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER

amounts in millions of euros	2003	2002
Profit before tax	**5,877**	5,921
Adjusted for:		
— increase in insurance provisions	**24,563**	7,444
— additions to the provision for loan losses	**1,125**	1,435
— other	**-3,068**	-3,220
Loans and advances granted/repaid	**-9,233**	-30,277
Trading portfolio purchases/sales (incl. securities and property)	**-6,281**	2,715
Net investment in tangible fixed assets	**-486**	-321
Taxation	**-1,118**	-381
Movements in:		
— funds entrusted to and debt securities of the banking operations	**58,321**	45,580
— other assets and liabilities	**-9,521**	-2,874
Net cash flow from operating activities	**60,179**	26,022
Investments and advances	**-334,202**	-305,772
Disposals and redemptions	**283,215**	272,403
Net investment for risk of policyholders	**-14,571**	6,813
Net cash flow from investing activities	**-65,558**	-26,556
Loans and subordinated loans of group companies	**960**	4,070
Private placements of shares	**945**	438
Movements in shares ING Groep N.V.	**-5**	653
Cash dividends	**-927**	-1,977
Net cash flow from financing activities	**973**	3,184
Net cash flow	**-4,406**	2,650
Cash at beginning of year	**7,830**	4,681
Exchange differences	**3,914**	499
Cash at year-end	**7,338**	7,830

CHANGES IN THE COMPOSITION OF THE GROUP

In 2003, ING Group acquired a 100% stake in Entrium, Germany's second largest direct Bank. ING Group acquired Entrium from Fineco/Capitalia (Italy). The goodwill amounted to EUR 100 million and is charged to Shareholders' equity.

In 2003, ING Group sold its 99% shareholding in Fatum, an insurance company in the Netherlands Antilles and Aruba to Guardian Holdings Limited. The value of the transaction amounted to EUR 45 million.

In 2003, ING Group acquired an additional 30% stake in DiBa (Allgemeine Deutsche Direktbank) from BGAG, the investment company of a number of German trade unions. In this way, ING owns all shares in DiBa. The goodwill amounted to EUR 9 million and is charged to Shareholders' equity.

In 2003, ING Group sold its 49% shareholding in Seguros Bital to Grupo Financiero Bital S.A. The value of the transaction was EUR 126 million. The result on the sale amounted to EUR 44 million.

In 2003, ING Group sold ING Sviluppo and the affiliated Italian life insurance, asset management and private banking activities to UniCredito Italiano and Aviva. The value of the transaction was EUR 170 million. The result on the sale amounted to EUR 71 million.

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

In 2002, ING Group increased its 49% stake in DiBa to a 70% interest by acquiring a further share participation in DiBa from BGAG. The figures of DiBa are fully consolidated, without deduction of a third-party interest.

The total purchase price of the additional acquisition amounted to EUR 573 million. The goodwill amounted to EUR 532 million and is charged to Shareholders' equity.

In 2002, ING Group and ANZ, one of Australia's major banks, have formed a funds management and life insurance joint venture called ING Australia. The company is 51%-owned by ING and 49%-owned by ANZ. The joint venture has been proportionally consolidated.

As part of the transaction, the new joint venture acquired net assets from ANZ. This resulted in goodwill of EUR 169 million that is charged to Shareholders' equity. Furthermore, ING Group contributed net assets to the new joint venture, which resulted in a net result of EUR 469 million.

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

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

amounts in millions of euros, unless stated otherwise

INVESTMENTS

BREAKDOWN INVESTMENTS

	2003	2002
Land and buildings, including commuted ground rents	**8,994**	10,951
Shares and convertible debentures	**10,688**	12,278
Fixed-interest securities	**244,612**	209,878
Investments for risk of policyholders	**70,552**	64,281
Other investments	**157**	193
	335,003	297,581

LENDING

LENDING ANALYSED BY SECURITY

	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2003			2002
Loans to or guaranteed by public authorities	**6,473**	**16,603**	**23,076**	8,013	15,750	23,763
Loans secured by mortgages	**94,125**	**39,604**	**133,729**	86,932	31,260	118,192
Loans guaranteed by credit institutions	**701**	**1,289**	**1,990**	1,184	6,782	7,966
Other personal lending	**7,009**	**7,813**	**14,822**	8,201	6,810	15,011
Other corporate loans	**36,861**	**86,722**	**123,583**	42,083	82,256	124,339
	145,169	**152,031**	**297,200**	146,413	142,858	289,271
Provision for loan losses	**-1,150**	**-3,494**	**-4,644**	-999	-3,824	-4,823
	144,019	**148,537**	**292,556**	145,414	139,034	284,448

PROVISION FOR LOAN LOSSES

	NETHER-LANDS	INTER-NATIONAL	TOTAL	NETHER-LANDS	INTER-NATIONAL	TOTAL
			2003			2002
Allocated to Lending	**1,150**	**3,494**	**4,644**	999	3,824	4,823
Allocated to Banks		**27**	**27**		47	47
Allocated to other assets	**164**		**164**	18	248	266
	1,314	**3,521**	**4,835**	1,017	4,119	5,136

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

	2003	2002
Opening balance	**5,136**	4,763
Changes in the composition of the group	**87**	98
Write-offs	**-1,338**	-882
Recoveries	**48**	33
Additions from:		
— value adjustments to receivables	**1,125**	1,435
— interest income	**123**	105
Other movements	**-346**	-416
Closing balance	**4,835**	5,136

SHAREHOLDERS' EQUITY

MOVEMENTS IN SHAREHOLDERS' EQUITY

	2003	2002
Shareholders' equity	**21,331**	18,254
Opening balance	**18,254**	21,514
Revaluations after taxation	**-853**	-5,435
Write-off of goodwill	**-145**	-1,176
Net profit for the period	**4,043**	4,500
Dividend paid	**-1,995**	-1,969
Exercise of warrants and options		-2
Issue of shares	**1,977**	
	21,281	17,432
Changes in ING Groep N.V. shares held by group companies	**50**	822
Closing balance	**21,331**	18,254

INSURANCE PROVISIONS

BREAKDOWN INSURANCE PROVISIONS

	GROSS		REINSURANCE ELEMENT		OWN ACCOUNT	
	2003	2002	2003	2002	2003	2002
Provision for life policy liabilities	**119,830**	125,945	**2,947**	5,085	**116,883**	120,860
Provision for profit sharing and rebates	**795**	778			**795**	778
Provision for unearned premiums and unexpired insurance risks	**3,174**	3,277	**687**	845	**2,487**	2,432
Claims provision	**7,911**	8,106	**614**	807	**7,297**	7,299
Other insurance provisions	**21**	186			**21**	186
	131,731	138,292	**4,248**	6,737	**127,483**	131,555
Insurance provisions for policies for which the policyholders bear the investment risk	**71,687**	65,372	**1,135**	1,096	**70,552**	64,276
	203,418	203,664	**5,383**	7,833	**198,035**	195,831

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

amounts in millions of euros

PREMIUM INCOME

BREAKDOWN PREMIUM INCOME

	2003	2002
Premium income from life insurance policies	**38,231**	44,367
Premium income from non-life insurance policies	**7,288**	7,917
	45,519	52,284

PREMIUMS WRITTEN FROM DIRECT LIFE BUSINESS

	Policies for which the insurer bears the investment risk		Policies for which the policyholder bears the investment risk		Total	
	2003	2002	2003	2002	2003	2002
PERIODIC PREMIUMS						
Individual policies	**12,381**	14,254	**2,432**	2,496	**14,813**	16,750
Group policies	**2,433**	2,205	**5,969**	7,646	**8,402**	9,851
Total	**14,814**	16,459	**8,401**	10,142	**23,215**	26,601
SINGLE PREMIUMS						
Individual policies	**3,658**	3,511	**4,529**	6,280	**8,187**	9,791
Group policies	**4,873**	5,945	**639**	739	**5,512**	6,684
Total	**8,531**	9,456	**5,168**	7,019	**13,699**	16,475
	23,345	25,915	**13,569**	17,161	**36,914**	43,076
Indirect business/eliminations					**1,317**	1,291
					38,231	44,367

INCOME FROM INVESTMENTS OF THE INSURANCE OPERATIONS

BREAKDOWN INCOME FROM INVESTMENTS OF THE INSURANCE OPERATIONS

	2003	2002
Income from disposal of group companies	**110**	518
Income from land and buildings	**822**	872
Income from investments in shares and convertible debentures	**510**	1,611
Income from investments in fixed-interest securities:		
— debentures	**5,485**	6,412
— private loans	**151**	127
— mortgage loans	**1,656**	1,781
— policy loans	**183**	208
— deposits with credit institutions	**31**	49
— professional loans	**17**	17
— other	**757**	180
Deposits with insurers	**19**	14
	9,741	11,789
Eliminations	**218**	73
	9,523	11,716

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 57 million (2002: EUR 50 million).

Income from investments in land and buildings and shares and convertibles includes realised results on disposal of EUR 425 million (2002: EUR 1,357 million).

Income from investments for risk of policyholders of EUR 9,973 million (2002: EUR -10,642 million) is not included in Income from investments of the insurance operations.

INTEREST RESULT FROM THE BANKING OPERATIONS

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

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

	2003	2002
Netherlands	**2.00**	1.87
International	**1.00**	1.01
	1.58	1.62

In 2003 the growth of the average total assets caused an increase of the interest result with EUR 689 million (2002: EUR 541 million). The decrease of the interest margin with 4 basis points caused a decrease of the interest result with EUR 220 million (in 2002 the increase of the interest margin with 23 basis points caused an increase of the interest result with EUR 1,033 million).

OTHER INCOME

BREAKDOWN OTHER INCOME

	INSURANCE OPERATIONS		BANKING OPERATIONS		TOTAL	
	2003	2002	2003	2002	2003	2002
Income from participating interests and equity participations	**255**	156	**154**	201	**409**	357
Results from financial transactions	**213**	112	**562**	454	**775**	566
Other results	**539**	514	**385**	285	**924**	799
	1,007	782	**1,101**	940	**2,108**	1,722

SEGMENT REPORTING

ING Group evaluates the results of its segments using financial performance measures called operating profit before tax and operating (net) profit. Operating (net) profit is defined as (net) profit excluding:

— capital gains and losses on equity securities,
— the impact of the negative revaluation reserve on equity securities, and
— realised gains on divestments that are made with the purpose of using the proceeds to finance acquisitions.

While these excluded items are significant components in understanding and assessing the Group's consolidated financial performance, ING Group believes that the presentation of operating results enhances the understanding and comparability of its performance by highlighting net income attributable to ongoing operations and the underlying profitability of the businesses.

RECONCILIATION OF NET PROFIT TO OPERATING NET PROFIT

	INSURANCE OPERATIONS		BANKING OPERATIONS		TOTAL	
	2003	2002	2003	2002	2003	2002
Net profit	**2,498**	3,605	**1,545**	895	**4,043**	4,500
Taxation	**891**	756	**599**	333	**1,490**	1,089
Third parties	**117**	92	**227**	240	**344**	332
Profit before tax	**3,506**	4,453	**2,371**	1,468	**5,877**	5,921
Realised capital gains (losses)	**20**	1,003			**20**	1,003
Gain on divestments to finance acquisitions		280				280
Operating profit before tax	**3,486**	3,170	**2,371**	1,468	**5,857**	4,638
Taxation	**861**	540	**599**	333	**1,460**	873
Third parties	**117**	92	**227**	240	**344**	332
Operating net profit	**2,508**	2,538	**1,545**	895	**4,053**	3,433

OPERATING RESULTS BY INSURANCE OPERATIONS AND BANKING OPERATIONS

	INSURANCE OPERATIONS		BANKING OPERATIONS		ELIMINATIONS		TOTAL	
	2003	2002	2003	2002	2003	2002	2003	2002
Premium income	45,519	52,284					45,519	52,284
Income from investments of the insurance operations	9,721	10,506			218	73	9,503	10,433
Interest result from the banking operations			8,115	7,646	-51	-56	8,166	7,702
Commission	1,313	1,345	2,464	2,615			3,777	3,960
Other income	1,007	782	1,101	940			2,108	1,722
Total income	57,560	64,917	11,680	11,201	167	17	69,073	76,101
Underwriting expenditure	47,723	54,575					47,723	54,575
Other interest expenses	1,291	1,305			167	17	1,124	1,288
Salaries, pension and social security costs	2,735	2,764	4,694	4,787			7,429	7,551
Additions to the provision for loan losses			1,125	1,435			1,125	1,435
Additions to the provision for investment losses	163	664					163	664
Other expenses	2,162	2,439	3,490	3,511			5,652	5,950
Total expenditure	54,074	61,747	9,309	9,733	167	17	63,216	71,463
Operating profit before tax	3,486	3,170	2,371	1,468			5,857	4,638
Taxation	861	540	599	333			1,460	873
Operating profit after tax	2,625	2,630	1,772	1,135			4,397	3,765
Third-party interests	117	92	227	240			344	332
Operating net profit for the period	2,508	2,538	1,545	895			4,053	3,433

TOTAL INCOME

OPERATING INCOME BY GEOGRAPHICAL AREA

	INSURANCE OPERATIONS		BANKING OPERATIONS		ELIMINATIONS		TOTAL	
	2003	2002	2003	2002	2003	2002	2003	2002
Netherlands	12,345	10,965	5,270	4,982	167	14	17,448	15,933
Belgium	2,947	2,640	2,012	2,044			4,959	4,684
Rest of Europe	1,844	2,031	2,997	2,773			4,841	4,804
North America	29,151	36,947	731	536		1	29,882	37,482
Latin America	2,908	3,940	162	315			3,070	4,255
Asia	6,578	6,623	376	436			6,954	7,059
Australia	1,892	2,168	132	107			2,024	2,275
Other	632	437		8			632	445
	58,297	65,751	11,680	11,201	167	15	69,810	76,937
Income between geographical areas[1]	-737	-834				2	-737	-836
	57,560	64,917	11,680	11,201	167	17	69,073	76,101

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

OPERATING RESULT BEFORE TAXATION

BREAKDOWN OF THE OPERATING RESULT BEFORE TAXATION

	2003	2002
Result life	**2,478**	2,603
— Fire and other property losses	**120**	78
— Marine and aviation	**23**	15
— Motor	**187**	161
— Health	**77**	125
— Accident[1]	**245**	155
— Miscellaneous	**90**	22
— Indirect business	**266**	11
Result Non-life	**1,008**	567
Result Insurance operations	**3,486**	3,170
Result Banking operations	**2,371**	1,468
	5,857	4,638

1. Including disability insurance products.

OPERATING RESULT BEFORE TAXATION BY GEOGRAPHICAL AREA

	INSURANCE OPERATIONS		BANKING OPERATIONS		TOTAL	
	2003	2002	2003	2002	2003	2002
Netherlands	**1,471**	1,391	**1,588**	1,510	**3,059**	2,901
Belgium	**109**	74	**478**	613	**587**	687
Rest of Europe	**230**	155	**-15**	-311	**215**	-156
North America	**802**	820	**110**	-509	**912**	311
Latin America	**292**	307	**118**	74	**410**	381
Asia	**280**	245	**38**	38	**318**	283
Australia	**176**	329	**60**	55	**236**	384
Other	**126**	-151	**-6**	-2	**120**	-153
	3,486	3,170	**2,371**	1,468	**5,857**	4,638

ADDITIONAL INFORMATION

RAROC

ING Group applies the Risk-Adjusted Return on Capital (RAROC) framework for its banking operations to consistently measure performance on a risk-adjusted basis (which is linked to shareholder-value creation). RAROC increases focus, in the decision-making proces, on rewards versus risk and consequently the use of scarce capital in the most efficient way. Risk-adjusted pricing tools are used as a basis for the pricing of transactions and as an important determinant in the credit-approval procedures.

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

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

RAROC FOR BANKING OPERATIONS (EXCL. ING DIRECT) BY MANAGEMENT CENTRE

	RAROC (PRE-TAX)		ECONOMIC CAPITAL (IN BILLIONS OF EUROS)	
	2003	2002	2003	2002
MC Netherlands	43.5%	38.4%	4.5	4.8
MC South-West Europe	21.8%	17.0%	3.1	3.4
MC Germany	-3.4%	-3.5%	1.4	1.4
MC Central Europe	11.2%	9.5%	0.8	1.0
MC UK/Americas/Asia	7.2%	-0.4%	1.9	3.1
Other	-46.5%	-64.9%	1.1	0.8
Total banking operations	17.6%	13.2%	12.8	14.5
Retail	35.8%	26.4%	2.8	2.7
Wholesale	12.5%	10.1%	10.0	11.8

'Other' include items of Corporate lines, EC Americas, EC Asia/Pacific and Other Asset Management. 2002 figures have been restated.

The total pre-tax RAROC for the banking operations corresponds to an after-tax RAROC of 13.1% (excluding ING Direct) that can be compared with 10.2% for 2002.

ECONOMIC CAPITAL BREAK-DOWN BY RISK CATEGORY ING BANK

	2003	2002
Credit risk (including Transfer risk)	52%	49%
Market risk	22%	20%
Business risk	13%	17%
Operational risk	13%	14%
Total	100%	100%

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

ING Group continues to develop and refine the models supporting the RAROC calculations. All risks, except for business risk, are subject to an independent control process with a functional reporting line to the Corporate Risk Managers. Although business risk is factored into the planning and budgeting process, business risk is not subject to an independent control process, but is the responsibility of the relevant business units.

EMBEDDED VALUE

Embedded value is an indicator of the economic value creation as a consequence of selling and managing long-term contracts such as life insurance, annuities and pensions. It is defined as the present value of the future earnings arising from the business on the books, including its allocated capital, at the valuation date plus the free portion of capital and surplus. The value of new business is the embedded value added with sales during the year, and therefore provides insight into the expected profitability related to 2003 sales. Underlying assumptions (expenses, interest rates, mortality, lapse, etc.) reflect best estimates of future expected experience. Future earnings are discounted at a rate representing the cost of capital.

At the end of 2003, the total embedded value of ING's life insurance operations was EUR 21,724 million compared to EUR 23,279 million at year-end 2002. The decrease mainly reflects the impact of adverse currency movements compared to the euro, and a lowered expectation of future investment returns.

NEW BUSINESS VALUE

amounts in millions of euros	PREMIUMS ANNUAL 2003	PREMIUMS SINGLE 2003	IRR[1] 2003	VALUE 2003	PREMIUMS ANNUAL 2002	PREMIUMS SINGLE 2002	IRR[1] 2002	VALUE 2002
Netherlands	**161**	**1,220**	**8.0%**	**11**	191	909	8.6%	12
South-West Europe	**58**	**1,836**	**19.1%**	**55**	72	1,789	19.0%	69
Central Europe	**122**	**58**	**14.7%**	**28**	165	150	12.8%	26
Americas	**1,632**	**14,622**	**9.0%**	**94**	1,807	17,010	9.8%	132
Asia/Pacific	**985**	**1,588**	**14.7%**	**252**	1,109	1,737	15.4%	280
ING Group	**2,958**	**19,325**	**10.9%**	**440**	3,344	21,595	11.5%	519

1. IRR = internal rate of return adjusted for expected currency movements relative to the euro.

The value of new business written during 2003 was EUR 440 million, compared to the 2002 level of EUR 519 million. The decrease is primarily due to lower sales and lower pricing targets, which are attributable to lower interest rates. During 2003 ING invested EUR 1,479 million to write new life insurance business. The overall rate of return expected on this investment is 10.9%. This compares to an overall return of 11.5% in 2002. The expected internal rate of return in developing markets is 15.3%.

The value of new business fully reflects acquisition expense overruns, which represent the excess of the costs of acquiring new business over the expense allowances provided in product pricing. Such overruns may exist while new operations are achieving scale, while several businesses are integrating into one, or during a year when sales are lower than anticipated. During 2003, after-tax acquisition expense overruns were EUR 78 million, compared to EUR 133 million in 2002.

EMBEDDED VALUE OF THE LIFE OPERATIONS

in millions of euros	2003	2002
Free surplus	**2,500**	1,526
Value of business in force	**19,224**	21,753
Embedded value	**21,724**	23,279

EMBEDDED VALUE BY EXECUTIVE CENTRE/MANAGEMENT CENTRE

in millions of euros	2003	2002
Netherlands	**9,003**	9,476
South West Europe	**1,088**	1,064
Central Europe	**1,412**	1,253
Americas	**8,304**	9,122
Asia/Pacific	**1,917**	2,364
Embedded value	**21,724**	23,279

The primary reasons for the decline in the Americas embedded value is the decline in the US dollar relative to the euro. For Asia/Pacific, currency effects and changes to future assumed investment returns negatively impacted the change in embedded value for 2003. The Netherlands was also negatively impacted by lower future assumed investment returns.

CHANGE IN EMBEDDED VALUE OF THE LIFE OPERATIONS

in millions of euros	
Reported embedded value 2002	**23,279**
Investment return on free surplus	**386**
Value of new business	**440**
Required return	**1,642**
Financial variances	**64**
Operational variances	**-56**
Discount rate changes	**556**
Assumption changes	**-2,612**
Currency effects	**-1,800**
(Dividends) and capital injections	**-16**
Other	**-159**
Ending embedded value 2003	21,724

The major factors for each of these changes in 2003 are as follows:

— Investment income on free surplus of EUR 386 million primarily reflects equity returns in the Netherlands.

— New sales in 2003 contributed EUR 440 million to the embedded value.

— The required return of EUR 1,642 million is the rollup of the discount rate on the beginning value of inforce business and on the value of new business.

— Financial variances in 2003 totalled EUR 64 million. Separate account growth in the US and equity returns in favourable equity returns in the Netherlands were offset by unfavourable returns on fixed income securities in the Netherlands.

— Operational variances reduced embedded value by EUR 56 million over 2003. This is the net impact of mortality, morbidity, expense, persistency, and other variances. There is no single material element in these variances.

— Assumption changes reduced value by EUR 2,612 million. Major assumption changes included lower future investment returns in the Benelux and lower separate account growth rates in the US.

— Discount rates decreased to reflect ING's weighted average cost of capital. This increased the embedded value by EUR 556 million.

NEW BUSINESS VALUE FROM DEVELOPING MARKETS[1]

amounts in millions of euros	ANNUAL	PREMIUMS SINGLE	IRR[2]	VALUE	ANNUAL	PREMIUMS SINGLE	IRR (2)	VALUE
				2003				2002
Central Europe	107	53	13.9%	24	132	52	12.4%	21
Americas	49	77	4.8%	-6	20	175	5.5%	-8
Asia/Pacific[3]	682	142	16.9%	204	811	59	16.9%	228
ING Group[3]	838	272	15.3%	222	963	286	15.0%	241

1. Countries classified as developing markets are:
   - Central Europe: Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia;
   - Americas: Argentina, Chile, Mexico;
   - Asia/Pacific: China, Hong Kong, India, Korea, Malaysia, Taiwan and Thailand.
2. IRR = internal rate of return adjusted for expected currency movements relative to the euro.
3. The 2002 values are restated to reflect the addition of Hong Kong.

Developing markets new business value of EUR 222 million, decreased by 8% from 2002 due to lower sales.

Cost of financial options and guarantees

The embedded value results are based on a single deterministic projection, which means that a single view of the future is reflected in the reported embedded value results. Deterministic projections may not fully reflect the cost associated with financial options and guarantees within the life insurance products.

Certain business units have included the cost of options and guarantees in the reported results. The major businesses for which these costs are already directly included are variable annuities with guaranteed benefits sold in the US and Japan, Australia's life insurance business, and the majority of contracts in the Benelux.

For the remaining business units, an estimate was made using stochastic testing and other techniques in order to provide insight into these costs. The total estimated additional reduction in value at 31 December 2003 relating to financial options and guarantees is EUR 270 million. This cost is not included in the reported embedded value of this section, and Watson Wyatt has not reviewed the determination of the EUR 270 million figure.

Independent opinion

Watson Wyatt, an international actuarial consultancy firm, has reviewed the methodology and assumptions used by ING in the calculation of the embedded value of the life insurance business at 31 December 2003 and the value of new business written during 2003. All material business units in the Americas, Asia/Pacific and Europe were covered by the review.

Watson Wyatt has concluded that the methodology adopted is appropriate and that the assumptions used are reasonable overall.

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

CAPITAL BASE

BREAKDOWN CAPITAL BASE

in millions of euros	GROUP	INSURANCE	BANK	GROUP	INSURANCE	BANK
			2003			2002
Shareholders' equity	**21,331**			18,254		
Preference shares of group companies	**1,783**			2,146		
Subordinated loans	**3,252**			2,412		
Capital base ING Group	**26,366**			22,812		
Core debt (debt raised to finance subsidiaries)	**4,441**			5,681		
	30,807	**12,382**[1]	**18,425**[2]	28,493	11,279[1]	17,214[2]
Third party interests		**1,187**	**553**		1,163	744
Subordinated loans ING Verzekeringen N.V.		**2,250**			2,250	
Equity components not included in Tier 1 (3)			**-353**			-325
ING Group shares held and consolidation adjustments		**25**	**449**		25	447
Capital base:						
— ING Verzekeringen N.V.		**15,844**			14,717	
— ING Bank N.V. (Tier 1 qualifying capital)			**19,074**			18,080

1. Includes EUR 396 million (2002: EUR 477 million) of subordinated loans to ING Verzekeringen N.V.
2. Includes EUR 2,256 million (2002: EUR 1,336 million) of subordinated loans to ING Bank N.V.
3. Includes revaluation reserve and dividend declared but not yet paid.

REGULATORY REQUIREMENTS

ING Bank

Capital adequacy and the use of regulatory required capital are based on the guidelines developed by the Basel Committee on Banking Supervision (the Basel Committee) and European Community Directives, as implemented by the Dutch Central Bank (DNB) for supervisory purposes. The minimum tier 1 ratio is 4% and the minimum total capital ratio (known as the 'BIS ratio') is 8% of all risk-weighted assets, including off-balance sheet items and market risk associated with trading portfolios.

CAPITAL POSITION OF ING BANK

in millions of euros

	2003	2002
Shareholders' equity[1]	**14,868**	14,664
Third-party interests	**553**	744
Capital and reserves of Stichting Regio Bank	**469**	428
Subordinated loans qualifying as Tier-1 capital[2]	**2,256**	1,336
Fund for general banking risks	**1,281**	1,233
Dividend preference shares[3]	**-118**	-136
Revaluation reserve[4]	**-235**	-189
Core capital - Tier 1	**19,074**	18,080
Supplementary capital - Tier 2	**9,743**	9,116
Available Tier 3 funds	**138**	257
Deductions	**-473**	-302
Qualifying capital	**28,482**	27,151
Risk-Weighted Assets	**251,266**	247,287
Tier-1 ratio	**7.59%**	7.31%
BIS ratio	**11.34%**	10.98%

1. Shareholders' equity includes an amount of EUR 3,002 million that qualifies as innovative Tier 1 capital (dated and undated). EUR 2,402 million has been raised via the Trust Preferred Securities issued by ING Groep N.V. and EUR 600 million has been raised by ING Groep N.V. as perpetual subordinated loan.
2. Subordinated loans qualifying as Tier-1 capital have been placed by ING Groep N.V. with ING Bank N.V.
3. Dividend declared but not yet paid is deducted as it is not part of Tier-1 capital.
4. Revaluation reserve is deducted as it is not part of Tier-1 capital (included in Tier 2).

ING Insurance

European Union directives require insurance companies established in member states of the European Union to maintain minimum capital positions. The capital position of ING Insurance has been measured on the basis of this EU requirement.

CAPITAL POSITION OF ING INSURANCE

in millions of euros

	TOTAL ING VERZEKERINGEN N.V.	NON-INSURANCE COMPANIES, CORE DEBT & OTHER ELIMINATIONS	INSURANCE COMPANIES	TOTAL ING VERZEKERINGEN N.V.	NON-INSURANCE COMPANIES, CORE DEBT & OTHER ELIMINATIONS	INSURANCE COMPANIES
			2003			2002
Available capital	**15,844**	**2,619**	**18,463**	14,717	3,131	17,848
Required capital	**8,779**		**8,779**	8,718		8,718
Surplus capital	**7,065**		**9,684**	5,999		9,130
Ratio of available versus required capital	**180%**		**210%**	169%		205%

ING Group

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

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

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

REGULATORY REQUIRED CAPITAL ING GROUP

in millions of euros	2003	2002
Shareholders' equity	**21,331**	18,254
Preference shares of group companies	**1,783**	2,146
Subordinated loans	**3,252**	2,412
Capital base ING Group	**26,366**	22,812
Subordinated loans ING Bank N.V.(included in Tier 2)	**8,583**	9,054
Subordinated loans ING Verzekeringen N.V.	**2,646**	2,250
Capital base including subordinated loans	**37,595**	34,116
Required capital banking operations	**20,101**	19,783
Required capital insurance operations	**8,779**	8,718
Surplus capital	**8,715**	5,615

EFFICIENCY RATIOS

PERFORMANCE INDICATORS

BREAKDOWN OF THE COMBINED RATIO NON-LIFE INSURANCE

in %	CLAIMS RATIO		COST RATIO		COMBINED RATIO	
	2003	2002	2003	2002	2003	2002
Total	70	75	28	27	98	102

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

BREAKDOWN EFFICIENCY RATIOS OF (OPERATIONAL) BANKING ACTIVITIES

in %	2003	2002
Total banking operations (excluding ING Direct and the restructuring provision)	68.4	71.0

CREDIT RATINGS

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

MAIN CREDIT RATINGS OF ING[1]

	STANDARD & POOR'S	MOODY'S
ING GROUP	A+	Aa3
ING INSURANCE		
— short term	A–1	P–1
— long term	A+	Aa3
ING BANK		
— short term	A1+	P–1
— long term	AA–	Aa2
— financial strength		B+

1. All these ratings have a stable outlook.

CORPORATE GOVERNANCE

NEW IMPULSE FOR GOOD CORPORATE GOVERNANCE

Corporate governance refers to the proper management and supervision of companies. The year 2003 was an important year from a corporate-governance perspective. ING amended its Articles of Association, as a result of which shareholders and depositary-receipt holders have actually the same position and got more powers. The Tabaksblat Committee's report on the principles of good corporate governance and best practices was also published during the year. ING's response to the recommendations of the Tabaksblat Committee, as well as information on capital and control, the Executive Board, the Supervisory Board and the external auditors are discussed in detail below. This chapter ends with the reports of the Trust Office ING Shares and the Trust Office ING Continuity.

ING WELCOMES TABAKSBLAT CODE

General

The discussions of corporate governance in the Netherlands resulted in a new corporate-governance code (the 'Tabaksblat Code') being published on 9 December 2003. From the 2004 financial year onwards, listed companies are required by the Code to include a section on their corporate governance and compliance with the Code in their annual report and to explain any non-compliance.

Listed companies are also being recommended to include information in their 2003 annual report on how they are planning to incorporate the Code into their business activities and to indicate any problems they anticipate in this respect. These issues are discussed below and will also be on the agenda for ING's General Meeting of Shareholders on 27 April 2004.

In view of the independent position of the Trust Office ING Shares, ING Group itself will not discuss the principles and provisions of best practice in respect of depositary receipts. You are referred to the Trust Office's own report on this subject on page 76.

Changes in 2003

ING Group is already in compliance with much of the Code. A number of significant changes relating to corporate governance was approved by the General Meeting of Shareholders in April 2003 and subsequently included in the Articles of Association. Restrictions with regard to the holding of shares (1% rule) were abolished and holders of depositary receipts were, for example, granted full voting rights. These voting rights can be exercised unconditionally, including in the event of a hostile takeover bid. Steps were also taken to ensure that the Board of the Trust Office ING Shares and of the Trust Office ING Continuity remain independent of ING Group. The 2003 financial year also saw holders of depositary receipts in the Netherlands being granted the right, for the first time, to cast votes indirectly via the Communication Channel to shareholders (Stichting Communicatiekanaal Aandeelhouders). ADR holders in the United States and the United Kingdom will also be able to vote by proxy on items included on the agenda for meetings of shareholders as of the General Meeting of Shareholders on 27 April 2004.

Changes in 2004

The Executive Board and Supervisory Board have decided to implement the Code as much as possible. The notice convening the General Meeting of Shareholders on 27 April 2004 has, for example, been drawn up in compliance with the Code. The remuneration policy for the Executive Board will be an agenda item. Moreover, a proposal to amend the Articles of Association is included on the agenda for the meeting. The Articles of Association will this year be brought into line with the best practices detailed in the Code. One of the most significant amendments is the proposal to end the current requirement for a higher majority if a binding proposal for nomination to the Executive Board or Supervisory Board is rejected or if it is proposed to dismiss a member of either Board. The proposed amendment also reduces the number of shareholders' votes required for an item to be submitted for inclusion on the agenda of the General Meeting of Shareholders (under the new rules, votes representing 1 per mille of the share capital will be required). This amendment is being proposed in advance of the Act on the large-company regime, which is currently being considered by the Dutch Upper House of Parliament. In February 2004, the Supervisory Board appointed a Company Secretary (the General Counsel) and adopted a whistleblower procedure, which has since been approved by the Dutch Central Works Council.

In accordance with the Code, the General Meeting of Shareholders will be asked to appoint new Executive Board members for a period of four years. Given that the nominated Executive Board members, Eric Boyer, Eli Leenaars and Hans Verkoren, are already employed by ING, their contracts of employment, which are for an indefinite period of time, will continue. The Supervisory Board has also taken account of their existing contractual rights when determining the level of any severance pay that may become due. The Tabaksblat Code recognises that existing contractual agreements should continue to be respected and that Dutch employment law needs to be amended if Board appointments are to be for limited periods of time. The contracts of existing Board members will not, therefore, be changed. Their appointments for an indefinite period of time will continue, while the existing arrangements in respect of severance pay will also be respected. In other words, they will receive a maximum of three times their most recent fixed annual salary.

In line with the Code, ING's periodic meetings with analysts, such as those held after publication of the quarterly, half-year and annual figures, now can be followed simultaneously by telephone or webcast. The new procedure was introduced at the meeting following publication of the 2003 results in February 2004.

Implementation of Tabaksblat Code

As already said, ING will implement the Tabaksblat Code as much as possible. Depending on how the best practices are interpreted, on any subsequent recommendations that may be made by the Tabaksblat Committee, on legislation on various aspects of the Code and on possible further discussions within ING, the Group is expected to diverge materially from the best practices of the Code in the following respects:

– Code II.2.7: "The maximum remuneration in the event of dismissal is one year's salary (the 'fixed' remuneration component). If the maximum of one year's salary would be manifestly unreasonable for a management board member who is dismissed during his first term of office, such board member shall be eligible for a severance pay not exceeding twice the annual salary."

ING is prepared to take this best practice into account as a reference for new Executive Board members, provided however that the severance may be higher in an individual case depending on existing rights on severance pay, market practice, competitive considerations and other reasons that may give cause to agree upon a higher severance if needed to attract the right qualified person.

– Code III.3.4: The number of supervisory boards of Dutch listed companies of which an individual may be a member shall be limited to such an extent that the proper performance of his duties is assured; the maximum number is five, for which purpose the chairmanship of a supervisory board counts double."

Two members of the Supervisory Board, Messrs. Jacobs and Vuursteen, currently hold more supervisory directorships in Dutch listed companies than the maximum recommended in the Code. This issue will be discussed on the next occasion that these gentlemen become eligible for reappointment, which will be in 2006 in the case of Mr. Vuursteen and in 2007 in the case of Mr. Jacobs.

– Code III.5.6: "The audit committee shall not be chaired by the chairman of the supervisory board or by a former member of the executive board of the company."

Mr. Jacobs, who was previously chairman of the Executive Board, currently chairs the Audit Committee. It should, however, be noted that Mr. Jacobs resigned from the Executive Board over five years ago and so can be regarded as independent, both in respect of the Code and under the terms of the US Sarbanes-Oxley Act.

– Code III.5.11: "The remuneration committee shall not be chaired by the chairman of the supervisory board..."

The chairman of the Supervisory Board, Mr. Herkströter, chairs the Remuneration and Nomination Committee. Appointments, both to the Executive Board and the Supervisory Board, and remuneration are issues of such importance that it is vital for the chairman of the Supervisory Board to be substantially involved in these discussions at an early stage.

In the General Meeting of Shareholders on 27 April 2004 the application of the Code by ING will be discussed. Subsequently, the Code will be implemented as much as possible, taking into account the above-mentioned remarks and the discussions in the General Meeting of Shareholders. The implementation will be reported on via a continuously updated 'corporate-governance charter' on the website of ING Group, which will be published in print prior to the 2005 Shareholders' Meeting. At the annual General Meeting of Shareholders in April 2005, the formal shareholders' approval of ING's corporate-governance structure related to the Tabaksblat Code will be sought. Providing the corporate-governance structure is approved by the shareholders, ING will then be deemed to be in full compliance with the Code.

CAPITAL AND CONTROL

Capital structure, shares

The authorised capital of ING Groep N.V. consists of ordinary shares, preference A shares, five series of preference B shares and cumulative preference shares. All the current ordinary and preference A shares are issued, while a right to acquire cumulative preference shares has been granted to the Trust Office ING Continuity (see page 78). The purpose of the cumulative preference shares is to protect the company against a hostile takeover, while the ordinary shares and the preference shares are used solely for funding purposes. The shares, which are all registered shares, are not listed on a stock exchange.

Depositary receipts

Over 99% of the issued ordinary and preference shares are held by the Trust Office ING Shares. The Trust Office issues bearer depositary receipts in exchange for these shares. The depositary receipts are listed (see page 5 for an overview of the stock exchanges). The depositary receipts can be exchanged, without any restrictions, for the relevant types of shares. A fee may be charged for this.

Although the depositary receipts themselves do not formally have any voting rights, holders of depositary receipts are in practice fully equated with shareholders with regard to voting. Holders of depositary receipts attending a meeting of shareholders, either personally or represented by a proxy, have full voting rights on the Trust Office's behalf, related to the shares held by the Trust Office. Holders of depositary receipts may vote as they see fit. Holders of depositary receipts not attending a meeting can also issue binding voting instructions to the Trust Office. The Trust Office has made it easier for votes to be cast in this way by putting arrangements in place for proxy voting (see page 68).

The Trust Office decides for itself how to vote in the case of shares for which it has not issued proxy votes to holders of depositary receipts and has not received any voting instructions. The way in which the Trust Office votes will reflect the interests of the holders of depositary receipts, but will also take account of the interests of ING Groep N.V. and its group companies and all other ING Group stakeholders, so as to ensure that all these interests are given as much consideration and protection as possible.

The structure outlined above means that depositary receipts are used to prevent a small minority of shareholders, which coincidentally may form the majority in the meeting, from taking decisions purely to suit themselves in the absence of other parties at the General Meeting of Shareholders.

The board of Trust Office ING Shares comprises five members, who are independent of ING Groep N.V. No ING Group employees or Supervisory Board members are on the board of the Trust Office. The board of Trust Office ING Shares appoints its own members, without any requirement for approval by ING Groep N.V. It is the duty of the Trust Office to represent the interests of all holders of depositary receipts, irrespective of whether they are active.

The management of the Trust Office reports on its activities through a annual report, which has been included on page 76.

Voting rights

Each share entitles the holder to cast a vote at the General Meeting of Shareholders. In accordance with the statutory provisions, voting rights are proportional to the nominal value of the shares. In other words, each ordinary share (nominal value: EUR 0.24) gives the right to one vote, while each preference A share (nominal value: EUR 1.20) gives the right to five votes.

On the basis of the closing price of the shares on 31 December 2003, the ratio of market price to voting rights on depositary receipts of ordinary shares was EUR 18.49 : 1, while the ratio for depositary receipts for preference A shares was EUR 3.16 : 5. We acknowledge that there is an element of disequilibrium in this respect. It should, however, be noted that the vast majority of the depositary receipts for preference A shares were issued as stock dividends on ordinary shares. All holders of ordinary shares and depositary receipts for ordinary shares have, therefore, had the opportunity to obtain depositary receipts for preference A shares. It should also be remembered that the market price of the depositary receipts for preference A shares has been relatively flat because of the financial rights attached to them. The market price of the depositary receipts for ordinary shares, on the other hand, has risen substantially over the years. Indeed, the ordinary shares have been split on two occasions because of how the share price has developed. It should also be noted that the depositary receipts for preference A shares are freely available on the stock market. Any holders of ordinary shares or depositary receipts for ordinary shares who feel restricted by the disequilibrium can, therefore, choose to purchase additional depositary receipts for preference A shares. Taking these aspects into account, we believe that the objections against the imbalance have been met.

Proposals by shareholders/holders of depositary receipts

In view of the size and market value of ING Groep N.V., proposals to put items on the Shareholders' Meeting agenda can only be made by shareholders and holders of depositary receipts representing a joint total of 1 per mille of the share capital. Given the periods of notice required for proxy voting, proposals have to be submitted in writing and at least 50 days before the date of the meeting. Properly submitted proposals will be included on the agenda for the General Meeting of Shareholders unless ING has major reasons for not doing so.

Issue of shares

The company's authorised capital is the maximum amount of capital allowed to be issued under the terms of its Articles of Association. New shares in excess of this amount can only be issued after amendment of the Articles of Association. For reasons of flexibility (an amendment of the Articles of Association has to be passed by notarial deed if it is to become effective, and this in turn requires a declaration of no objection to be issued by the Minister of Justice), the authorised capital in the Articles of Association of ING Groep N.V. has been set at the highest level permitted by law.

Share issues have to be approved by the General Meeting of Shareholders, which may also delegate its authority. Each year, the General Meeting of Shareholders delegates authority to the Executive Board to issue new shares. The powers delegated to the Executive Board are limited:

- in time: powers are delegated for a period of 18 months;
- to specific types of shares: only ordinary shares and preference B shares may be issued;
- by number in the case of ordinary shares: ordinary shares may be issued up to a maximum of 10% of the issued capital, or 20% in the event of a merger or takeover;
- in terms of control: resolutions by the Executive Board to issue shares require the approval of the Supervisory Board.

Following from the Tabaksblat Code, it is proposed to include a restriction on issues of preference B shares by stipulating a minimum issue price. Approval by the General Meeting of Shareholders would be required for any share issues exceeding these limits.

Shareholders' structure

Details of investors who have reported their interest in ING Groep N.V. pursuant to the Dutch Act on the Disclosure of Significant Holdings in Listed Companies are shown on page 5. ING Group is not aware of shareholders with an interest of 5% or more other than ABN AMRO, Aegon and Fortis Utrecht. As at 31 December 2003, ING Group subsidiaries held an interest of 12,37% in ABN AMRO. The interests in Aegon and Fortis Utrecht were below 1%. These interests are held as investments. There are no shareholders' or other agreements between ING Group and the above-mentioned major shareholders on the exercising of voting rights.

Under the terms of the Dutch Act on the Supervision of the Credit System 1992 and the Insurance Industry (Supervision) Act 1993, declarations of no objection are required by anyone wishing to obtain or hold a participating interest of at least 5% or 10% respectively in ING Groep N.V. or to exercise control to this extent via a participating interest in ING Groep N.V. As at 31 December 2003, ABN AMRO was the only one of the above holders with an interest of 5% or more to have obtained a declaration of no objection with regard to its exercise of control.

EXECUTIVE BOARD

Regulations

The way in which the Executive Board operates is detailed in a set of regulations approved by the Supervisory Board.

Remuneration, option rights and share ownership

Details of the remuneration of members of the Executive Board and any loans or option rights granted to them, together with information on the policy behind such decisions, are provided in a separate chapter, starting on page 79 of this report. Members of the Executive Board are permitted to hold shares and depositary receipts for shares in the company for long-term investment purposes. Transactions in these shares are subject to the ING regulations for insiders.

Ancillary positions/Conflicting interests

In order to avoid potential conflicts of interest, ING Group has a policy that members of its Executive Board do not accept corporate directorships outside ING. The only exception is the membership of Fred Hubbell on the Board of Directors of The Macerich Company in the US, a real-estate company. He held this position already prior to his employment with ING. ING encourages Executive Board members to perform other activities outside the Group.

Transactions involving actual or potential conflicts of interest

Details of relationships that members of the Executive Board may have with ING Group subsidiaries as ordinary, private individuals are not reported, with the exception of information on any loans that may have been granted to them (see page 84). In all these cases, the company complies with the best-practice provisions of the Tabaksblat Code.

Information on members of the Executive Board

Ewald Kist, Chairman

(1944 - Dutch nationality)

Appointment to the Executive Board of ING Group: July 1993. Vice-chairman since April 1999. Chairman since May 2000, retiring 1 June 2004. Joined ING (Nationale-Nederlanden) in 1969. Main responsibilities: Strategy, Communications, Audit Services.

Michel Tilmant, Vice-chairman

(1952 - Belgian nationality)

Appointment to the Executive Board of ING Group: May 1998. Vice-chairman since May 2000, chairman as of 28 April 2004. Joined ING (after merger with BBL) in 1998. Chairman of ING Bank N.V. Main responsibilities: ING Europe/Retail and Wholesale Markets, ING Direct.

Fred Hubbell

(1951 - American nationality)

Appointment to the Executive Board of ING Group: May 2000. Joined ING (after the acquisition of Equitable of Iowa) in 1997. Chairman of ING Verzekeringen N.V. (ING Insurance). Main responsibilities: ING Americas, Asset Management. Fred Hubbell is member of the Board of Directors of The Macerich Company in the US, a real-estate company.

Cees Maas, Chief Financial Officer

(1947 - Dutch nationality)

Appointment to the Executive Board of ING Group: July 1992. Chief Financial Officer since July 1996. Joined ING in 1992. Former position: Treasurer-General, Ministry of Finance. Main responsibilities: Control & Finance, Tax, Legal & Compliance, Investor Relations, Risk Management.

Alexander Rinnooy Kan

(1949 - Dutch nationality)

Appointment to the Executive Board of ING Group: September 1996. Joined ING in 1996. Former position: President of VNO-NCW (Confederation of Netherlands Industries and Employers). Main responsibilities: ING Asia/Pacific, Information Technology, Human Resources & Management Development, Procurement, Real Estate.

New appointments

Ewald Kist, the current chairman of the Executive Board, will retire on 1 June 2004. As chairman, he will be succeeded by Michel Tilmant as of 28 April 2004. Cees Maas will become vice-chairman as of that date, besides his function of Chief Financial Officer.

At the annual General Meeting of Shareholders on 27 April 2004, the Supervisory Board will propose appointing Eric Boyer de la Giroday (1952, Belgian nationality), Eli Leenaars (1961, Dutch nationality) and Hans Verkoren (1947, Dutch nationality) to the Executive Board. Eric Boyer is a member of the Management Committee for South-West Europe, with responsibility for Financial Markets and Wholesale Banking, and a member of the Board of ING Belgium S.A. Eli Leenaars is chairman of ING Central Europe and a member of the Executive Committee ING Europe. Hans Verkoren is Global Head of ING Direct and member of the Executive Committee ING Europe, responsible for Retail Financial Services.

SUPERVISORY BOARD

Profile of members of the Supervisory Board

The Supervisory Board has drawn up a profile to be used as a basis for monitoring its composition and ensuring it retains an independent position. The profile was approved by the Central Works Council and the Annual General Meeting of Shareholders in 2002. It is available for inspection at the ING Group offices and on the ING Group's website (www.ing.com). In view of their experience and the valuable contribution that former members of the Executive Board can make to the Supervisory Board, it has been decided, partly because of the size of the Board and also because of ING's wide range of activities, that such individuals may become Supervisory Directors of ING. There is, however, a restriction in that only one in every five members of the Supervisory Board may be a former member of the Executive Board. In addition, this member must wait at least one year after resigning from the Executive Board before becoming eligible for appointment to the Supervisory Board. Former members of the Executive Board are also not permitted to be appointed to the position of Chairman of the Supervisory Board.

After being appointed to the Supervisory Board, a former member of the Executive Board may also be appointed to one of the Supervisory Board's committees. However, appointment to the position of chairman of a committee is only possible if the specific individual resigned from the Executive Board at least five years previously.

Regulations

The Supervisory Board has drawn up a set of regulations covering its organisation, powers and methods of operating. Separate regulations have also been drawn up for the Board's three committees: the Audit Committee, the Remuneration and Nomination Committee and the Corporate Governance Committee. Copies of these regulations are available for inspection at the ING Group offices and may also be viewed on the ING Group website (www.ing.com).

Reappointment of Supervisory Directors

Members of the Supervisory Board will resign from the Board at the first General Meeting of Shareholders held after they have been a member for four years. The schedule for resignation by rotation is available for inspection at the ING Group offices and may also be viewed on the ING Group website (www.ing.com). Members of the Supervisory Board may be reappointed for two periods of four years. Reappointments of Supervisory Board directors will be carefully considered and will certainly not be automatic. In order to ensure that this principle is observed, the procedures to be followed have been recorded in writing.

Ancillary positions/Conflicts of interest

Members of the Supervisory Board are asked to provide details of any other directorships, paid positions and ancillary positions they may hold. Such positions are not permitted to conflict with the interests of the ING Group. It is the responsibility of the individual member of the Supervisory Board and the Supervisory Board's Corporate Governance Committee to ensure that the directorship duties are performed properly and not affected by any other positions that the individual may hold outside the group.

Details of transactions involving actual or potential conflicts of interest

Details of any relationships that members of the Supervisory Board may have with ING Group subsidiaries as ordinary, private individuals are not reported, with the exception of any loans that may have been granted to them (see page 87).

Independence

Members of the Supervisory Board to whom the criteria of the Tabaksblat Code do not apply and members of the Supervisory Board to whom the criteria do apply but who can explain why this does not undermine their independence, are deemed to be independent. On the basis of these criteria, Mr. G.J.A. van der Lugt is not regarded as independent since he has been Chairman of the Executive Board within the last five years. He retired from the position of Chairman of the Executive Board in 2000.

Remuneration and share ownership

The remuneration of the members of the Supervisory Board is set by the General Meeting of Shareholders and is not dependent on the results of the company.

Members of the Supervisory Board are permitted to hold shares and depositary receipts for shares in the company for long-term investment purposes. If any members of the Supervisory Board were granted ING option rights during their previous membership of the Executive Board, these option rights will be part of the ING stock option plan. The rules applying within ING Group in respect of inside information also apply to these option rights.

For details, see page 86 to 89.

Information on members of the Supervisory Board

Cor Herkströter, Chairman

(1937 - Dutch nationality)

Principal former position: President of Royal Dutch Petroleum Company N.V. and Chairman of the Committee of Managing Directors, Royal Dutch/Shell Group. First appointment to the Supervisory Board of ING Group: May 1998. Chairman since May 1999. Chairman of the Remuneration & Nomination Committee and the Corporate Governance Committee. Current term of office: until the 2006 Annual General Meeting of Shareholders (AGM).

Other directorships of listed companies:

- Chairman of the Supervisory Board of Royal DSM N.V.

Other significant positions held:

- Member of the Advisory Committee, Robert Bosch GmbH
- Trustee of the International Accounting Standards Committee Foundation
- Chairman of the Listing and Issuing Rules Advisory Committee, Euronext N.V.
- Chairman of the Social Advisory Council, Tinbergen Institute
- Professor of International Management, University of Amsterdam
- Chairman of the Board of Trustees, Erasmus University, Rotterdam

Luella Gross Goldberg

(1937 - American nationality)

Principal former position: Member of the Board of Directors of ReliaStar Financial Corp. First appointment to the Supervisory Board of ING Group: April 2001. Member of the Remuneration & Nomination Committee and the Corporate Governance Committee. Current term of office: until the 2005 AGM.

Other directorships of listed companies:

- Member of the Supervisory Board of TCF Financial Corporation (USA)
- Member of the Supervisory Board of Hormel Foods Corporation (USA)
- Member of the Supervisory Board of Communications Systems Inc. (USA)
- Member of the Supervisory Board of Hector Communications Corporation (USA)

Other significant positions held:

- Member of the Supervisory Board of the Minnesota Orchestra
- Member of the Advisory Board of Carlson School of Management, University of Minnesota

Paul van der Heijden

(1949 - Dutch nationality)

Principal present positions: Rector Magnificus and professor of labour law and industrial relations, University of Amsterdam. First appointment to the Supervisory Board of ING Group: May 1995, also on the recommendation of the Central Works Council. Member of the Remuneration & Nomination Committee and the Corporate Governance Committee. Current term of office: until the 2007 AGM.

Other significant positions held:

- Member of the Supervisory Board of NUON N.V.
- Member of the Supervisory Board of Buhrmann Nederland B.V.
- Crown-appointed member of the Social and Economic Council
- President of the ILO Governing Body, Committee on Freedom of Association (United Nations)

Claus Dieter Hoffmann

(1942 - German nationality)

Principal former position: Chief Financial Officer of Robert Bosch GmbH. Principal present position: managing partner of H+H Senior Advisors, Stuttgart. First appointment to the Supervisory

Board: April 2003. Member of the Audit Committee. Current term of office: until the 2007 AGM.
Other significant positions held:
- Chairman of the Supervisory Board of SupplyOn AG
- Member of the Supervisory Board of Bauerfeind AG
- Member of the Supervisory Board of Jowat AG

Aad Jacobs
(1936 - Dutch nationality)
Principal former positions: Chairman of the Executive Board of Nationale-Nederlanden and ING Groep N.V. First appointment to the Supervisory Board of ING Group: June 1998, following his retirement from the chairmanship of the ING Group Executive Board. Chairman of the Audit Committee. Current term of office: until the 2007 AGM.
Other directorships of listed companies:
- Chairman of the Supervisory Board of Royal Dutch/Shell Group
- Chairman of the Supervisory Board of Imtech N.V.
- Chairman of the Supervisory Board of N.V. Verenigd Bezit VNU
- Vice-chairman of the Supervisory Board of IHC Caland N.V.
- Vice-chairman of the Supervisory Board of Buhrmann N.V.

Other significant positions held:
- Chairman of the Supervisory Board of Johan Enschedé

Wim Kok
(1938 - Dutch nationality)
Principal former positions: Minister of Finance and Prime Minister of the Netherlands. First appointment to the Supervisory Board of ING Group: April 2003. Current term of office: until the 2007 AGM.
Other directorships of listed companies:
- Member of the Supervisory Board of Royal Dutch/Shell Group
- Member of the Supervisory Board of TPG N.V.
- Member of the Supervisory Board of KLM N.V.

Other significant positions held:
- Member of the Supervisory Board of the Rijksmuseum, Amsterdam
- Member of the Board of The National Ballet and The Music Theatre
- Member of the Supervisory Board of Stichting AGO
- Member of the Board of the Netherlands Cancer Institute, Antoni van Leeuwenhoek Hospital
- Member of the Board of Start Foundation

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

Other significant positions held:
- Chairman of the Supervisory Board of Siemens Nederland N.V.
- Chairman of the Supervisory Board of Amsterdamse Maatschappij tot Stadsherstel N.V.
- Vice-chairman of the Supervisory Board of Academisch Ziekenhuis, Groningen (hospital)

Paul Baron de Meester
(1935 - Belgian nationality)
Principal former position: chairman of Belgische Betonmaatschappij Besix-Betonimmo N.V. First appointment to the Supervisory Board of the ING Group: May 1998. Member of the Audit Committee. Current term of office: until the 2006 AGM.
Other significant positions held:
- Member of the Supervisory Board of Tessenderlo Chemie N.V.
- Member of the Supervisory Board of ETEX N.V.
- Chairman of I.C.C. Belgium (International Chamber of Commerce)
- Member of the Supervisory Board of Regionaal Ziekenhuis H. Hart (hospital)

Jan Timmer
(1933 - Dutch nationality)
Principal former positions: President and Chairman of the Executive Board of Philips Electronics. First appointment to the Supervisory Board of ING Group: October 1996. Member of the Audit Committee, the Remuneration & Nomination Committee and the Corporate Governance Committee. Current and last term of office: until the 2005 AGM.

Karel Vuursteen

(1941 - Dutch nationality)

Principal former position: Chairman of the Executive Board of Heineken. First appointment to the Supervisory Board of the ING Group: April 2002. Current term of office: until the 2006 AGM.

Other directorships of listed companies:

- Chairman of the Supervisory Board of Ahold N.V.
- Chairman of the Supervisory Board of Randstad Holding N.V.
- Member of the Supervisory Board of Akzo Nobel N.V.
- Member of the Executive Board of Heineken Holding N.V.
- Member of the Supervisory Board of AB Electrolux (Sweden)

Other significant positions held:

- Chairman of World Wildlife Fund Netherlands
- Chairman of Stichting het Concertgebouwfonds

New appointment

At the Shareholders' Meeting of April 27, 2004, Mr. Eric Bourdais de Charbonnière (1939, French nationality) will be proposed for appointment to the Supervisory Board. He was the former Chief Financial Officer of Michelin and is currently the chairman of Michelin's Supervisory Board. Prior to his positions at Michelin he was managing director of the bank JP Morgan. The proposed appointment is based on his experience in the financial-services industry and his expertise as Chief Financial Officer and board member of a multinational company.

EXTERNAL AUDITORS

Ernst & Young and KPMG Accountants were appointed auditors of the ING Group for an unspecified period of time at the General Meeting of Shareholders on 24 January 1991. The work involved in the assignment has been divided between the two firms of auditors as follows: Ernst & Young is responsible for auditing the financial statements of ING Groep N.V. and ING Verzekeringen N.V. and its subsidiaries, while KPMG Accountants audits the financial statements of ING Bank N.V. and its subsidiaries. The auditor's report on the financial statements of ING Groep N.V. will be issued by Ernst & Young.

At least once every four years the Supervisory Board and the Audit Committee shall conduct an assessment of the functioning of the external auditor. The main conclusions thereof shall be communicated to the General Meeting of Shareholders for the purpose of assessing the nomination for the appointment of the external auditor for the next term. ING believes that continuity in the relationship with the external audit firm is of great importance. ING shall consider the rotation of the leading partner of the firm at least every five year.

TRUST OFFICES' REPORTS

Report of Stichting ING Aandelen

Report to the depositary-receipt holders of ING Groep N.V.

The following report is issued in compliance with the provisions in article 15 of the Trust Conditions for registered shares in ING Groep N.V.

In accordance with the changes to the corporate governance structure of ING Groep N.V., as decided upon by the Annual General Meeting of Shareholders on 15 April 2003, the Articles of Association and the Trust Conditions have been amended by a deed dated 23 June 2003.

Pursuant to the amendments, the restriction on the exchangeability of the depositary receipts has been abolished, so that the issuance of depositary receipts for shares no longer serves as an anti-takeover device. The Trust Office will, upon request, grant voting proxies to depositary-receipt holders under all circumstances.

The name of the Trust Office has been changed to Stichting ING Aandelen (Trust Office ING Shares) whose objectives now include primarily promoting the interests of shareholders and depositary-receipt holders, also with a view to the wider interests of ING and all its stakeholders, promoting information exchange between the company on the one hand and its shareholders and depositary-receipt holders on the other, as well as promoting the solicitation of voting proxies of other shareholders and depositary-receipt holders. In addition, depositary-receipt holders can issue voting instructions to the Trust Office.

The amendment to the Articles of Association has also resulted in a change in the composition of the Board of the Stichting. Executive and Supervisory Directors of ING are no longer eligible for appointment to the Board of the Stichting, thus ensuring that the Board can operate even more independently from ING than before. As a consequence, Cor Herkströter and Mijndert Ververs no longer form part of the Board.

The Board of the Stichting is of the opinion that the adjustments to the structure of the Trust Office are in complete accordance with the corporate-governance code of the Tabaksblat Committee.

During the 2003 reporting year the Stichting performed duties relating to the administration of registered ordinary and preference shares for which bearer depositary receipts have been issued.

The Board held three meetings. On 3 April 2003 the Board met to discuss the 2002 annual report and to prepare the Annual General Meeting (AGM) on 15 April 2003. The Board, as is customary, attended the AGM and answered various questions from others present. The Board voted in favour of all voting items on the agenda. Excluding the shares held by the Trust Office, about 0.85% of the total issued capital attended or was represented in the General Meeting of Shareholders.

Ahead of the amendment to the Articles of Association, shareholders and depositary-receipt holders unable to attend the AGM were able to issue voting instructions to the Stichting. This option was taken up by shareholders and depositary-receipt holders representing about 8% of the votes to be cast.

On 11 June 2003 the Board met in its new composition for the first time. The purpose of this meeting was to inventory and evaluate the changes confronting the Stichting as a result of the adjusted corporate governance of ING Group. In subsequent consultation on 3 October 2003 between the Chairman of the Board, John Simons, and the Chairman of the Executive Board of ING Group, Ewald Kist, ING undertook to assist the Stichting as extensively as possible in the effective pursuit of its duties and objectives.

Prior to its meeting of 1 December 2003 the Executive Board and Supervisory Board of ING Group provided the Stichting with information on the company's activities and performance over the first nine months of the reporting year. The Board subsequently met without the attendance of the aforementioned representatives of ING Group. The topics discussed in this meeting included the composition of the Board of the Stichting and the formulation of a Board profile.

During the reporting year, the net number of depositary receipts issued for ordinary shares ran to 123,113,969. On 31 December 2003 the nominal value of administered shares amounted to EUR 507,590,679.12, for which 2,114,961,163 depositary receipts of EUR 0.24 were issued.

The increase came about as follows:

Add:	
re final dividend for 2002	68,574,068
re interim dividend for 2003	54,212,677
re options Bank Brussels Lambert	407,119
exercise of Warrants	130
conversion of shares into depositary receipts	29,859
Less:	
re conversion of depositary receipts	109,884

On 31 December 2003, preference shares A representing a nominal amount of EUR 104,493,696 were entered in the administration, for which 87,078,080 depositary receipts with a nominal value of EUR 1.20 were issued. The decrease of 1818 relative to 2002 is due to the conversion of depositary receipts into preference shares A.

John Simons and Huib Blaisse were reappointed as Board members from 1 September 2003. In accordance with the provisions of article 7, section 3.8, the Stichting disclosed the proposed reappointments by publication in NRC Handelsblad and the 'Officiële Prijscourant' (AEX Official List) of 1 August 2003. In 2004, Ton Risseeuw and Jan Veraart are due to retire by rotation. Both are eligible for reappointment.

The Board of the Stichting consists of:

John Simons, Chairman (former Chairman of the Executive Board of N.V. Bouwfonds Nederlandse Gemeenten (Building society Dutch councils), several supervisory directorships);

Huib Blaisse (lawyer and partner at Schut en Grosheide, several other executive offices);

Ton Regtuijt (former Executive Board member of Nederlandse Spoorwegen (Dutch Railways), several supervisory and advice offices);

Ton Risseeuw (former Chairman of the Executive Board of Getronics NV, several supervisory directorships and additional offices);

Jan Veraart (former Chairman of the Executive Board of HBG, several supervisory directorships and additional offices).

Each of the Board members was paid a remuneration of EUR 7,800 during the reporting year.

The Trust Office may consult depositary-receipt holders. This possibility was not made use of, also given the fact that holders of depositary receipts can attend the General Meeting of Shareholders and voice their opinions.

The activities involved in the administration of shares are performed by the Trust Office of the Stichting: Administratiekantoor van het Algemeen administratie- en Trustkantoor BV, Amsterdam.

The contact details of the Trust Office are:
Rob M. Fischmann
Telephone + 31 20 5418711
E-mail: Rob.Fischmann@ing.com

Amsterdam, 8 March 2004
THE BOARD OF
STICHTING ING AANDELEN

Report Of Stichting Continuïteit ING

Stichting Continuïteit ING, established in Amsterdam, was founded on 22 January 1991. By amendment of the Articles of Association on 23 June 2003, the former name 'Stichting Cumulatief Preferente Aandelen ING Groep' was changed to Stichting Continuïteit ING ('ING Continuity Trust Office').

A call-option agreement concluded between the Stichting and ING Groep N.V. vests the Stichting with the right to acquire cumulative preference shares in the capital of ING Groep N.V. up to a maximum of 900 million cumulative preference shares. The acquisition of cumulative preference shares by the Stichting is subject to the restriction that, immediately after the issuance of cumulative preference shares, the total amount of cumulative preference shares may not exceed one third of the total issued share capital of ING Groep N.V. If new shares other than cumulative preference shares are subsequently issued, the Stichting may again exercise its right, subject to the provisions of the preceding sentence. On acquisition of cumulative preference shares, at least 25% of the nominal value must be paid up on said shares.

In 2003 the Board of the Stichting met twice, namely on 3 April and 1 December. After the amendment of the Articles of Association took effect on 23 June 2003, no Executive Directors, Supervisory Directors or other persons related to ING are permitted to be a member of the Board of the Stichting. As a result, the composition of the Board is currently as follows: Ad Timmermans (Chairman), Bas Kortmann, Allard Metzelaar and Wim van Vonno (who was reappointed as of 1 July 2003). Lutgart van den Berghe, Paul van der Heijden and Ewald Kist (non-voting member) stepped down.

Statement of independence

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

Amsterdam, 8 March 2004
THE BOARD OF
STICHTING CONTINUÏTEIT ING
EXECUTIVE BOARD OF ING GROEP N.V.

REMUNERATION

This chapter sets out the remuneration for the Executive Board and the Supervisory Board. The chapter starts with the general policy for senior-management remuneration, followed by the Executive Board compensation for 2003 and the compensation structure for 2004. In addition, information is included on loans and advances to the Executive and Supervisory Board members as well as ING Group shares held by members of both boards. The chapter ends with information on the ING Group stock option plan.

GENERAL POLICY SENIOR MANAGEMENT REMUNERATION

Background

Based on the outcome of a study, started in 2002, conducted by an external consultant on the market competitiveness of ING's remuneration levels and mix, the Supervisory Board decided to progressively introduce a new remuneration structure for ING's senior management. The introduction of this new structure was started in 2003. In the 2003 General Meeting of Shareholders it was announced that the new policy would be up for discussion in the General Meeting of Shareholders on 27 April 2004 and to seek approval for the new long-term incentive plan.

The prime objective of the study was to formulate a new remuneration policy for ING's senior management allowing the company to recruit and retain qualified and expert managers. The design of the new remuneration should tie in with ING's strategic objectives and support a performance-driven culture that aligns ING's objectives with those of its stakeholders. ING intends to continue to reward performance on the basis of previously-determined, measurable and manageable short-term and long-term targets, using clear and understandable performance criteria. The variable part of the remuneration is designed to strengthen commitment to the company and its objectives.

Remuneration structure

Total compensation throughout ING consists of three basic components:

– Fixed or base salary, the guaranteed annual income component;

– Short-term incentive (STI) in cash, compensates for past performance measured over one year;

– Long-term incentive (LTI) in stock options and/or performance shares, compensates for performance measured over multiple years and is forward-looking.

In addition to the base salary, senior management members enjoyed benefits similar to most other employees of ING Group. These include benefits like private medical insurance, the use of company cars and, if applicable, expatriate allowances.

ING's remuneration structure is based on five key principles that will apply across ING. These principles are:

– Total compensation levels will be benchmarked against relevant markets in which ING competes for talent.

– ING aims for a total compensation level at the median level in the relevant market, allowing only for above-median compensation in the event of outstanding performance.

– The remuneration elements will gradually be rebalanced in order to emphasise the focus on the variable pay components (short-tem and long-term incentives), so as to ensure that an increasing portion of senior management remuneration is directly linked to ING's short-term and long-term business performance.

– To enhance the effectiveness of the short-term incentive plan, clear, measurable and challenging targets will be set at the beginning of the year, allowing for appropriate compensation levels in the event that targeted performance is achieved.

– ING will provide long-term incentives to ensure a focus on longer-term strategic targets, to create alignment of management with the interests of shareholders and to retain qualified and expert managers. A broad selection of ING's top senior managers will participate in the plan to ensure a common focus on ING's overall performance.

Short-term incentive plan

The short-term incentive is paid in cash. The at-target bonus opportunity is expressed as a percentage of base salary. The target levels are based on benchmarks reflecting external market competitiveness as well as internal objectives. Three financial measures were used in the 2003 short-term incentive plan (STIP) for the senior management to measure performance at Group level. These financial measures are: net operating profit, total operating expenses and return on economic capital.

By combining a profit, a cost and a return measure, the overall performance of ING is properly reflected. Each element is weighted equally to determine the final award. The three performance targets are set by the Supervisory Board at the beginning of the performance period. Under the short-term incentive plan, the actual payout in any year may vary between 0% and 200% of the target level.

In addition to the financial targets, part of the short-term incentive award is based on individual performance, assessed on the basis of predefined measurable targets set for each senior executive. These targets depend on the specific responsibilities of the individual and are determined and assessed by the Supervisory Board for the Executive Board. The Executive Board sets the targets for the members of the Executive Committees and Management Council members.

As the table below shows, the emphasis on ING Group results is reduced for each layer below the Executive Board as the direct accountability of these managers for the Group results declines.

Long-term incentive plan

In the overall evaluation of the remuneration components, the Supervisory Board analysed the original long-term incentive plan (LTIP) in 2003. The analysis assessed whether the instrument used (stock options only) supported the ING's objectives. As a result of this study, the Supervisory Board decided to introduce an additional instrument to the LTIP for the Executive Board, the performance share. Performance shares are granted to ensure alignment of senior management with the interests of shareholders, and to retain top management over a longer period of time. Thus, the LTI awards will be granted with the total nominal value split equally between stock options and performance shares. The Executive Board members are not allowed to sell shares obtained either through the stock-option or the performance-shares plan within a period of five years from the grant date. Participants will only be allowed to exercise options or sell part of the shares at the date of vesting to pay tax over the vested award.

SHORT-TERM INCENTIVE: RELATIVE WEIGHT OF GROUP AND INDIVIDUAL PERFORMANCE

	GROUP PERFORMANCE	INDIVIDUAL PERFORMANCE
Executive Board	70% of total bonus	30% of total bonus
Executive Committees	30% of total bonus	70% of total bonus
Management Council	15% of total bonus	85% of total bonus

The ING stock options have a total term of ten years and a vesting period of three years. After three years, the options will only vest if the option holder is still employed by ING (or retired). The exercise price of the stock options is equal to the Euronext Amsterdam opening price on the first day after the General Meeting of Shareholders.

Performance shares will be conditionally granted. The number of shares that will ultimately be awarded at the end of a 3-year performance period depends on the ING Group performance. The Supervisory Board decided to use Total Shareholder Return over three years (return in the form of capital gains and reinvested dividends that shareholders receive in that period) relative to the performance of a pre-defined peer group. The criteria used to determine the performance peer group were: a) considered comparable and relevant by the Supervisory Board, b) representing ING's current portfolio of businesses (e.g. banking, insurance and asset management) and ING's geographical spread, c) global players, d) listed and a substantial free float.

On the basis of these criteria the performance peer group was composed as follows:

- Citigroup, Credit Suisse, Fortis, Lloyds TSB (bank/insurance companies);
- ABN Amro, Bank of America, BNP Paribas, Deutsche Bank, HSBC, BSCH (banks);
- Aegon, AIG, Allianz, AXA, Aviva, Prudential, Hartford Financial Services, Munich Re (insurance companies);
- Amvescap PLC (asset manager).

ING's ranking within this group of companies will determine the final number of shares that will vest at the end of the three-year performance period. The initial number of granted performance shares is defined as 100%, which number will follow linear increase or decrease on the basis of the position after the three-year performance period as specified in the table.

The Supervisory Board will review the peer group before each new three-year performance period. The performance test itself will be carried out at the end of every three-year performance period by an independent third party.

As announced in the 2003 General Meeting of Shareholders, the Supervisory Board will table this plan as described above for approval at the General Meeting of Shareholders on 27 April 2004.

Compensation level Executive Board

As part of the study on the future remuneration, a comparative assessment on compensation levels and mix of fixed and variable components had to be made. Therefore, in 2002, a compensation peer group was composed. This peer group is a mix of European financial-services companies and Dutch-based multinationals. The peer group reflects ING's business structure and environment. ING competes with these companies for executive talent. The following companies were part of this compensation peer group: ABN Amro, Aegon, Ahold, AXA, BNP Paribas, Credit Suisse, Fortis, KPN, Royal Bank of Scotland, Société Générale.

The report identified a significant compensation gap at total direct compensation level, between ING's Executive Board and its peer group counterparts. Key recommendations from the report included that in order to close the gap, in particular the variable (performance-driven) pay component should be increased.

In line with ING's overall remuneration policy, the Supervisory Board decided to introduce a gradual convergence of Executive Board salaries to the European/Dutch median benchmark over a three-year period, starting in 2003. This will be achieved by raising the target bonus levels of both the short-term and long-term incentives. This ensures that future payout will more directly reflect performance. As a result, the mix between base salary, short-term and long-term incentives is assumed to change such that over time the total remuneration will be divided equally between each component (i.e. 1/3rd base salary, 1/3rd short-term incentives, and 1/3rd long-term incentives) in case of at-target performance.

NUMBER OF SHARES AFTER THREE-YEARS PERFORMANCE PERIOD RELATED TO PEER GROUP

ING RANKING	NUMBER OF SHARES
1 – 3	200%
4 – 8	Between 200% and 100%
9 – 11	100%
12 – 17	Between 100% and 0%
18 – 20	0%

Pensions Executive Board members

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 Levensverzekering Maatschappij N.V. The Employment Contract will terminate by operation of law in case of retirement ("Standard Retirement"), which in general will take place on June 1 of the year that the incumbent has reached or will reach the age of 60. By mutual agreement the retirement date can be extended to the end of the month in which Executive Board members reach the age of 61 or 62. Prospective pensions amount to a maximum of 60% of base salaries. According to existing employment contracts, 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 base.

Employment contract for newly appointed Board members

The contract of employment for new Executive Board members states that these Executive Board members are appointed for a period of four years (the appointment period) and that they can then be re-appointed by the General Meeting of Shareholders.

For newly appointed Executive Board members the amount they would be entitled to in case of an involuntary exit has been set at a multiple of their new Executive Board member base salary, such that their existing rights are preserved. For the three Executive Board members that are nominated for appointment in the 2004 General Meeting of Shareholders these rights slightly exceed the exit arrangement as prescribed by the Tabaksblat Code, i.e. no more than two times base salary (first appointment period) or one time base salary (all other situations). For the existing Executive Board members the exit clause has been set at three years base salary.

The term of notice for new and existing Executive Board members is three months for the employee and six months for the employer.

REMUNERATION EXECUTIVE BOARD 2003

Base salary Executive Board 2003

Until recently, the base salaries of the Executive Board were reviewed every two years through a comparison with peer companies. Following the 2001 review, it was decided not to change the salary levels. As a result, the Executive Board retained the base-salary levels set in 1999. Based on the afore-mentioned study, the Supervisory Board decided to increase the base-salary levels for the Executive Board members by 7.5% with effect from 1 January 2003, also taking into account that the Collective Labour Agreement (CAO) for all Dutch employees resulted in an increase of base salary by approximately 15% over the period 1999-2003.

Short-term incentive Executive Board 2003

As in 2002, the target STI plan payout over 2003 was set at 30% of the individual Executive Board member's base salary. The final award is based for 70% on the achievement of the three Group financial targets mentioned above and for 30% on individual objectives set at the beginning of the year by the Supervisory Board.

Early in 2004, the Remuneration and Nomination Committee reviewed the actual results of ING against the 2003 targets set at the beginning of that year. Over 2003, ING significantly exceeded the three targets set, resulting in a payout of 175% of target. The difference between actual STI payout over 2003 and actual STI payout over 2002 is largely influenced by the fact that in 2002 Group performance did not meet the targets set, so that over 2002 no short-term performance-related bonuses were paid (contrary to 2003).

The individual targets for the Executive Board members were agreed with the chairman of the Remuneration and Nomination Committee and approved by the Supervisory Board. Individual performance has been assessed by the chairman of the Remuneration and Nomination Committee for the final award. The outcome below is based on a payout related to the individual performance element that equals that of the Group financial element (175% of target). Hence, STI payout over 2003 equals 1.75 x 30% = 52.5% of base salary.

Long-term incentive Executive Board 2003

Under the proposed new long-term incentive plan (LTIP) for the Executive Board, two instruments are used: stock options and performance shares. As mentioned earlier, an identical plan has been adopted by the Executive Board for the top senior managers across ING. As a result, more than 7,000 senior managers will participate in a similar plan.

Subject to the shareholders' approval, the Supervisory Board has provisionally determined the LTI award to be granted to the Executive Board members. For 2003, the Supervisory Board set the target LTI award at 30,000 stock options and 10,000 performance shares (based on a ratio of 3 options to 1 performance share). The actual number of stock options and provisional performance shares to be granted to the Executive Board members will be based on the performance over the financial criteria used to determine the short-term incentive award (i.e. Group profit, expenses and return on economic capital). The payout was set to vary between 50% of target (if STI payout would be equal to 0%) and 150% of target (if STI payout would be 200%).

Based on Group STI performance outcome over 2003 of 175%, the resulting provisional LTI award would be 137.5% of target, being 41,250 options and 13,750 performance shares (compared with the target level of 30,000 options and 10,000 performance shares). The option grant is fixed and linked to the 2003 performance. The exercise price of the options will be fixed at the Euronext Amsterdam Stock Market opening price of the ING Group share on 28 April 2004. The performance shares are granted provisionally; the final number will depend on the ranking within the performance peer group after the first three-year period on the basis of 13,750 shares equals 100%.

COMPENSATION IN CASH OF THE INDIVIDUAL MEMBERS AND FORMER MEMBERS OF THE EXECUTIVE BOARD

amounts in thousands of euros

	2003	2002	2001	2000
EWALD KIST				
Base Salary	**761**	708	708	708
Short-term Performance-related Bonus	**400**	0	94	212
Total Cash Compensation	**1,161**	708	802	920
MICHEL TILMANT				
Base Salary	**1,172**	1,090	1,090	1,090
Short-term Performance-related Bonus	**366**	0	177	195
Total Cash Compensation	**1,538**	1,090	1,267	1,285
FRED HUBBELL (1)				
Base Salary	**1,232**	1,374	1,453	936
Short-term Performance-related Bonus	**647**	0	192	291
Total Cash Compensation	**1,879**	1,374	1,645	1,227
CEES MAAS				
Base Salary	**634**	590	590	590
Short-term Performance-related Bonus	**333**	0	78	177
Total Cash Compensation	**967**	590	668	767
ALEXANDER RINNOOY KAN				
Base Salary	**634**	590	590	590
Short-term Performance-related Bonus	**333**	0	78	177
Total Cash Compensation	**967**	590	668	767
HESSEL LINDENBERGH (2)				
Base Salary	**317**	590	590	590
Short-term Performance-related Bonus (pro rata)	**166**	0	78	177
Retirement Benefit	**102**			
Total Cash Compensation	**585**	590	668	767

(1) Fred Hubbell gets his compensation in US dollars. For each year, the compensation in US dollars has been translated to euros at the average exchange rate for that year.
(2) Hessel Lindenbergh retired from the company as of 1 July 2003. Pursuant to the terms of his retirement, he received a retirement benefit. Salary reflects payments made up to retirement.

LONG-TERM INCENTIVES OF THE INDIVIDUAL MEMBERS AND FORMER MEMBERS OF THE EXECUTIVE BOARD

amounts in thousands of euros

	2003	2002	2001	2000
EACH INDIVIDUAL (1)				
Number of options (2)	**41,250**	35,000	35,000	50,000
Number of shares (2)	**13,750**	7,000	0	0
Fair Market Value of Long-term incentive (3)	**481**	238	238	396

(1) Refers to Ewald Kist, Michel Tilmant, Fred Hubbell, Cees Maas, Alexander Rinnooy Kan and Hessel Lindenbergh.
The fair market value of the long-term incentive for Michel Tilmant is 237 for 2001 and 392 for 2000, due to different stock-option exercise prices. Since Hessel Lindenbergh retired as of 1 July 2003, he did not qualify for the 2003 long-term incentive.
(2) Options are granted in the year following the reporting year.
In 2003, in relation to 2002 performance, each Executive Board member was granted 7,000 conditional shares, the condition being an employment contract. The vesting period for the conditional shares is two years. The total expense relating to the conditional share awards (EUR 604,000) is to be recognised pro rata over the vesting period. Accordingly, an amount of EUR 189,000 was recognised in 2003.
For performance over 2003, the company has proposed a new long-term incentive plan, pursuant to which the Executive Board members may be granted in 2004 a combination of share options (41,250) and provisional performance shares (13,750). The vesting period for the performance shares is 3 years. The costs of the performance shares (intrinsic value at the grant date) are expensed pro rata over the vesting period, starting in 2004.
(3) Fair Market Value of Long-term Incentive reflects the fair market value of the long-term incentive award using the Black and Scholes methodology (assuming a share price of EUR 20 for 2003), granted to the board for performance over the year specified.

PENSION COSTS OF THE INDIVIDUAL MEMBERS AND FORMER MEMBERS OF THE EXECUTIVE BOARD (1)

amounts in thousands of euros

	2003	2002	2001	2000
Ewald Kist	**364**	350	349	301
Michel Tilmant	**304**	293	262	194
Fred Hubbell (2)	**273**	314	464	342
Cees Maas	**361**	336	333	312
Alexander Rinnooy Kan	**327**	289	291	267
Hessel Lindenbergh	**222**	330	327	308

(1) For reasons of comparison, the company pension expenses are recalculated under IAS 19 with general assumption setting for 2000 to 2003.
(2) Fred Hubbell's pension costs have been translated from US dollars to euros at the average exchange rate for that year.

LOANS AND ADVANCES TO THE MEMBERS OF THE EXECUTIVE BOARD

amounts in thousands of euros	AMOUNT OUTSTANDING 31 DECEMBER	AVERAGE INTEREST RATE	REPAYMENTS	AMOUNT OUTSTANDING 31 DECEMBER	AVERAGE INTEREST RATE	REPAYMENTS	AMOUNT OUTSTANDING 31 DECEMBER	AVERAGE INTEREST RATE	REPAYMENTS
			2003			2002			2001
Ewald Kist	**862**	**5.0%**		862	5.6%		862	5.6%	
Cees Maas	**446**	**4.0%**	**15**	461	5.6%	17	478	5.6%	16
Alexander Rinnooy Kan	**889**	**3.4%**		889	3.5%		889	3.8%	
	2,197	**4.1%**	**15**	2,212	4.8%	17	2,229	4.9%	16

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

INFORMATION ON THE OPTIONS OUTSTANDING AND THE MOVEMENTS DURING THE FINANCIAL YEAR OF OPTIONS GRANTED TO THE MEMBERS OF THE EXECUTIVE BOARD AS AT 31 DECEMBER 2003

	OUTSTANDING AS AT 31 DECEMBER 2002	GRANTED IN 2003	WAIVED OR EXPIRED IN 2003[1]	OUTSTANDING AS AT 31 DECEMBER 2003	EXERCISE PRICE	EXPIRY DATE
			number of options		*amounts in euros*	
Ewald Kist	50,000		**50,000**		31.85	26 May 2003
	50,000			**50,000**	25.87	28 May 2004
	50,000			**50,000**	28.68	3 Apr 2005
	50,000			**50,000**	35.26	15 Mar 2006
	35,000			**35,000**	29.39	11 Mar 2012
		35,000		**35,000**	12.65	3 Mar 2013
Michel Tilmant	50,000			**50,000**	26.10	28 May 2004
	20,000			**20,000**	28.30	3 Apr 2005
	30,000		**15,000**	**15,000**	28.68	3 Apr 2005
	30,000			**30,000**	35.26	15 Mar 20 06
	20,000			**20,000**	35.80	15 Mar 2006
	21,000			**21,000**	29.39	11 Mar 2012
	14,000			**14,000**	29.50	11 Mar 2012
		35,000		**35,000**	12.65	3 Mar 2013
Fred Hubbell	50,800		**50,800**		31.85	26 May 2003
	40,000			**40,000**	25.87	28 May 2004
	50,000			**50,000**	28.68	3 Apr 2005
	50,000			**50,000**	35.26	15 Mar 2006
	35,000			**35,000**	29.39	11 Mar 2012
		35,000		**35,000**	12.65	3 Mar 2013
Cees Maas	50,000		**50,000**		31.85	26 May 2003
	50,000			**50,000**	25.87	28 May 2004
	50,000			**50,000**	28.68	3 Apr 2005
	50,000			**50,000**	35.26	15 Mar 2006
	35,000			**35,000**	29.39	11 Mar 2012
		35,000		**35,000**	12.65	3 Mar 2013
Alexander Rinnooy Kan	50,000		**50,000**		31.85	26 May 2003
	50,000			**50,000**	25.87	28 May 2004
	50,000		**38,000**	**12,000**	28.68	3 Apr 2005
	50,000			**50,000**	35.26	15 Mar 2006
	35,000			**35,000**	29.39	11 Mar 2012
		35,000		**35,000**	12.65	3 Mar 2013

1. Waived at vesting date or expired at expiry date.

Loans

The first table on the previous page presents the loans provided to the Executive Board members. These loans are in the normal course of business and on terms applicable to the personnel as a whole and approved by the Supervisory Board..

ING Group shares held by members of the Executive Board

As at 31 December 2003, Fred Hubbell (including direct family) held 1,104,100 ING Group shares (2002 and 2001: 1,053,000) of which 405,455 (2002 and 2001: 405,000) are held in a trust. Other members of the Executive Board (including direct family) did not hold ING Group shares.

REMUNERATION STRUCTURE EXECUTIVE BOARD 2004

Policy for 2004

With regard to the remuneration policy for 2004, the Supervisory Board plans to further build on the new remuneration policy initiated in 2003, further emphasising the movement toward a more performance-oriented culture. The intention is to continue the gradual convergence to the European/Dutch benchmark through a gradual increase in the short and long-term incentive target levels (as a percentage of base salary).

Base salary Executive Board 2004

The base salary of the Executive Board members will be frozen for 2004, in the light of the Dutch 'Sociaal Akkoord'.

Short-term incentive Executive Board 2004

Continuing with the intended focus on variable, performance-related remuneration, the Supervisory Board has decided to increase the target short-term incentive to 50% of base salary. The actual payout may vary between 0% and 200% of the target level (e.g. between 0% and 100% of base salary).

The mix for the 2004 short-term incentive award will remain the same as in 2003: 70% will be determined by pre-defined ING Group financial performance measures and 30% will be based on individual performance objectives set for each Executive Board member and agreed by the Supervisory Board.

The Supervisory Board believes that for 2004, the Executive Board's short-term incentive award for the Group performance should again be measured using the same three financial criteria as in 2003: net operating profit, total operating expenses and return on economic capital, equally weighted. The targets set are challenging.

Long-term incentive Executive Board 2004

The Supervisory Board proposes to set the nominal LTI target value at 50% of base salary (same target percentage as the STI). The range may vary between 50% and 150% of the target level (e.g. between 25% and 75% of base salary). The structure for the 2004 long-term incentive award will remain the same as the proposed 2003 structure (50% of the total LTI value in stock options and 50% in performance shares).

As was the case in 2003, the total LTI value in stock options and provisional performance shares to be granted to the Executive Board will be determined by the Supervisory Board at the end of 2004, based on the achievement of the three pre-defined financial objectives set out in the 2004 short-term incentive plan.

REMUNERATION OF THE MEMBERS AND FORMER MEMBERS OF THE SUPERVISORY BOARD

amounts in thousands of euros

	2003	2002	2001
MEMBERS OF THE SUPERVISORY BOARD			
Cor Herkströter	**68**	68	68
Luella Gross Goldberg	**40**	39	29
Paul van der Heijden	**44**	40	40
Claus Dieter Hoffmann[1]	**32**		
Aad Jacobs	**43**	41	40
Wim Kok[1]	**29**		
Godfried van der Lugt	**39**	39	29
Paul Baron de Meester[2]	**52**	48	48
Jan Timmer	**46**	40	40
Karel Vuursteen	**39**	29	0
	432	344	294
FORMER MEMBERS OF THE SUPERVISORY BOARD			
Mijndert Ververs	**23**	68	68
Lutgart van den Berghe	**14**	41	40
Jan Berghuis		55	40
Jan Kamminga		51	39
Johan Stekelenburg	**39**	39	39
Hans Tietmeyer	**13**	39	39
Ger Verhagen			23
	521	637	582

1. Member as of 15 April 2003.
2. Including a compensation to match his former remuneration as a member of the BBL Supervisory Board.

INFORMATION ON THE OPTIONS OUTSTANDING AND THE MOVEMENTS DURING THE FINANCIAL YEAR OF OPTIONS RIGHTS HELD BY MEMBERS OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2003

	number of options			*amounts in euros*	
	OUTSTANDING AS AT 31 DECEMBER 2002	**WAIVED OR EXPIRED IN 2003[1]**	**OUTSTANDING AS AT 31 DECEMBER 2003**	EXERCISE PRICE	EXPIRY DATE
Aad Jacobs	50,000	**50,000**		31.85	26 May 2003
	20,840		**20,840**	25.87	28 May 2004
Godfried van der Lugt	50,000	**50,000**		31.85	26 May 2003
	50,000		**50,000**	25.87	28 May 2004
	50,000	**25,000**	**25,000**	28.68	3 Apr 2005

ING GROUP SHARES HELD BY MEMBERS OF THE SUPERVISORY BOARD[1]

number of shares

	2003	2002	2001
Cor Herkströter	**1,616**	1,616	1,616
Luella Gross Goldberg	**6,369**	6,000	6,000
Paul van der Heijden	**1,716**	1,716	
Aad Jacobs			1,890
Paul Baron de Meester	**5,276**	4,970	4,970
Karel Vuursteen	**1,510**	1,510	
	16,487	15,812	14,476

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

REMUNERATION SUPERVISORY BOARD

In 2003, the remuneration of the members and former members of the Supervisory Board amounted to EUR 0.5 million (2002 and 2001: EUR 0.6 million). The remuneration of the chairman amounted to EUR 68,100; other members received a remuneration of EUR 38,600. Members of a Supervisory Board Committee, not being chairman of the Supervisory Board, received a remuneration of EUR 1,360 for that membership as well as an expense allowance of EUR 450 per attended meeting.

As at 31 December 2003, the amount of loans and advances outstanding to the Supervisory Board was EUR 1.8 million at an average rate of 4.7%. This amount concerns a loan to Aad Jacobs of EUR 1.6 million at an average rate of 4.7% and a loan to Paul Baron de Meester of EUR 0.2 million at an average rate of 4.8%. No loans and advances were outstanding to other members of the Supervisory Board.

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

As at 31 December 2003 two members of the Supervisory Board held option rights that were granted in earlier years when they were members of the Executive Board, specified in the table on the previous page.

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 ING Group shares, causing a dilution of the net profit per share. As at 31 December 2003, 28,068,191 own shares were held in connection to the option plan (2002: 28,437,105). As a result the granted option rights were hedged, taking into account the following parameters: strike price, opening price, zero coupon interest rate, dividend yield, expected volatility and employee behaviour.

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

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

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

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

amounts in thousands of euros

FINANCIAL YEAR	ORIGINAL NUMBER OF OPTIONS	OPTIONS OUTSTANDING AS AT 1 JANUARY 2003	OPTIONS OUTSTANDING AS AT 31 DECEMBER 2003	EXERCISE PRICE IN EUROS
1998	101,400	**65,900**		18.15
	57,000			19.67
	51,200	**29,200**		25.41
	5,409,500	**1,880,428**		26.82
	481,000	**240,300**		30.29
	14,740,830	**8,720,700**		31.85
1999	4,962,540	**3,028,714**	**2,876,032**	25.25
	48,000	**44,000**	**38,594**	25.50
	576,626	**252,244**	**246,650**	25.67
	8,733,946	**7,560,556**	**7,324,196**	25.87
	1,412,200	**1,335,700**	**1,290,700**	26.10
	201,500	**169,800**	**28,900**	26.62
	1,408,438	**832,200**	**780,592**	26.92
2000	1,528,300	**1,506,300**	**1,446,300**	28.30
	17,853,130	**15,250,068**	**7,282,326**	28.68
	210,800	**194,104**	**64,204**	30.16
	1,872,376	**1,698,178**	**1,431,118**	35.26
	477,900	**445,300**	**109,000**	37.55
	865,580	**712,100**	**678,500**	37.74
2001	4,000	**4,000**		28.50
	341,203	**341,203**	**324,720**	28.60
	621,312	**600,362**	**570,722**	33.26
	900	**900**	**900**	33.33
	19,631,082	**18,253,388**	**17,356,296**	35.26
	1,555,720	**1,553,720**	**1,491,080**	35.80
	561,844	**522,544**	**479,584**	36.95
2002	69,800	**69,800**	**67,300**	19.25
	125,479	**125,479**	**116,407**	23.12
	187,240	**185,240**	**170,490**	28.55
	88,750	**88,750**	**88,750**	28.60
	19,533,286	**19,230,256**	**18,404,173**	29.39
	1,057,650	**1,056,050**	**1,025,750**	29.50
2003	1,167,350		**1,152,050**	12.55
	17,694,743		**17,294,720**	12.65
	901,213		**855,783**	14.24
	480		**480**	14.54
	90,291		**90,291**	18.32
	103,025		**100,525**	18.38
	500		**500**	18.63
	124,728,134	**85,997,484**	83,187,633	

MOVEMENTS IN THE OPTION RIGHTS

	Options outstanding 2003	Options outstanding 2002	Options outstanding 2001	Weighted average exercise price 2003	Weighted average exercise price 2002	Weighted average exercise price 2001
EXECUTIVE BOARD						
Opening balance	**1,350,800**	1,474,800	1,399,680	**30.26**	27.54	23.34
Granted	**210,000**	210,000	300,000	**12.64**	29.40	35.30
Exercised		334,000	224,880		17.72	11.75
Expired	**303,800**			**31.30**		
Transferred to Employees[1]	**220,000**					
Closing balance	**1,037,000**	1,350,800	1,474,800	**27.05**	30.26	27.54
EMPLOYEES						
Opening balance	**84,620,784**	69,571,115	54,944,160	**30.53**	30.45	28.02
Granted	**19,773,502**	20,826,405	22,415,961	**12.79**	29.32	35.18
Exercised	**95,935**	3,028,910	3,687,126	**12.69**	20.44	25.30
Expired	**22,367,718**	2,747,826	4,101,880	**29.93**	30.51	28.38
Transferred from the Executive Board[1]	**220,000**					
Closing balance	**82,150,633**	84,620,784	69,571,115	**26.43**	30.53	30.45

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 2003 was EUR 3.64 (2002: EUR 6.78; 2001: EUR 8.71).

SUMMARY OF STOCK OPTIONS OUTSTANDING AND EXERCISABLE AS AT 31 DECEMBER 2003

Range of exercise price in euros	Options outstanding as at 31 December 2003	Weighted average remaining contractual life	Weighted average exercise price	Options exercisable as at 31 December 2003	Weighted average exercise price
0.00 – 15.00	**19,303,033**	**9.13**	**12.71**	**127,100**	**12.69**
15.00 – 20.00	**258,616**	**9.53**	**18.59**	**12,776**	**19.25**
20.00 – 25.00	**116,407**	**8.65**	**23.12**	**27,049**	**23.12**
25.00 – 30.00	**41,328,173**	**5.74**	**28.13**	**19,823,207**	**26.93**
30.00 – 35.00	**635,826**	**4.47**	**32.95**	**158,152**	**32.91**
35.00 – 40.00	**21,545,578**	**4.79**	**35.42**	**5,443,628**	**35.53**

OPTIONS IN THE MONEY AND OPTIONS OUT OF THE MONEY

	2003	2002	2001
In the money	**19,493,849**		21,146,021
Out of the money	**63,693,784**	85,971,584	49,899,894

PRO FORMA RESULT IF STOCK OPTIONS WOULD HAVE BEEN RECOGNISED IN THE PROFIT AND LOSS ACCOUNT[1]

	2003 As reported	2003 Pro forma	2002 As reported	2002 Pro forma	2001 As reported	2001 Pro forma
Net profit (in millions of euros)	**4,043**	**3,974**	4,500	4,386	4,577	4,427
Basic profit per share (in euros)	**2.00**	**1.97**	2.32	2.27	2.37	2.30
Diluted profit per share (in euros)	**2.00**	**1.97**	2.32	2.27	2.35	2.29

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

WORKS COUNCILS AND ADVISORY COUNCIL

CENTRAL WORKS COUNCIL

as at 1 January 2004

Hans Zuidema, *Chairman*
Mirjam Busse, *Secretary*
Jan van Hest, *Deputy Chairman*
Hans Bakkenist, *Deputy Secretary*
Bart Beeren, Ronald Boekkamp, Ronald Brands, Foppe van Dijk, Wim Dijkhuizen, Geert van Drimmelen, Fred Halberstadt, Dries Heeroma, Martin Hermanns, Hans Janssen, Rinus Koster, Bert Langendam, Rob Lenderink, Ben Mantel, Harry Meijer, Henny Post, Wouter van Puffelen, Meindert Roosjen, Rob Ruivenkamp, Peter Schouten, Bert Sneller, Jan Verduin, Jan Vreugdenhil, Paul de Widt

Following internal elections, a new Central Works Council will be appointed as of 25 March 2004.

EUROPEAN WORKS COUNCIL

as at 1 January 2004

Sabine Diehl, *Chairman, Germany*
Mathieu Blondeel, *Secretary, Belgium*
Arsène Kihm, *Deputy Chairman, Luxembourg*
Jean-Claude Van den Abeele, Raymond De Boelpaep, Freddy Dekerf, Olivier Vandueren, *Belgium*
Ladislav Slanicka, *Czech Republic*
Hervé Laurant, *France*
Monika Fachinger, *Germany*
Socrates Ventouras, *Greece*
Laszlo Szabo, *Hungary*
Alan Maher, *Ireland*
Walter Marzi, *Italy*
Denis Richard, *Luxembourg*
Mirjam Busse, Suzette Coldenhoff-Crisologo, Thea van der Heide, Reinier van der Heijden, Martin Hermanns, Bas Hofstee, Hans Janssen, Bert Sneller, *the Netherlands*
Adam Gromada, Beata Kaszewska, Zbigniew Wietrzny, *Poland*
Adriana Dumitrescu, *Romania*
José Sanz Gomez, *Spain*
Marie Phillips, Charles Robertson, *United Kingdom*

Following internal elections of local works councils, a new European Works Council will be appointed as of 1 May 2004.

ING GROUP ADVISORY COUNCIL

as at 1 January 2004

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

Gerlach Cerfontaine, *Chairman, Chairman Executive Board Schiphol Group, the Netherlands*
Yuan Chen, *President State Development Bank, China*
Hans Eggerstedt, *former member Executive Board Unilever, the Netherlands*
Marc Eyskens, *former Prime Minister of Belgium*
Frits Goldschmeding, *former President Randstad Holding, the Netherlands*
Louise Gunning-Schepers, *Chairman Executive Board AMC (Amsterdam Medical Center), the Netherlands*
Loek Hermans, *Chairman MKB-Nederland (Netherlands Federation of Small and Medium-sized Enterprises)*
Jim Heskett, *Professor Emeritus of Business Logistics, Harvard University, USA*
Rudy van der Meer, *member Executive Board AKZO Nobel, the Netherlands*
Paul Nouwen, *former CEO ANWB (Royal Dutch Touring Club), the Netherlands*
Petra Roth, *Mayor Frankfurt am Main, Germany*
George Verberg, *Chairman Executive Board Nederlandse Gasunie (Dutch Natural Gas Company), the Netherlands*
Ben Verwaayen, *CEO BT Group, United Kingdom*
Eckart Wintzen, *Managing Director Ex'tent, the Netherlands*

DISCLAIMER

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

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BUSINESS PRINCIPLES

1. PERSONAL CONDUCT

ING expects the highest levels of personal conduct by all its employees, whatever their position. It is acknowledged that all effective business relationships, inside as well as outside the Group, depend upon honesty, integrity and fairness.

While it is recognised that limited corporate hospitality is given and received as part of building normal business relationships, employees should avoid accepting hospitality or gifts which might appear to place them under an obligation.

Bribery of any form is unacceptable. No undeclared offers or payments will be accepted or solicited by ING employees, or made by ING employees to third parties, and employees are required to avoid any contacts that might lead to, or suggest, a conflict of interest between their personal activities and the business of the Group or create an appearance of conflict of interest.

ING expects all its employees to respect the rule of law and abide by applicable laws and regulations. Furthermore, ING employees are expected to avoid doing business with any individual, company or institution if that business is connected with activities which are illegal or which could be regarded as unethical.

All employees are expected to handle information with care. In particular, the confidentiality of all proprietary information and data processing should be safeguarded in accordance with applicable laws and regulations. Proper and complete records must be made of all transactions on behalf of ING.

ING employees may not enter into – and must avoid the appearance of engaging in – securities transactions based upon insider trading or misuse of confidential information.

2. EMPLOYEE RELATIONS

Relationships with employees in all parts of ING are based upon respect for the individual. The Group aims to provide all its employees with safe conditions of work, and competitive terms of employment. ING is committed to equal opportunities and the avoidance of discrimination. Sexual or racial harassment is unacceptable. Personal career development will be encouraged through progressive personnel and training arrangements.

3. ENVIRONMENT

ING recognises that certain resources are finite and must be used responsibly. Therefore it pursues a two-pronged, internal and external, approach designed to promote environmental protection. Its external policy is aimed at anticipating developments in the environmental field related to commercial services, and the professional management of environmental risks. Internally, the policy is aimed at controlling any environmental burdens caused by ING itself.

4. INTERNATIONAL OPERATIONS

As an international financial services provider, ING operates within the context of foreign laws and regulations, and with corporate and private customers from a range of backgrounds and cultures. It is important, therefore, that ING respects diverse cultures, while maintaining adherence to these Business Principles.

ING is committed to respecting the rule of law. The prime consideration is that ING is a commercial organisation and its activities are therefore business-orientated. ING does not intervene in political or party political matters. Nor does it make gifts or donations to political parties. However, within the legitimate role of business ING reserves the right – after careful consideration – to speak out on matters that may affect its employees, shareholders or customers.

5. COMMUNICATIONS & DISCLOSURES

Within the bounds of commercial confidentiality, ING places the greatest importance on open and transparent communications with its customers, employees and shareholders, as well as society at large.

ING makes every effort to ensure full, fair, accurate, timely and understandable disclosure in reports and documents that it files with, or submits to its regulators and in other public communications ING makes.

6. COMMUNITY RELATIONS

Wherever ING operates, it recognises that good relations with its local communities are fundamental to its long-term success. The Group's community relations policy is founded upon mutual respect and active partnership, aimed at sustaining lasting and trusting relationships between the Group's operations and local communities.

Cultural, sport and environmental activities are a central part of ING's community relations policy, and individual employees are encouraged to play a positive role in community activities.

7. ECONOMIC POLICY

As a commercial organisation, ING believes that it must provide an adequate return for its shareholders. It supports a market economy as the most effective means of achieving the best returns for its customers, investors and employees, as well as for the countries and territories where it operates.

Criteria for credit and investment decisions are primarily economic and, while respecting the wishes of clients, also take into account a range of social and environmental considerations.

8. COMPETITION

ING recognises the many benefits of a competitive environment. However, the best markets flourish only within an ethical framework, and no one in ING is permitted to disparage a competitor or to use unethical means to obtain any advantage for ING.

9. CHANGES OR WAIVERS

Any changes or waivers of these Business Principles will, to the extent required, be promptly disclosed as required by applicable laws, rules and regulations.

ING PUBLICATIONS

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

These publications are available on www.ing.com. The publications can be ordered on the internet: www.ing.com/group, button ING Publications, by fax: +31 411 652125 or by mail: P.O. Box 258, 5280 AG Boxtel, The Netherlands.

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