

EXCHANGE RATES

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

The following table sets forth, for the periods and dates indicated, certain information concerning the exchange rate for U.S. dollars into euros based on the Noon Buying Rate. Effective January 1, 1999, the Dutch guilder became a component of the euro.

Calendar Period	Period End(1)	U.S. dollars per euro		
		Average Rate(2)	High	Low
1999	1.0070	1.0666	1.1812	1.0016
2000	0.9388	0.9207	1.0335	0.8270
2001	0.8901	0.8909	0.9535	0.8370
2002	1.0485	0.9495	1.0485	0.8594
2003	1.2597	1.2074	1.2597	1.0361
2004 (through March 3, 2004)(2)	1.2088	1.2447	1.2848	1.2088

(1) The Noon Buying Rate at such dates differ from the rates used in the preparation of ING's Consolidated Financial Statements as of such date. See Note 1.6.1.4. to the Consolidated Financial Statements.

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

Recent Exchange Rates of US dollars per Euro

The table below shows the high and low exchange rate of U.S. dollars per euro for the last eight months

	High	Low
July 2003	1.1580	1.1164
August 2003	1.1390	1.0871
September 2003	1.1650	1.0845
October 2003	1.1812	1.1596
November 2003	1.1995	1.1417
December 2003	1.2597	1.1956
January 2004	1.2853	1.2389
February 2004	1.2848	1.2426

The Noon Buying Rate for euro on December 31, 2003 was EUR 1.00 = \$ 1.2597 and the Noon Buying Rate for euro on March 3, 2004 was EUR 1.00 = \$ 1.2088.

RISK FACTORS

RISKS RELATED TO THE FINANCIAL SERVICES INDUSTRY

Because we are an integrated financial services company conducting business on a global basis, our revenues and earnings are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which we conduct business and changes in such factors may adversely affect the profitability of our insurance, banking and asset management business.

Factors such as interest rates, exchange rates, consumer spending, business investment, government spending, the volatility and strength of the capital markets, and terrorism all impact the business and economic environment and, ultimately, the amount and profitability of business we conduct in a specific geographic region. For example, in an economic downturn characterized by higher

unemployment, lower family income, lower corporate earnings, lower business investment and consumer spending, the demand for banking and insurance products would be adversely affected and our reserves and provisions would likely increase, resulting in lower earnings. Similarly, a downturn in the equity markets could cause a reduction in commission income we earn from managing portfolios for third parties, as well as income generated from our own proprietary portfolios, each of which is generally tied to the performance and value of such portfolios. We also offer a number of insurance and financial products that expose us to risks associated with fluctuations in interest rates, securities prices or the value of real estate assets. In addition, a mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial condition or result from operations of our banking businesses.

Because our life and non-life insurance and reinsurance businesses are subject to losses from unforeseeable and/or catastrophic events, which are inherently unpredictable, our actual claims experience may exceed our established reserves or we may experience an abrupt interruption of activities, each of which could result in lower net profits and have an adverse affect on our results of operations.

In our life and non-life insurance and reinsurance businesses, we are subject to losses from natural and man-made catastrophic events. Such events include weather and other natural catastrophes such as hurricanes, floods and earthquakes, as well as events such as the September 11, 2001 terrorist attacks on the United States. The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and can not always be adequately reserved for. In accordance with industry practices, reserves are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time that the reserves are originally established. Although we continually review the adequacy of the established claim reserves, and based on current information, we believe our claim reserves are sufficient, there can be no assurances that our actual claims experience will not exceed our estimated claim reserves. If actual claim experience exceeds the estimated claim reserves, our earnings may be reduced and our net profits may be adversely affected. In addition, because unforeseeable and/or catastrophic events can lead to abrupt interruption of activities, our banking and insurance operations may be subject to losses resulting from such disruptions. Losses can relate to property, financial assets, trading positions and also to key personnel. If our business continuity plans can not be put into action or do not take such events into account, losses may further increase.

Because we operate in highly regulated industries, changes in statutes, regulations and regulatory policies that govern activities in our various business lines could have an affect on our operations and our net profits.

Our insurance and banking operations are subject to insurance, banking and financial services statutes, regulations and regulatory policies that govern what products we sell and how we manage our business. Changes in existing statutes, regulations and regulatory policies, as well as changes in the implementation of such statutes, regulations and regulatory policies may affect the way we do business, our ability to sell new policies, products or services and our claims exposure on existing policies. In addition, changes in tax laws may affect our tax position and/or the attractiveness of certain of our products, some of which currently have favorable tax treatment.

RISKS RELATED TO THE COMPANY

Because we operate in highly competitive markets, including in our home market, we may not be able to further increase, or even maintain, our market share, which may have an adverse affect on our results of operations.

There is substantial competition in The Netherlands and the other countries in which we do business for the types of insurance, commercial banking, investment banking and other products and services we provide. Customer loyalty and retention can be influenced by a number of factors, including relative service levels, the prices and attributes of products and services, and actions taken by competitors. If we are not able to match or compete with the products and services offered by our competitors, it could adversely impact our ability to maintain or further increase our market share, which would adversely affect our results of operations. Such competition is most pronounced in our

more mature markets of The Netherlands, Belgium, the Rest of Europe, the United States, Canada and Australia. In recent years, however, competition in emerging markets, such as South America, Asia and Central and Eastern Europe, has also increased as large insurance and banking industry participants from more developed countries have sought to establish themselves in markets which are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships with our competitors. We derived approximately 52% of our operating profit in 2003 from the Netherlands. Based on geographic division of our operating profit, The Netherlands is our largest market for both our banking and insurance operations. We are the second largest bank in The Netherlands. In the retail market our market share is approximately 23% based on total assets, approximately 25% based on total deposits and 24% based on retail mortgages. Our main competitors are ABN Amro N.V. and Rabo Group B.A. In The Netherlands, we are also currently the largest insurance company, with a market share of approximately 23% in the life insurance market and approximately 9% in the non-life insurance market, each based on premium income. Our main competitors are Fortis Utrecht N.V. and Aegon N.V. We derived approximately 14% of our operating insurance profit in 2003 from the United States, which is our second largest market for the insurance operations. In the United States, we have two core operating units and own the second-largest broker-dealer network in the US with over 10,000 registered representatives. Our main competitors in the United States are insurance companies such as: Lincoln National, The Hartford, Aegon Americas, Met Life Nationwide and Principal Financial. Increasing competition in these or any of our other markets may significantly impact our results if we are unable to match the products and services offered by our competitors.

Because our reinsurance arrangements are with a limited number of reinsurers, the inability of one or more of those reinsurers to meet its financial obligations could have an adverse effect on our results of operations.

Our insurance operations have bought protection for risks that exceed certain risk tolerance levels set for both our life and non-life business. This protection is bought through reinsurance arrangements in order to reduce possible losses. Because in most cases we must pay the policyholders first, and then collect from the reinsurer, we are subject to credit risk with respect to each reinsurer for all such amounts. As of December 2003, approximately 40% of our (potential) reinsurance receivables are with our main reinsurer and approximately 30% are with six other reinsurers. The inability of any one of these reinsurers to meet its financial obligations to us could have a material adverse effect on our net profits and our financial results.

Because we also operate in markets with less developed judiciary and dispute resolution systems, proceedings could have an adverse effect on our operations and net result.

In the less developed markets in which we operate, judiciary and dispute resolution systems may be less developed. In case of a breach of contract we may have difficulties in making and enforcing claims against contractual counterparties. On the other hand, if claims are made against us, we might encounter difficulties in mounting a defense against such allegations. If we become party to legal proceedings in a market with an insufficiently developed judiciary system, it could have an adverse effect on our operations and net result.

Because we are a financial services company and we are continually developing new financial products, we might be faced with claims that could have an adverse effect on our operations and net result if clients' expectations are not met.

When new financial products are brought to the market, communication and marketing is focussed on potential advantages for the customers. If the products do not generate the expected profit, or result in a loss, customers may file claims against us for not fulfilling our potential duty of care. Potential claims could have an adverse effect on our operations and net result.

Because we are a Dutch company the rights of our shareholders may differ from the rights of shareholders in other jurisdictions, which could limit your rights as a shareholder and reduce the accountability of the members of our Executive and Supervisory Boards and our management to our shareholders.

While holders of our bearer receipts are entitled to attend and speak at the general meetings of shareholders, voting rights are not attached to the bearer depositary receipts. Stichting ING Aandelen (or the Trust) the trust which holds more than 99% of our ordinary shares, exercises the voting rights attached to the ordinary shares (for which bearer receipts have been issued). Holders of bearer receipts who attend – in person or by proxy – the general meeting of shareholders must obtain voting rights by proxy from the trust. Holders of bearer receipts and holders of the ADSs representing the bearer receipts, who do not attend the general meeting of shareholders may give binding voting instructions to the Stichting ING Aandelen. See “Item 7. Major Shareholders and Related Party Transactions – Voting of the Ordinary Shares by holders of Bearer receipts as proxy for the Trust”. The Trust is entitled to vote any ordinary shares corresponding with bearer depositary receipts for which the Trust has not granted voting proxies, or voting instructions have not been given to the Trust. In exercising its voting discretion, the Trust is required to make use of the voting rights attached to the ordinary shares in the interest of the holders of bearer depositary receipts, while having regard for

- our interests;
- the interests of our affiliates; and
- the interests of our other stakeholders

in such a way that all interests are balanced and safeguarded as effectively as possible. The Trust may, but has no obligation to, consult with the holders of bearer receipts or ADSs in exercising its voting rights in respect of any ordinary shares for which it is entitled to vote. These arrangements differ to some extent from U.S. practice and accordingly may affect the rights of the holders of bearer receipts or ADSs and their power to affect the Company’s business and operations and the accountability of the Company’s directors and management. See “Item 4. Information on the Company-Corporate Organization” for more information on voting rights and our corporate structure.

The share price of our bearer receipts and ADSs has been, and may continue to be volatile, which may impact the value of our bearer receipts or ADSs you hold.

The share price of our bearer receipts and our ADSs has been volatile in the past due, in part, to the high volatility in the securities markets generally and more particular in shares of financial institutions. In addition, there are other factors, beside our financial results, that may impact our share price. These factors include, but are not limited to:

- market expectations of the performance and capital adequacy of financial institutions in general;
- investor perception of the success and impact of our strategies;
- a downgrade or review of our credit ratings;
- potential litigation or regulatory action involving ING Group or sectors we have exposure to through our insurance and banking activities;
- announcements concerning financial problems or any investigations into the accounting practices of other financial institutions;
- general market volatility.

Because we are incorporated under the laws of The Netherlands and many of the members of our Supervisory and Executive Boards and our officers reside outside of the United States, it may be difficult for you to enforce judgments against us or the members of our Supervisory and Executive Boards or our officers.

Most of the members of our Supervisory Board, our Executive Board and some of the experts named in this Annual Report, as well as many of our officers are persons who are not residents of the United States and most of our assets and most of their assets are located outside the United States. As a result, you may not be able to serve process on those persons within the United States or to enforce in the United States judgments obtained in U.S. courts against us or those persons based on the civil liability provisions of the U.S. securities laws.

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

Item 4. Information on the Company

GENERAL

ING was established as a Naamloze Vennootschap (public limited liability company) on March 4, 1991 through the merger of Nationale-Nederlanden, the largest insurer in the Netherlands, and NMB Postbank Group, one of the largest banks in the Netherlands. ING Groep N.V. is incorporated under the laws of the Netherlands.

The official address of ING Group is:

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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 more than 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: "click-call-face". This is a flexible mix of internet, call centers, 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 resulting spread of risks form the basis for ING's continuity and growth potential.

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

Strategy and key figures

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

After several years of rapid expansion through acquisition, the emphasis is now on consolidating ING's strengths and achieving synergies, operational excellence and cost control.