

ING GROEP NV
Form 6-K
August 06, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For August 5, 2004

ING GROEP N.V.
Amstelveenseweg 500
1081-KL Amsterdam
The Netherlands

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

Page 1 of 39

This Report contains a copy of the following:

- (1) The Press Release issued on August 5, 2004

[ING GROUP LOGO]

PRESS RELEASE

Amsterdam o 5 August 2004

ING GROUP 2004 FIRST-HALF OPERATING NET PROFIT RISES 35.2%
STRONG RESULTS FROM BANKING BUSINESSES CONTINUE TO DRIVE PROFIT GROWTH

- o OPERATING NET PROFIT RISES 35.2% TO EUR 2,796 MILLION
- o NET PROFIT PER SHARE RISES 32.0% TO EUR 1.36 FROM EUR 1.03
- o OPERATING NET PROFIT FROM BANKING RISES 65.3% TO EUR 1,327 MILLION
- o OPERATING NET PROFIT FROM INSURANCE RISES 16.1% TO EUR 1,469 MILLION
- o RAROC OF BANKING AND IRR OF INSURANCE BOTH SHOW STRONG INCREASE
- o DEBT/EQUITY RATIO OF ING GROUP IMPROVES TO 12.1% FROM 14.4% AT END 2003
- o ING TO PAY INTERIM DIVIDEND OF EUR 0.49 PER SHARE, EQUAL TO HALF OF 2003 DIVIDEND
- o ING CHANGES DIVIDEND POLICY, CASH PORTION WILL NOT BE FINANCED BY ISSUING STOCK

CHAIRMAN'S STATEMENT

"ING posted strong results in the first half, driven by an excellent performance at our banking businesses, as well as exceptionally low claims at our non-life insurance units and a gain on the sale of our Australian non-life business," said Michel Tilmant, chairman of the Executive Board. "All three banking business lines showed top-line growth while improving their cost/income ratios, and risk costs declined sharply. The life insurance businesses in the US and Asia also benefited from higher sales, stricter product pricing and lower credit losses."

"This year we accelerated a programme to actively manage our portfolio of businesses, taking steps to sell units that no longer fit into our long-term strategy, such as the Asian cash equities business, and the Australian non-life insurance joint venture. We have agreed to sell CenE Bankiers in the Netherlands, and are in talks regarding ING BHF-Bank in Germany," Tilmant said. "As a result, ING's debt/equity ratio is improving, so we decided to change ING's dividend-funding policy to limit dilution of earnings per share."

"The positive trends we experienced in the first quarter continued in the second quarter. Loan loss provisions and credit losses have declined sharply, and are now well below long-term average levels," Tilmant said. "However, there is still need for caution, as stock-market volatility and swift changes in interest rates could pose challenges for some businesses in the short run."

"We are optimistic about the results for the full year," Tilmant said. "However, we have adopted a policy to no longer give profit forecasts."

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 ALL FIGURES COMPARE FIRST HALF 2004 WITH FIRST HALF 2003 UNLESS OTHERWISE
 STATED.

PRESS CONFERENCE: 5 August, 9:30 a.m. CET at ING House, Amsterdam. Presentation
 & webcast at www.ing.com

ANALYST PRESENTATION: 5 August, 11:15 a.m. CET at ING House, Amsterdam.
 Presentation & webcast at www.ing.com

ANALYST CONFERENCE CALL: 5 August, 3 p.m. CET.

Listen in: NL +31 45 631 6910 UK +44 20 8515 2312 US +1 303 262 2130

ANALYST PRESENTATION: 6 August, 11 a.m. UK time in London.
 Webcast at www.ing.com

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Page 3 of 39

1.1 ING GROUP

TABLE 1. ING GROUP KEY FIGURES

In EUR million	FIRST HALF			SECOND QUAR	
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003
Operating profit before tax:					
- Insurance Europe	774	798	-3.0	365	400
- Insurance Americas	800	634	26.2	460	395
- Insurance Asia/Pacific	527	176	199.4	405	105
- Other	-43	88		39	184
	-----	-----		-----	-----
INSURANCE OPERATING PROFIT BEFORE TAX	2,058	1,696	21.3	1,269	1,084
- Wholesale Banking	1,170	752	55.6	511	358
- Retail Banking	678	493	37.5	351	257
- ING Direct	203	31	554.8	128	24
- Other	-71	-66		-21	-25
	-----	-----		-----	-----
BANKING OPERATING PROFIT BEFORE TAX	1,980	1,210	63.6	969	614
TOTAL OPERATING PROFIT BEFORE TAX	4,038	2,906	39.0	2,238	1,698
Taxation	1,100	678	62.2	568	444
Third-party interests	142	160	-11.3	65	88
	-----	-----		-----	-----
OPERATING NET PROFIT*	2,796	2,068	35.2	1,605	1,166
- of which Insurance	1,469	1,265	16.1	935	761
- of which Banking	1,327	803	65.3	670	405
Capital gains/negative value adjustment shares	47	-38		36	697
	-----	-----		-----	-----
NET PROFIT	2,843	2,030	40.0	1,641	1,863
Net profit per share (In EUR)	1.36	1.03	32.0	0.79	0.95
Operating net return on equity**	24.8%	21.5%			
Debt/equity ratio***	12.1%	14.4%			

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Total staff (average FTEs)	113,300	115,500	-1.9
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FIRST-HALF PROFIT

Operating net profit rose 35.2% to EUR 2,796 million, led by strong increases in operating profit from ING's three banking business lines, driven by a sharp decline in risk costs and higher income. The insurance businesses in the Americas and Asia/Pacific also posted higher profit, driven by exceptionally strong results from non-life insurance, higher life insurance sales in the US and Asia, and a gain on the sale of ING's non-life joint venture in Australia. Profit from Insurance Europe declined due to lower results in the Netherlands.

First-half net profit rose 40.0% to EUR 2,843 million, including EUR 47 million in realised capital gains on equities in the first half of 2004 as well as realised capital losses and a negative adjustment to the revaluation reserve shares which totalled EUR 38 million in the first half of 2003.

Net profit per share rose 32.0% to EUR 1.36 from EUR 1.03 in the first half last year. The increase lagged growth in total net profit due to an increase in the average number of shares outstanding because ING's dividend has been fully funded in stock since the final dividend 2002. ING will continue to offer shareholders a choice to receive the dividend in cash or stock, but beginning with the interim dividend for 2004, it will no longer issue shares to fund the cash portion of the dividend.

Operating net profit from insurance rose 16.1% to EUR 1,469 million led by higher profit from the Americas and Asia/Pacific. For Insurance Americas, operating profit before tax increased 26.2% to EUR 800 million. Results from the US life business continued to improve and the Canadian non-life insurance operations posted exceptionally good results due to a very favourable claims experience. Operating profit before tax from Insurance Asia/Pacific increased from EUR 176 million to EUR 527 million, including a one-

Page 4 of 39

off gain of EUR 219 million from the sale of ING's stake in its Australian non-life insurance venture. Excluding that gain, operating profit before tax from Insurance Asia/Pacific increased 75.0%, driven by higher sales and a favourable claims environment. Insurance Europe posted a 3.0% decrease in operating profit before tax to EUR 774 million, due to lower life insurance profit in the Netherlands mainly as a result of higher costs and lower one-off gains.

Operating net profit from banking rose 65.3% to EUR 1,327 million, lifted by higher profit from all three business lines. Wholesale Banking posted a 55.6% increase in operating profit before tax, driven by a substantial reduction in risk costs and continued growth in income. Operating profit before tax from Retail Banking increased 37.5% to EUR 678 million, bolstered by higher income, lower risk costs and a decline in operating expenses. ING Direct posted an operating profit before tax of EUR 203 million, up from EUR 31 million in the first half of 2003, as it continued to attract new clients and funds.

ONE-OFF ITEMS

One-off items resulted in a net gain of EUR 184 million in the first half of 2004, which was roughly balanced by a net gain of EUR 207 million in the first half of 2003. In the first half of 2004, ING booked gains of EUR 146 million (EUR 219 million before tax) on the sale of its Australian non-life insurance venture and EUR 92 million (EUR 96 million before tax) from a gain on old

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reinsurance business, as well as a loss plus additional expenses of EUR 54 million (EUR 84 million before tax) from the sale of the Asian equities unit. The year-earlier period included a gain of EUR 247 million (EUR 303 million before tax) from old reinsurance business and a restructuring charge of EUR 40 million (EUR 45 million before tax) for ING BHF-Bank and ING Bank France. (See Appendix 5.2)

CURRENCY IMPACT

The weakening of most currencies against the euro had a negative impact of EUR 46 million on first-half net profit. That was partially offset by a gain of EUR 87 million after tax on the US dollar hedge, compared with a gain of EUR 54 million on the hedge in the first half of 2003. ING has hedged the expected profits in US dollar and dollar-linked currencies for the remainder of 2004.

SECOND-QUARTER PROFIT

Second-quarter operating net profit rose 37.7% to EUR 1,605 million, compared with the second quarter of 2003. Operating net profit from banking increased 65.4% to EUR 670 million, boosted by higher income and substantially lower risk costs. Insurance operating net profit rose 22.9% to EUR 935 million, lifted by very strong non-life results in Canada, higher life results in Asia, and the gain on the sale of the Australian non-life business. Second-quarter net profit declined 11.9% to EUR 1,641 million, due to a gain of EUR 697 million in the second quarter of 2003, when ING recouped most of the negative value adjustment on the revaluation reserve shares taken in the first quarter of 2003.

Compared with the first quarter of 2004, operating net profit rose 34.8% to EUR 1,605 million from EUR 1,191 million, driven by a 75.1% increase in operating net profit from insurance, due in part to the gains on the sale of the Australian non-life insurance joint venture and the old reinsurance business. Operating net profit from banking rose 2.0% to EUR 670 million from EUR 657 million.

Page 5 of 39

1.2 BALANCE SHEET & CAPITAL

TABLE 2. KEY BALANCE SHEET FIGURES

In EUR billion	30 June 2004	31 Dec. 2003	%	31 March 2004
			Change	
Shareholders' equity	24.1	21.3	12.8	22.9
- insurance operations	13.3	12.0	11.5	12.8
- banking operations	17.4	16.7	4.1	17.4
- eliminations*	-6.6	-7.4		-7.3
TOTAL ASSETS	871.6	778.8	11.9	830.0
Operating net return on equity	24.8%	21.5%		21.8%
- insurance operations	23.0%	22.7%		17.2%
- banking operations	17.9%	11.1%		18.1%

* own shares, subordinated loans, third-party interests, debenture loans and other eliminations

SHAREHOLDERS' EQUITY

On 30 June 2004, ING's shareholders' equity amounted to EUR 24.1 billion, an increase of EUR 2.8 billion, or 12.8%, compared with year-end 2003. The

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first-half net profit added EUR 2.8 billion to shareholders' equity and revaluations accounted for an increase of EUR 0.3 billion.

CAPITAL RATIOS

The debt/equity ratio of ING Groep NV improved to 12.1% from 14.4% at the end of 2003. The improvement was caused by a EUR 3.4 billion increase in the capital base due to higher retained earnings, a positive revaluation of shares and real estate, and the issue of hybrid securities in June as well as a EUR 0.3 billion decrease in core debt. The capital coverage ratio for ING's insurance operations increased to 184% of regulatory requirements at the end of June, compared with 180% at year-end 2003. The Tier-1 ratio of ING Bank Holding NV stood at 7.65% on 30 June 2004 up from 7.59% at the end of 2003. The solvency ratio (BIS ratio) for the bank fell from 11.34% to 11.27%. Compared with year-end 2003, total risk-weighted assets rose by EUR 21.4 billion, or 8.5%, to EUR 272.7 billion. Almost half of the increase was due to the growth of ING Direct.

RETURN ON EQUITY

The operating net return on equity increased from 21.5% for the full year 2003 to 24.8% in the first half of 2004. The operating net return on equity of the insurance operations rose from 22.7% in 2003 to 23.0% in the first half, while the operating net return on equity from banking rose from 11.1% to 17.9%.

ASSETS UNDER MANAGEMENT

Assets under management increased 6.1% in the first six months to EUR 490.8 billion at the end of June 2004. The EUR 28.1 billion increase resulted from a net inflow of EUR 13.7 billion, EUR 8.6 billion from higher stock markets, and EUR 7.8 billion from positive currency rate differences. Divestments had a negative impact of EUR 2.0 billion, mainly due to the deconsolidation of Baring Private Equity Partners.

1.3 DIVIDEND

ING Group will pay an interim dividend of EUR 0.49 per ordinary share, equal to a rounded half of the total dividend paid over the book-year 2003 (EUR 0.97), in line with the dividend policy. Shareholders can choose to receive the dividend in either cash or shares. As ING's capital position is more than adequate and the debt/equity ratio of the group has been reduced, ING will not issue new shares to finance the cash portion of the dividend. The ING share will be quoted ex-dividend as from 6 August 2004. From 6 August until 27 August shareholders can decide to receive the interim dividend 2004 in cash or shares. The exchange ratio, which will be announced on 3 September after closing of the Euronext Amsterdam Stock Exchange, will be based on the volume-weighted average share price over the period of 30 August to 3 September inclusively. The interim dividend will be made payable on 10 September 2004. The value of the dividend in cash will be 0 to 4% lower than the dividend in stock.

Page 6 of 39

1.4 INSURANCE OPERATIONS

TABLE 3. ING GROUP: INSURANCE PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF			SECOND QUARTER	
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003
Premium income	21,894	20,852	5.0	10,528	9,872

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- of which life	18,139	16,804	7.9	8,905	8,015
- of which non-life	3,755	4,048	-7.2	1,623	1,857
Income from investments	4,716	4,804	-1.8	2,467	2,531
Commission income	582	639	-8.9	281	313
Other income	360	349	3.2	214	151
	-----	-----		-----	-----
TOTAL OPERATING INCOME	27,552	26,644	3.4	13,490	12,867
Underwriting expenditure	22,612	21,900	3.3	10,775	10,300
Other interest expenses	540	534	1.1	255	261
Operating expenses	2,318	2,377	-2.5	1,176	1,188
Investment losses	24	137	-82.5	15	34
	-----	-----		-----	-----
TOTAL OPERATING EXPENDITURE	25,494	24,948	2.2	12,221	11,783
OPERATING PROFIT BEFORE TAX	2,058	1,696	21.3	1,269	1,084
- of which life insurance	1,225	1,147	6.8	663	702
- of which non-life insurance	833	549	51.7	606	382
Taxation	538	383	40.5	308	294
Third-party interests	51	48	6.3	26	29
	-----	-----		-----	-----
OPERATING NET PROFIT*	1,469	1,265	16.1	935	761
Capital gains/negative value adjustment shares	47	-15		36	598
	-----	-----		-----	-----
NET PROFIT	1,516	1,250	21.3	971	1,359
 KEY FIGURES					
Value of new business**	286	220	30.0		
Internal rate of return***	11.4%	10.9%			
Operating net return on equity***	23.0%	22.7%			
Staff (average FTEs)	49,700	51,400	-3.3		

FIRST-HALF PROFIT

Operating net profit from insurance increased 16.1% to EUR 1,469 million, bolstered by exceptionally strong non-life insurance results in Canada, higher life results in the US and Asia, and the gain on the sale of ING's non-life insurance joint venture in Australia. Net profit from insurance increased 21.3% to EUR 1,516 million in the first half, including EUR 47 million in capital gains on equities compared with a negative value adjustment of EUR 15 million on the revaluation reserve shares in the first half last year. The effective tax rate on operating profit increased to 26.1% from 22.6% in the first half of 2003, mainly due to a deferred tax benefit in the Netherlands in the year-earlier period. Operating profit before tax rose 21.3% to EUR 2,058 million.

Operating profit before tax from life insurance rose 6.8% to EUR 1,225 million, driven by higher profit from the US and Asia, mainly due to lower credit-related losses and higher sales. That was partially offset by lower life results in the Netherlands, mainly due to higher expenses and a lower one-off gain from the old reinsurance business.

Operating profit before tax from non-life insurance increased 51.7% to EUR 833 million, boosted by the one-off gain from the sale of the Australian non-life business and exceptionally favourable claims experience, particularly in Canada and Australia. The combined ratio improved sharply to 89% from 97% in the first half of 2003. The Australian operations, which were sold as of 30 June 2004,

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will be excluded from ING's figures as of the third quarter.

Page 7 of 39

Total operating income increased 3.4%, driven by a 5.0% increase in premium income to EUR 21,894 million, led by the US and Asia. Excluding the impact of currencies, acquisitions and divestments, premium income rose 12.6%, driven by a 21.4% increase in US life premiums and a 26.4% increase in life premiums from Asia/Pacific. Investment income declined 1.8% to EUR 4,716 million, largely due to currency effects in the Americas.

Operating expenses from the insurance operations declined 2.5% to EUR 2,318 million. Excluding the impact of currencies, acquisitions and divestments, operating expenses increased 5.2%, mainly due to a restructuring provision of EUR 21 million and costs related to clearing backlogs and improving service levels in the Netherlands. Almost all other operations world-wide showed either a modest increase or a decrease in operating expenses. Expenses as a percentage of assets under management for investment products improved by one basis point to 85 basis points from 86 basis points for full-year 2003. Expenses as a percentage of premiums for life products fell to 12.14% from 13.23% in 2003. The expense ratio for non-life insurance was 27%, up from 26% a year earlier.

Investment losses dropped to EUR 24 million, or 4 basis points of total fixed-interest securities, which is far below the normalised level of about 20 basis points. In the first half last year, investment losses amounted to EUR 137 million, or 20 basis points of total fixed-income securities.

VALUE OF NEW LIFE INSURANCE BUSINESS

The value of new business at ING's life insurance operations increased to EUR 286 million, up 30.0% compared with one-half of full-year 2003 production. The increase was primarily due to higher sales and a more profitable product mix. Within Insurance Europe, the Dutch life insurance unit increased margins as it adjusted product pricing. The value of new business in the Netherlands recovered, increasing from EUR 5 million to EUR 30 million. In the Americas both sales and margins increased from 2003. The value of new life business in the Americas increased more than 70% to EUR 82 million, including EUR 15 million from the inclusion of the pension business in Latin America starting from 2004. The value of new life business in Asia/Pacific increased 6% to EUR 134 million, accounting for 46.9% of the Group's total.

The internal rate of return for the business written in the first six months was 11.4%, up from 10.9% overall for 2003. The internal rate of return in the Netherlands improved strongly to 11.0% from 8.0% in 2003. (See Appendix 6)

Page 8 of 39

1.5 BANKING OPERATIONS

TABLE 4. ING GROUP: BANKING PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF		%	SECQ 2004
	1H 2004	1H 2003		
Interest result	4,390	3,917	12.1	2,227

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Commission	1,352	1,232	9.7	642
Other income	664	628	5.7	270
	-----	-----		-----
TOTAL OPERATING INCOME	6,406	5,777	10.9	3,139
OPERATING EXPENSES	4,161	3,952	5.3	2,042
	-----	-----		-----
Gross result	2,245	1,825	23.0	1,097
Addition to provisions for loan losses	265	615	-56.9	128
	-----	-----		-----
OPERATING PROFIT BEFORE TAX	1,980	1,210	63.6	969
Taxation	562	295	90.5	260
Third-party interests	91	112	-18.8	39
	-----	-----		-----
OPERATING NET PROFIT	1,327	803	65.3	670
Capital gains/negative value adjustment shares		-23		
	-----	-----		-----
NET PROFIT	1,327	780	70.1	670
 KEY FIGURES				
Cost/income ratio	65.0%	68.4%		65.1%
RAROC (pre-tax)	23.9%	18.0%		
Total risk-weighted assets** (in EUR billion)	272.7	251.3	8.5	
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	21	51		
Staff (average FTEs)	63,600	64,100	-0.8	

FIRST-HALF PROFIT

First-half operating net profit from the banking operations rose 65.3% to EUR 1,327 million, driven by a 10.9% increase in operating income, a sharp reduction in risk costs, and continued cost control. All three banking business lines reported strong increases in results. Net profit increased 70.1%, including a negative adjustment of EUR 23 million on the revaluation reserve shares in the first half last year. The effective tax rate on operating profit increased to 28.4% from 24.4% in the first half of 2003. Operating profit before tax rose 63.6% to EUR 1,980 million.

Total operating income from banking rose 10.9% to EUR 6,406 million, with almost all income lines contributing to the increase. The interest result rose 12.1% to EUR 4,390 million, due to a higher average balance sheet total, mainly driven by the continued strong growth of ING Direct. The total interest margin narrowed 6 basis points to 1.53% compared with the same period last year. That was fully attributable to the increased share of the balance sheet total from outside the Netherlands, where interest margins are lower, mainly triggered by ING Direct, which has an interest margin of about 1%. The interest margin narrowed in the second quarter to 1.49% from 1.56% in the first. Bank lending increased by EUR 21.8 billion, or 7.5%, from the end of 2003 to EUR 314.4 billion at the end of June. Corporate lending rose by EUR 10.8 billion, while personal lending increased by EUR 11.1 billion. The growth in personal lending was almost entirely due to a EUR 10.5 billion increase in residential mortgages, of which EUR 5.7 billion was from ING Direct. (See Appendix 5.5) Funds entrusted to and debt securities of the banking operations increased by EUR 45.5 billion, or 12.0%, to EUR 423.3 billion, caused to a large extent by the continued growth of ING Direct.

Commission income rose 9.7% to EUR 1,352 million, mainly driven by higher

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securities-related commissions. Management fees were up EUR 97 million, or 34.2%, of which EUR 44 million was caused by

Page 9 of 39

the transfer of activities between insurance and banking. Commissions from the securities business rose 19.6%, due to higher activity on the stock markets. Brokerage and advisory fees declined 41.0% to EUR 49 million. Commission from insurance broking rose 13.4% to EUR 76 million, mainly in the Netherlands. (See Appendix 5.6)

Other income increased 5.7% to EUR 664 million. Income from securities and participating interests rose 71.7% to EUR 79 million, despite a one-off loss of EUR 42 million caused by the discount to net asset value on the sale of the Asian cash equities business in the first quarter. Results from financial transactions declined 14.7% to EUR 378 million. The decrease was mainly caused by the loss of EUR 48 million taken by Postbank in the first quarter of 2004 to compensate customers for a disappointing return on investments related to the unit-linked mortgage 'MeerWaardehypotheek'. Compared with the very good first quarter of 2004, results from financial transactions in the second quarter fell from EUR 232 million to EUR 146 million, mainly due to lower financial markets results, notably in Belgium. Other results increased 48.9% to EUR 207 million, mainly caused by higher leasing income and higher results from real estate. (See Appendix 5.7)

Total operating expenses increased 5.3% to EUR 4,161 million, due in large part to higher expenses to support the growth of ING Direct. One-off expenses had a limited impact in the first half, as EUR 42 million in costs related to the sale of the Asian cash equities business in the first quarter of 2004 was largely balanced by a provision of EUR 45 million in the second quarter last year to pay for restructuring at ING BHF-Bank and ING Bank France. Excluding those factors, currency effects, and the impact of transfers of activities between insurance and banking, operating expenses increased by a modest 2.6%. The cost/income ratio of the banking activities improved to 65.0% in the first half of 2004, from 68.4% in the first half of 2003 and 70.1% for full-year 2003. The average number of staff declined 0.8% to 63,600 in the first half of 2004.

ING added EUR 265 million to the provision for loan losses in the first half of 2004, compared with EUR 615 million in the same period last year. The addition equalled an annualised 21 basis points of average credit-risk-weighted assets, which is well below the long-term average of about 35 basis points. In the full-year 2003, the addition to provision for loan losses was 46 basis points of average credit-risk-weighted assets. Risk costs declined slightly in the second quarter from the first. ING added EUR 128 million to provisions for loan losses in the second quarter, equal to 20 basis points of credit-risk-weighted assets, compared with EUR 137 million, or 22 basis points, in the first quarter of 2004.

RAROC

The pre-tax Risk-Adjusted Return on Capital (RAROC) of ING's banking operations improved strongly to 23.9% in the first half of 2004, compared with 18.0% in the year-earlier period, due entirely to higher economic returns, notably from Wholesale Banking and ING Direct, as well as continued strong returns from Retail Banking. The full-year 2003 RAROC was 17.0%.

Page 10 of 39

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2.1 INSURANCE EUROPE OPERATING PROFIT BEFORE TAX FALLS 3.0%

- o PROFIT IN NETHERLANDS DECLINES 7.2% DUE TO HIGHER COSTS, LOWER ONE-OFF GAIN
- o INTERNAL RATE OF RETURN FROM DUTCH LIFE BUSINESS IMPROVES TO 11.0%
- o VALUE OF NEW LIFE INSURANCE BUSINESS IN EUROPE RISES 48.9% TO EUR 70 MILLION

TABLE 5. INSURANCE EUROPE PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF		%	SECOND
	1H 2004	1H 2003		2Q 2004
Premium income	6,047	6,351	-4.8	2,505
- of which life	4,730	4,911	-3.7	2,196
- of which non-life	1,317	1,440	-8.5	309
Income from investments	2,033	2,039	-0.3	1,018
Commission and other income	233	312	-25.3	85
	-----	-----		-----
TOTAL OPERATING INCOME	8,313	8,702	-4.5	3,608
Underwriting expenditure	6,491	6,876	-5.6	2,703
Other interest expenses	168	170	-1.2	72
Operating expenses	866	846	2.4	461
Investment losses	14	12	16.7	7
	-----	-----		-----
TOTAL OPERATING EXPENDITURE	7,539	7,904	-4.6	3,243
OPERATING PROFIT BEFORE TAX	774	798	-3.0	365
- of which life insurance	634	679	-6.6	310
- of which non-life insurance	140	119	17.6	55
KEY FIGURES				
Value of new business*	70	47	48.9	
Internal rate of return**	12.8%	10.9%		
Staff (average FTEs)	15,800	17,000	-7.1	

FIRST-HALF PROFIT

Operating profit before tax from Insurance Europe declined 3.0% to EUR 774 million, due to lower life insurance results in the Netherlands. Almost all other units, including Belgium, Poland and Hungary, posted higher results. Total operating profit before tax from life insurance in Europe fell 6.6% to EUR 634 million. Operating profit before tax from non-life insurance increased 17.6% to EUR 140 million, driven by an improvement in the claims ratio to 61.9% from 73.6% in the same period last year.

Total operating income declined 4.5% to EUR 8,313 million, mainly due to a 4.8% drop in premium income. Lower life sales in Belgium and the sale of the health insurance business in the Netherlands were only partly offset by growth elsewhere. Life premiums in Belgium and Luxembourg declined 15.9% due to exceptionally high sales of single-premium products in the first half last year. Non-life premiums in the Netherlands declined 11.0% due to the sale of the Dutch health insurance business in the second quarter. Life premiums in the rest of Europe rose 7.9%, excluding the impact of currencies and divestments, mainly driven by higher sales in Central Europe.

Operating expenses rose 2.4% to EUR 866 million. Excluding the impact of

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divestments, operating expenses rose 13.2%, due to a sharp increase in the Netherlands, including a restructuring provision of EUR 21 million as well as higher pension costs and expenses to reduce backlogs and improve efficiency. Expenses in Belgium were almost flat, while operating expenses in the rest of Europe fell 4.0%.

VALUE OF NEW BUSINESS

The value of new life insurance business written by Insurance Europe was EUR 70 million, an increase of 48.9% compared with one-half of full-year 2003 production. The overall internal rate of return expected on these sales is 12.8%, up from 10.9% in 2003. The improvement in the internal rate of return was seen

Page 11 of 39

largely in the Netherlands, where the company took steps to adjust pricing on single-premium products without a material effect on sales levels.

GEOGRAPHICAL BREAKDOWN INSURANCE EUROPE

In EUR million	FIRST HALF			SECOND QUARTER		
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003	% Change
Netherlands	621	669	-7.2	292	333	-12.3
- of which life	503	566	-11.1	249	293	-15.0
- of which non-life	118	103	14.6	43	40	7.5
Belgium	64	49	30.6	31	26	19.2
- of which life	47	39	20.5	22	20	10.0
- of which non-life	17	10	70.0	9	6	50.0
Rest of Europe*	89	80	11.3	42	41	2.4
Total	774	798	-3.0	365	400	-8.8

* Poland, Hungary, Czech Republic, Slovakia, Romania, Bulgaria, Greece, Spain

In the Netherlands, operating profit before tax from the insurance operations declined 7.2% to EUR 621 million, due in part to EUR 29 million lower one-off gains and EUR 9 million lower gains on real estate. Operating expenses excluding divestments increased 16.5% due to a EUR 21 million restructuring provision for life and non-life, higher pension costs, and expenses to improve service at the life insurance business. Life results in the Netherlands fell 11.1% to EUR 503 million, due to higher costs, which were only partially offset by an improved morbidity result and higher investment income. Life premiums showed a moderate increase of 0.9% to EUR 3,070 million. However, the internal rate of return on new life business increased significantly to 11.0% from 8.0% in 2003 as a result of price adjustments, and the value of new business improved from EUR 5 million to EUR 30 million. Profit before tax from the Dutch non-life insurance business rose 14.6% to EUR 118 million, driven by a favourable claims experience from fire and motor insurance, which more than offset a loss of EUR 14 million on the sale of the health insurance business. Non-life premiums fell 11.0% to EUR 1,112 million, due to the sale of the health business. Excluding that impact, non-life premiums rose 0.7%.

In Belgium, operating profit before tax from the insurance operations rose 30.6% to EUR 64 million, bolstered by higher results from both life and non-life insurance. Life results (including Luxembourg) rose 20.5% to EUR 47 million despite a 15.9% drop in life premium income compared with the first half last

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year, when sales of individual single premium products were exceptionally high. Non-life results climbed 70.0% to EUR 17 million, due to higher results from fire, motor and loss of income/accident insurance. Non-life premiums increased 7.1% to EUR 180 million.

In the Rest of Europe, operating profit before tax increased 11.3% to EUR 89 million, lifted by higher profit from Poland and Hungary. Lower expenses and higher investment and fee income were the main drivers for this development. Excluding the impact of currencies and divestments, life premiums rose 7.9% to EUR 647 million.

TABLE 7. INSURANCE EUROPE PREMIUM INCOME

In EUR million	FIRST HALF			SECOND QUARTER		
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003	% Change
Netherlands	4,182	4,294	-2.6	1,627	1,717	-5.2
- of which life	3,070	3,044	0.9	1,407	1,370	2.7
- of which non-life	1,112	1,250	-11.0	220	347	-36.6
Belgium	1,193	1,373	-13.1	528	614	-14.0
- of which life	1,013	1,205	-15.9	451	543	-16.9
- of which non-life	180	168	7.1	77	71	8.5
Rest of Europe*	672	684	-1.8	350	340	2.9
Total	6,047	6,351	-4.8	2,505	2,671	-6.2

* Poland, Hungary, Czech Republic, Slovakia, Romania, Bulgaria, Greece, Spain

Page 12 of 39

2.2 INSURANCE AMERICAS OPERATING PROFIT BEFORE TAX RISES 26.2%

- o EXCLUDING CURRENCY EFFECTS, OPERATING PROFIT BEFORE TAX INCREASED 39.1%
- o US LIFE SALES RISE 48.6%, ANNUITY SALES UP 51.2% AT CONSTANT EXCHANGE RATES
- o CANADA OPERATING PROFIT MORE THAN DOUBLES, DRIVEN BY GOOD UNDERWRITING EXPERIENCE

TABLE 8. INSURANCE AMERICAS PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF			SECOND QUARTER	
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003
Premium income	11,530	11,059	4.3	5,786	5,522
- of which life	9,324	8,558	9.0	4,606	4,160
- of which non-life	2,206	2,501	-11.8	1,180	1,362
Income from investments	2,062	2,254	-8.5	1,058	1,057
Commission and other income	422	417	1.2	226	170
TOTAL OPERATING INCOME	14,014	13,730	2.1	7,070	6,749
Underwriting expenditure	12,074	11,787	2.4	6,031	5,724
Other interest expenses	40	46	-13.0	17	26
Operating expenses	1,089	1,137	-4.2	553	576
Investment losses	11	126	-91.3	9	28

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TOTAL OPERATING EXPENDITURE	13,214	13,096	0.9	6,610	6,354
OPERATING PROFIT BEFORE TAX	800	634	26.2	460	395
- of which life insurance	484	456	6.1	260	303
- of which non-life insurance	316	178	77.5	200	92
KEY FIGURES					
Value of new business*	82	47	74.5		
Internal rate of return**	9.7%	9.0%			
Staff (average FTEs)	25,400	26,200	-3.1		

FIRST-HALF PROFIT

Operating profit before tax from Insurance Americas increased 26.2% to EUR 800 million in the first half of 2004, bolstered by exceptionally low claims at the Canadian non-life insurance business, lower credit-related investment losses and higher asset levels driven by strong sales of core products from the US life business. Profit growth was dampened in part by the decline of all currencies in the region against the euro. Excluding currency effects, operating profit before tax increased 39.1%.

Total operating income increased 2.1% to EUR 14,014 million, driven by higher premium income in the US. Excluding currency impacts, total income increased 12.7%. Premium income rose 4.3% as higher production in the US and Canada was partially offset by lower premiums from Latin America. At constant exchange rates, premium income increased 15.1%. Investment income declined 8.5% to EUR 2,062 million, due mainly to currency effects. At constant exchange rates, investment income increased slightly due to higher asset levels, despite lower yields.

Operating expenses fell 4.2%, due to the decline of most currencies against the euro. At constant exchange rates, expenses increased 5.3%, due to the transfer of some investment management activities from banking to insurance in the US and the consolidation of subsidiaries in Mexico. Excluding those impacts, operating expenses rose 1.1% as a result of higher production and benefit costs.

VALUE OF NEW BUSINESS

The value of new life insurance business written by Insurance Americas increased 74.5% to EUR 82 million compared with one-half of the full-year new business value in 2003, due in part to the inclusion of the Latin American pension business starting in 2004. The overall internal rate of return for the first half of 2004 was

Page 13 of 39

9.7%, up from 9.0% for the full year 2003, due to continued focus on profitable revenue growth in the US and the inclusion of the Latin American pension business.

GEOGRAPHICAL BREAKDOWN INSURANCE AMERICAS

TABLE 9. INSURANCE AMERICAS OPERATING PROFIT BEFORE TAX

In EUR million	FIRST HALF			SECOND QUARTER		
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003	% Change
United States	469	423	10.9	250	271	-7.7

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Canada	218	82	165.9	162	68	138.2
Latin America	113	129	-12.4	48	55	-12.7
- of which Mexico	80	103	-23.8	32	47	-31.9
- of which South America*	33	26	37.5	16	8	100.0
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Total	800	634	26.2	460	394	16.8

* Argentina, Brazil, Chile, Peru

The United States insurance businesses reported operating profit before tax of EUR 469 million in the first half of 2004, an increase of 10.9% over the same period last year. Excluding currency impacts, operating profit before tax increased 23.1%. Results improved due to strong asset growth, supported by increased sales, good persistency, higher equity market levels and lower credit losses. In the second quarter, operating profit before tax fell 7.7% from the same period a year earlier, due to the decline of the dollar against the euro. At constant exchange rates, profit in the second quarter was unchanged, as growth in asset levels, higher fee income and lower credit losses were offset by a favourable unlocking of deferred acquisition costs in the second quarter of 2003.

Enhanced product designs in annuities and life insurance, combined with expanded distribution capacity, helped increase market share. Premium income rose 7.6% to EUR 9,364 million in the first half and climbed 19.5% at constant currency rates. Individual life sales in US dollars increased 48.6% driven by new universal life products introduced in the fourth quarter of 2003. Annuity sales increased 51.2% at constant exchange rates, driven by higher sales of equity-indexed fixed annuities, enhanced variable annuity product features, and expanded distribution. The internal rate of return in US dollars rose to 10.2% for the first half, compared with 9.9% for the full year 2003, as a result of pricing discipline.

Composite margins after credit losses increased in the second quarter to 1.45% from 1.44% in the first quarter of 2004. Actions to reduce credited rates improved margins by 6 basis points in the second quarter but were largely offset by higher credit losses. Credit-related investment losses increased to 6 basis points in the second quarter from 1 basis point in the first, but remained substantially below historical levels. The earned rate remained unchanged during the period. Surrender rates were in line with pricing assumptions.

Operating expenses for the first half of 2004 declined 2.3% to EUR 727 million, though at constant exchange rates expenses rose 8.5%. The increase was due mainly to the transfer of some investment management activities previously included under Wholesale Banking to Insurance Americas. Excluding this impact, expenses increased 2.7% due to higher production levels and benefit costs.

The mortality experience in the individual life reinsurance business during the year 2003 was worse than expected. As a result, ING Re is conducting an in-depth study of its mortality experience and assumptions.

In Canada, operating profit before tax from the non-life insurance business more than doubled to EUR 218 million from EUR 82 million in the first half last year. Strong underwriting experience resulted in a record-low combined ratio of 82.7%, compared with 95.1% in the year-earlier period. The business benefited from rate increases filed since 2003, along with lower claims frequency and severity supported by

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regulatory caps on certain types of claims in several provinces. The substantial increase in results is expected to soften in the second half of 2004 as rate-reduction actions required by several provinces will have a greater effect. Claims levels are also not expected to remain at the current historically low levels. The second quarter of 2004 also included a EUR 17 million gain on the sale of an investment in an operating subsidiary. Premium income in Canada rose 4.0% to EUR 1,080 million. Higher asset levels also delivered an increase in investment income.

In Mexico, operating profit before tax declined 23.8% to EUR 80 million in the first half of 2004, as a result of currency exchange rates and the sale of the Seguros Bital joint venture in the fourth quarter of 2003. Excluding those impacts, operating profit before tax declined 3.6%. Premiums fell 24.7% to EUR 825 million, due in part to the decline of the Mexican peso against the euro. At constant exchange rates, premiums fell 11.0% due to a strategic decision not to renew less profitable contracts. Claims experience in the non-life business was impacted by several large claims resulting from hail storms and fires, although claims in motor insurance continued to show favourable developments. Operating expenses fell 8.3% to EUR 155 million. Excluding the impact of currency rates as well as the consolidation of subsidiaries in 2004, operating expenses rose 4.7% due to higher investments in Mexico's life insurance distribution.

In South America, operating profit before tax from Chile, Brazil, Peru and Argentina totalled EUR 33 million, up 37.5% from the same period last year, driven by higher results in Chile. Premiums increased 18.6%, lifted by higher annuity premiums in Chile. Operating expenses fell 18.0%, supported by actions in Chile to close branches and offices.

 TABLE 10. INSURANCE AMERICAS PREMIUM INCOME

In EUR million	FIRST HALF			SECOND QUARTER		
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003	% Change
United States	9,364	8,706	7.6	4,614	4,247	8.6
Canada	1,080	1,038	4.0	635	619	2.6
Latin America	1,086	1,315	-17.4	537	657	-18.3
- of which Mexico	825	1,095	-24.7	397	548	-27.6
- of which South America*	261	220	18.6	140	109	28.4
Total	11,530	11,059	4.3	5,786	5,523	4.8

Page 15 of 39

2.3 INSURANCE ASIA/PACIFIC POSTS STRONG INCREASE IN OPERATING PROFIT

- o EXCLUDING GAIN ON SALE OF AUSTRALIAN BUSINESS, OPERATING PROFIT BEFORE TAX ROSE 75.0%
- o PREMIUM INCOME INCREASES 22.4% TO EUR 4,303 MILLION
- o VALUE OF NEW LIFE BUSINESS RISES TO EUR 134 MILLION, ACCOUNTING FOR 47% OF ING'S TOTAL

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TABLE 11. INSURANCE ASIA/PACIFIC PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF			SECOND QUARTER	
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003
Premium income	4,303	3,516	22.4	2,227	1,709
- of which life	4,080	3,331	22.5	2,100	1,610
- of which non-life	223	185	20.5	127	99
Income from investments	546	283	92.9	339	147
Commission and other income	57	76	-25.0	34	48
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TOTAL OPERATING INCOME	4,906	3,875	26.6	2,600	1,904
Underwriting expenditure	4,046	3,319	21.9	2,040	1,610
Other interest expenses	6	4	50.0	2	2
Operating expenses	327	376	-13.0	153	187
	-----	-----		-----	-----
TOTAL OPERATING EXPENDITURE	4,379	3,699	18.4	2,195	1,799
OPERATING PROFIT BEFORE TAX	527	176	199.4	405	105
- of which life	252	162	55.6	151	95
- of which non-life	275	14		254	10
KEY FIGURES					
Value of new business*	134	126	6.3		
Internal rate of return %**	14.1%	14.7%			
Staff (average FTEs)	8,500	8,200	3.7		

FIRST-HALF PROFIT

Operating profit before tax from Insurance Asia/Pacific increased to EUR 527 million from EUR 176 million, including a one-time gain of EUR 219 million from the sale of ING's 50% stake in its Australian non-life insurance joint venture. Excluding that gain, operating profit rose 75.0% to EUR 308 million, led by higher life insurance profits in South Korea and Japan, and very strong results from the Australian non-life insurance joint venture, which was sold as of 30 June 2004. Operating profit from life insurance increased 55.6% to EUR 252 million. Across Asia/Pacific, profits were driven by higher premium income, lower claims and strict cost control.

Premium income rose 22.4% to EUR 4,303 million, fuelled by South Korea and Japan, where premiums increased 40.9% and 52.6% respectively. Double-digit premium growth rates were recorded in Hong Kong, Thailand, India and China. Investment income includes the EUR 219 million gain on the sale of Australian non-life insurance joint venture. Excluding that gain, investment income rose 15.5% as general account assets grew from EUR 13.2 billion at year-end 2003 to EUR 15.0 billion at the end of June.

Operating expenses fell 13.0% reflecting a number of one-off items as well as continued efforts to control costs. The favourable settlement of a wage tax assessment resulted in the release of a EUR 30 million provision in the second quarter of 2004. In Taiwan, premium tax rates fell from 5% to 2% which resulted in a EUR 7.9 million reduction in costs in the first half. Excluding those items, operating expenses declined 3.0% in the first half.

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VALUE OF NEW BUSINESS

The value of new life insurance business written by Insurance Asia/Pacific was EUR 134 million in the first half year, accounting for almost half of ING Group's total, and up 6% compared with one-half of the full-year production in 2003. ING invested EUR 182 million to write new life insurance business in the region in the first half of 2004, and the overall internal rate of return expected on this investment is 14.1%. This compares with an overall rate of return of 14.7% in 2003. The decline in IRR is primarily attributable to an increase in the capital levels reflected in the Taiwan business.

GEOGRAPHICAL BREAKDOWN INSURANCE ASIA/PACIFIC

TABLE 12. INSURANCE ASIA/PACIFIC OPERATING PROFIT BEFORE TAX

In EUR million	FIRST HALF			SECOND QUARTER		
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003	% Change
Australia	337	63	434.9	285	37	670.3
- of which life	64	48	33.3	32	27	18.5
- of which non-life	273	15		253	10	
Korea	51	33	54.5	23	27	-14.8
Taiwan	60	46	30.4	41	18	127.8
Japan	45	16	181.3	20	6	233.3
Rest of Asia*	34	18	88.9	36	17	111.8
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Total	527	176	199.4	405	105	285.7

* Including China, India, Thailand, Indonesia, Hong Kong and Malaysia

In Australia, operating profit before tax jumped to EUR 337 million in the first half from EUR 63 million in the year-earlier period. Excluding the EUR 219 million gain on sale of ING's non-life insurance joint venture, operating profit before tax increased 87.3% to EUR 118 million. The non-life insurance venture with QBE posted an operating profit of EUR 54 million, up from EUR 15 million in the same period last year, as it continued to benefit from higher premium rates and a low claims ratio. ING sold its 50% stake in the venture as of 30 June 2004, and the business will be excluded as of the third quarter. Operating profit before tax from ING's Australian life and wealth management joint venture with ANZ grew 45.6% to EUR 48 million, mainly due to improved capital investment earnings.

In South Korea, operating profit before tax increased 54.5% to EUR 51 million, driven by higher sales of life insurance and higher renewal premiums as well as continued low claim levels. Premium income rose 40.9% to EUR 720 million, or 52.1% in local currency terms. During the second quarter of 2004, ING Life Korea became the largest foreign insurance company and now ranks fourth in the life insurance market in terms of annualised new premiums.

In Taiwan, operating profit before tax increased 30.4% to EUR 60 million in the first half, driven by a 21.0% drop in operating expenses, due in part to a reduction in the premium tax rate as well as strict cost control. Taiwan doubled its programme to strengthen reserves due to the continued low interest rate environment, resulting in a charge of EUR 50 million in the first half of 2004, up from EUR 25 million in the same period last year. The unit increased its focus on selling investment-linked products, which accounted for 40% of new business premium income in the first half. Total premiums fell 0.9% to EUR 1,079 million, but increased 6.2% in local currency terms.

In Japan, operating profit before tax increased to EUR 45 million from EUR 16 million in the year-earlier period, led by higher sales of corporate-owned life

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insurance and single-premium variable annuities. Premium income increased 52.5% to EUR 1,443 million.

Page 17 of 39

In the Rest of Asia, operating profit before tax rose to EUR 34 million from EUR 18 million in the first half of 2003. In Malaysia, operating profit before tax increased 15.4% to EUR 15 million, driven by growth in sales of employee benefits and individual life insurance. In the developing markets businesses of China, India and Thailand, premium income increased by 23.6%, 288.8% and 30.2% respectively.

TABLE 13. INSURANCE ASIA/PACIFIC PREMIUM INCOME

In EUR million	FIRST HALF			SECOND QUARTER		
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003	% Change
Australia	749	690	8.6	384	356	7.9
Korea	720	511	40.9	380	257	47.9
Taiwan	1,079	1,089	-0.9	564	553	2.0
Japan	1,443	946	52.5	747	402	85.8
Rest of Asia*	312	280	11.4	152	141	7.8
Total	4,303	3,516	22.4	2,227	1,709	30.3

* including India, China, Hong Kong, Thailand, Indonesia and Malaysia

Page 18 of 39

2.4 WHOLESALE BANKING OPERATING PROFIT BEFORE TAX RISES 55.6%

- o INCOME INCREASES 4.2%, WHILE COST/INCOME RATIO IMPROVES TO 57.8%
- o RISK COSTS DECLINE SHARPLY TO EUR 139 MILLION FROM EUR 466 MILLION
- o RAROC IMPROVES TO 20.2% FROM 15.8%, SURPASSING ING'S HURDLE

TABLE 14. WHOLESALE BANKING PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF			SECOND
	1H 2004	1H 2003	% Change	2Q 2004
Interest result	1,726	1,772	-2.6	851
Commission	724	683	6.0	322
Other income	654	523	25.0	270
TOTAL OPERATING INCOME	3,104	2,978	4.2	1,443
OPERATING EXPENSES	1,795	1,760	2.0	864

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Gross result	1,309	1,218	7.5	579
Addition to provisions for loan losses	139	466	-70.2	68
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OPERATING PROFIT BEFORE TAX	1,170	752	55.6	511
 KEY FIGURES				
Cost/income ratio	57.8%	59.1%		59.9%
RAROC (pre-tax)	20.2%	15.8%		
Total risk-weighted assets* (in EUR billion)	160.7	152.9	5.1	
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	18	59		
Staff (average FTEs)	24,000	24,800	-3.2	

FIRST-HALF PROFIT

Operating profit before tax from Wholesale Banking increased 55.6% to EUR 1,170 million, driven by a sharp decline in risk costs and continued growth in commissions and other income. The wholesale banking business of ING BHF-Bank in Germany was profitable in the first half after posting a loss in the same period last year.

Total operating income increased 4.2% to EUR 3,104 million. Commission income rose 6.0%, while other income increased 25.0%, driven mainly by strong financial markets results in the first quarter and higher asset management results. Other income also includes a one-off loss of EUR 42 million on the sale of the Asian cash equities business, which was booked in the first quarter of 2004. The interest result declined 2.6%, mainly in the Netherlands.

Operating expenses increased 2.0% to EUR 1,795 million. On balance, one-off expenses had a limited impact in the first half. Additional costs of EUR 42 million related to the sale of the Asian cash equities business in the first quarter of 2004 were balanced by a charge of EUR 45 million in the second quarter of 2003 to pay for restructuring at ING BHF-Bank in Germany and ING Bank France. Excluding the one-off costs, currency effects, and the impact of transfers of activities between Insurance and Banking, operating expenses rose 3.2%. The cost/income ratio for Wholesale Banking improved to 57.8% from 59.1% in the first half of 2003 and 63.3% for full-year 2003. The average number of wholesale staff fell 3.2% compared with the first half of 2003, mainly due to the sale of the Asian cash equities business.

The addition to the provision for loan losses declined sharply in the first half to EUR 139 million from EUR 466 million in the same period last year, mainly in the Netherlands, Germany and the Americas. The addition was equal to an annualised 18 basis points of average credit-risk-weighted assets, compared with 59 basis points in the first half last year, and 56 basis points for full-year 2003.

Page 19 of 39

GEOGRAPHICAL BREAKDOWN WHOLESAL BANKING

TABLE 15. WHOLESAL BANKING OPERATING PROFIT BEFORE TAX							
In EUR million	FIRST HALF			SECOND QUARTER			%
	1H	1H	%	2Q	2Q	%	
	2004	2003	Change	2004	2003	Change	
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Netherlands	488	444	9.9	241	285	-15.4
Belgium	443	349	26.9	165	115	43.5
Germany	8	-124		3	-100	
Rest of world	116	49	136.7	59	45	31.1
Other	-25	-24		-20	-2	
	-----	-----		-----	-----	
SUBTOTAL WHOLESAL E BANKING	1,030	694	48.4	448	343	30.6
Asset management*	140	58	141.4	63	15	320.0
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TOTAL	1,170	752	55.6	511	358	42.7

 * ING Real Estate and Baring Asset Management

In the Netherlands, operating profit before tax from Wholesale Banking increased 9.9% to EUR 488 million, caused by a sharp decline in risk costs supported by the release of some debtor provisions. In the first half of 2004 risk costs were only 4 basis points of average credit-risk-weighted assets, down from 48 basis points in the first half 2003. The gross result was 12.8% lower, mainly due to lower results from the asset and liability-matching book. Total operating income in the Netherlands fell 3.9%, while operating expenses rose 7.2%.

In Belgium, operating profit before tax from Wholesale Banking increased 26.9% to EUR 443 million, lifted by strong financial markets results, particularly in the first quarter, and good cost control. Total income rose 10.8% while operating expenses increased 1.3%. Risk costs were 8 basis points of average credit-risk-weighted assets against 18 basis points in the first half of 2003.

In Germany, the wholesale banking activities of ING BHF-Bank posted an operating profit before tax of EUR 8 million compared with a loss of EUR 124 million in the first half last year. Total income was up 15.5% supported by higher income from financial markets activities. Operating expenses decreased 14.4%, mainly due to the EUR 30 million restructuring provision taken in the second quarter of 2003. The addition to the provision for loan losses fell from 152 basis points of average credit-risk-weighted assets in the first half of 2003 to 84 basis points in the first half this year.

In the rest of the world the wholesale banking activities posted an operating profit before tax of EUR 116 million, more than double the EUR 49 million profit posted in the same period last year. Excluding the book loss and one-off expenses related to the sale of the Asian cash equities business, which totalled EUR 84 million in the first quarter of 2004, operating profit before tax rose four-fold to EUR 200 million. This increase was fully caused by EUR 117 million lower additions to the provision for loan losses and a EUR 37 million lower cost base. Particularly the operating profit before tax in the Americas and UK improved significantly.

The banking asset management units, including ING Real Estate and Baring Asset Management, increased their operating profit before tax to EUR 140 million from EUR 58 million in the first half last year. ING Real Estate posted an operating profit before tax of EUR 118 million, up from EUR 50 million in the first half of 2003, including EUR 26 million from the transfer of the ING Real Estate Investment Management companies from insurance to banking. Excluding that impact, operating profit before tax rose 55.3%, driven by strong revenue growth across all business lines and substantially higher profits from the finance and development activities in the first half of 2004. The purchase of Rodamco Asia NV was consolidated in June, adding about EUR 800 million in assets. Pre-tax profit of Baring Asset Management rose to EUR 22 million from EUR 2 million.

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RAROC

The pre-tax Risk-Adjusted Return on Capital for Wholesale Banking improved strongly to 20.2% from 15.8% in the same period last year, driven by higher economic returns. With the exception of the Netherlands, all regions reported improved RAROCs. The wholesale banking activities of ING BHF-Bank in Germany posted a positive RAROC in the first half of 2004, though it was not yet up to ING's hurdle of 18.5%

TABLE 16. WHOLESALe BANKING RISK-ADJUSTED RETURN ON CAPITAL

	RAROC % (pre-tax)			ECONOMIC CAPITAL (in EUR billion)		
	1H	1H	FY	1H	1H	FY
	2004	2003	2003	2004	2003	2003
Netherlands	24.3	29.5	28.2	3.1	3.0	2.9
Belgium	27.2	24.0	16.1	2.7	2.5	2.7
Germany	6.7	-3.5	-3.8	1.2	1.3	1.3
Rest of world	11.6	5.8	5.0	2.1	2.7	2.5
Other	-36.9	-43.0	-45.4	0.2	0.1	0.3
	-----	-----	-----	-----	-----	-----
SUBTOTAL WHOLESALe BANKING	18.9	15.9	12.6	9.3	9.6	9.7
Asset management*	34.2	15.1	44.0	0.9	0.5	0.4
	-----	-----	-----	-----	-----	-----
TOTAL	20.2	15.8	13.9	10.2	10.1	10.1

* ING Real Estate and Baring Asset Management

Page 21 of 39

2.5 RETAIL BANKING OPERATING PROFIT BEFORE TAX RISES 37.5%

- o INCOME INCREASES 3.6%, WHILE OPERATING EXPENSES FALL 3.0%
- o RISK COSTS DROP TO EUR 81 MILLION FROM EUR 126 MILLION
- o RAROC IMPROVES FURTHER TO 54.9%

TABLE 17. RETAIL BANKING PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF			SECO
	1H 2004	1H 2003	% Change	2Q 2004
Interest result	1,935	1,792	8.0	982
Commission	585	534	9.6	304
Other income	-47	60		-28
	-----	-----		-----
TOTAL OPERATING INCOME	2,473	2,386	3.6	1,258
OPERATING EXPENSES	1,714	1,767	-3.0	871

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	-----	-----	-----	-----
Gross result	759	619	22.6	387
Addition to provisions for loan losses	81	126	-35.7	36
	-----	-----		-----
OPERATING PROFIT BEFORE TAX	678	493	37.5	351
 KEY FIGURES				
Cost/income ratio	69.3%	74.1%		69.2%
RAROC (pre-tax)	54.9%	45.3%		
Total risk-weighted assets* (in EUR billion)	72.8	69.9	4.1	
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	22	38		
Staff (average FTEs)	34,600	35,800	-3.4	

FIRST-HALF PROFIT

Operating profit before tax from Retail Banking increased 37.5% to EUR 678 million, driven by continued growth in income and strict cost control, which led to a 22.6% increase in the gross result. Additions to provisions for loan losses also declined sharply.

Total operating income increased 3.6% to EUR 2,473 million in the first half of 2004. Interest income climbed 8.0% due to higher mortgage lending and increased savings, while commission income rose 9.6% mainly driven by securities-related commissions. Other income declined, mainly due to a EUR 48 million loss taken by Postbank in the first quarter of 2004 to compensate customers for a disappointing return on investments related to the unit-linked mortgage product "MeerWaardehypotheek." Excluding the impact of the unit-linked mortgage product, total income increased 5.7%.

Operating expenses from Retail Banking declined 3.0% to EUR 1,714 million as continued cost control offset the impact of the collective labour agreement and higher pension costs. As a result, the cost/income ratio improved to 69.3% from 74.1% in the first half of 2003 and 73.9% for full-year 2003. The average number of retail staff was 3.4% lower than in the same period of 2003.

The addition to the provision for loan losses declined sharply to EUR 81 million from EUR 126 million in the first half last year, mainly in the Netherlands and Poland. The addition was equal to an annualised 22 basis points of average credit-risk-weighted assets compared with 38 basis points in the first half of 2003 and 27 basis points for the full-year.

Page 22 of 39

GEOGRAPHICAL BREAKDOWN RETAIL BANKING

TABLE 18. RETAIL BANKING OPERATING PROFIT BEFORE TAX						
In EUR million	FIRST HALF			SECOND QUARTER		
	1H 2004	1H 2003	%	2Q 2004	2Q 2003	%
			Change			Change
Netherlands	561	446	25.8	313	206	51.9
Belgium	100	34	194.1	43	39	10.3
Poland	11	-11		8	-10	

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Other retail*	6	24	-75.0	-13	22	
	---	---		---	---	
TOTAL	678	493	37.5	351	257	36.6

* mainly ING Vysya Bank, Private Banking rest of world, Kookmin Bank stake,

In the Netherlands, operating profit before tax from retail banking rose 25.8% to EUR 561 million. Total income increased 3.0%, driven by higher interest results. That more than offset the EUR 48 million loss taken by Postbank for the unit-linked mortgage product in the first quarter of 2004. The residential mortgage portfolio in the Netherlands increased by EUR 4.0 billion in the first half to EUR 77.3 billion at the end of June 2004. Operating expenses were 3.2% lower, while risk costs declined from 35 basis points of average credit-risk-weighted assets to 20 basis points in the first half of 2004.

In Belgium operating profit before tax from retail banking rose from EUR 34 million to EUR 100 million, driven by strong income growth. Total income rose 14.8%, due mainly to higher interest results on lending and savings accounts and higher securities-related commissions. Operating expenses increased only 1.8%. Risk costs increased from 18 basis points of average credit-risk-weighted assets to 27 basis points in the first half of 2004.

In Poland, the operating profit before tax of the retail banking activities of ING Bank Slaski turned from a loss of EUR 11 million in the first half of 2003 to a profit of EUR 11 million this year. The swing was mainly due to a 69% decline in risk costs. The level of loan loss provisioning, however, remains high, amounting to 222 basis points of average credit-risk-weighted assets in the first half of 2004.

The other retail banking activities posted a sharp decline in operating profit before tax from EUR 24 million in the first half of 2003 to EUR 6 million this year. The decrease can be fully attributed to lower results on the bond portfolio of ING Vysya Bank in India.

RAROC

The pre-tax Risk-Adjusted Return on Capital for the business line Retail Banking climbed to 54.9% from 45.3% in the first half last year. All regions reported improved RAROCs.

TABLE 19. RAROC RETAIL BANKING

	RAROC % (pre-tax)			ECONOMIC CAPITAL (in EUR billion)		
	1H	1H	FY	1H	1H	FY
	2004	2003	2003	2004	2003	2003
Netherlands	72.4	63.2	62.2	1.6	1.6	1.5
Belgium	47.9	11.5	18.3	0.4	0.5	0.5
Poland	23.8	10.0	19.5	0.1	0.1	0.1
Other retail*	4.3	-20.3	5.4	0.4	0.1	0.4
				---	---	---
TOTAL	54.9	45.3	43.4	2.5	2.3	2.5

* mainly ING Vysya Bank, Private Banking rest of world, Kookmin Bank stake,

2.6 ING DIRECT POSTS OPERATING PROFIT BEFORE TAX OF EUR 203 MILLION

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- o FUNDS ENTRUSTED JUMP 29% IN FIRST HALF TO EUR 128.2 BILLION
- o ING DIRECT ADDED NEARLY 1.5 MILLION NEW CUSTOMERS IN FIRST HALF TO 10.0 MILLION
- o MORTGAGE LENDING PORTFOLIO GROWS 27% TO EUR 26.7 BILLION

TABLE 20. ING DIRECT* PROFIT & LOSS ACCOUNT

In EUR million	FIRST HALF		%	SECON
	1H 2004	1H 2003		Change
Interest result	747	390	91.5	396
Commission	44	15	193.3	26
Other income	6	9	-33.3	3
	-----	-----		-----
TOTAL OPERATING INCOME	797	414	92.5	425
OPERATING EXPENSES	549	360	52.5	273
	-----	-----		-----
Gross result	248	54	359.3	152
Addition to provisions for loan losses	45	23	95.7	24
	-----	-----		-----
OPERATING PROFIT BEFORE TAX	203	31	554.8	128
 KEY FIGURES				
Cost/income ratio	68.9%	87.0%		64.2%
RAROC (pre-tax)	19.4%	9.7%		
Total risk-weighted assets** (in EUR billion)	39.2	28.5	37.5	
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	26	21		
Staff (average in FTE)	5,000	3,500	+42.9	

FIRST-HALF PROFIT

Operating profit before tax from ING Direct jumped to EUR 203 million in the first half of 2004 compared with EUR 31 million in the same period a year earlier as it continued to attract new customers and gain critical mass in the markets where it operates. Of the eight countries in which ING Direct is active, it is profitable in six.

Operating income at ING Direct increased 92.5% to EUR 797 million, driven mainly by a 91.5% jump in interest income as a result of continued growth in funds entrusted. Since year-end 2003, total funds entrusted grew by EUR 28.8 billion, or 29.0%, to EUR 128.2 billion. Compared with a year ago, funds entrusted are 61.9% higher. Growth in mortgage lending also boosted income, particularly in the US and Germany. At the end of June, ING Direct had a total mortgage loan portfolio of EUR 26.7 billion, an increase of EUR 5.7 billion from the end of 2003.

Operating expenses at ING Direct increased 52.5% to EUR 549 million as a result of higher costs to handle the continued growth of the business. The cost/income ratio of ING Direct improved to 68.9% from 87.0% in the first half last year. The average number of full-time employees at ING Direct increased 42.9% to 5,000 in the first half of 2004, mainly due to expansion in Germany, the US and the UK.

The addition to the provision for loan losses rose to EUR 45 million in the

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first half of 2004 from EUR 23 million in the same period last year. Risk costs equalled an annualised 26 basis points of average credit-risk-weighted assets, up from 21 basis points in the first half of 2003, and unchanged from the same level for full-year 2003.

Page 24 of 39

RAROC

The pre-tax Risk-Adjusted Return on Capital for ING Direct improved to 19.4% from 9.7% in the first half of 2003, surpassing ING's hurdle of 18.5%. The increase was due entirely to higher economic returns as the business units reach critical mass. The economic capital increased to EUR 2.4 billion from EUR 1.5 billion in the first half of 2003.

GEOGRAPHICAL BREAKDOWN ING DIRECT

TABLE 21. ING DIRECT OPERATING PROFIT BEFORE TAX (including ING Card)

In EUR million	FIRST HALF			SECOND QUARTER	
	1H 2004	1H 2003	% Change	2Q 2004	2Q 2003
Canada	29	24	20.8	14	13
Spain	22	8	175.0	11	6
Australia	30	23	30.4	13	13
France	2	-15		2	-8
US	76	19	300.0	51	10
Italy	-1	-17		6	-7
UK	-16	-19		-5	-13
Germany*	64	8	700.0	37	10
	---	---		---	---
SUBTOTAL ING DIRECT	206	31	564.5	129	24
ING Card	-3	0		-1	0
	---	---		---	---
TOTAL	203	31	554.8	128	24

Of the ING Direct operations, six out of eight countries posted profits in the first half of 2004. Only the UK, which started operations in May 2003, and Italy were loss making in the first half, although Italy turned to profit in the second quarter of 2004. All ING Direct units except France, Italy and the UK are performing above ING's 18.5% hurdle for risk-adjusted return on capital.

The US and Germany posted the strongest profit increases, driven by the continued growth of funds entrusted and number of clients. Developments in the UK have been much better than planned, with higher-than-expected funds entrusted and client numbers resulting in lower start-up losses. Funds entrusted in Australia declined slightly in the second quarter of 2004 due to the impact of the exchange rates and increased competition.

TABLE 22. ING DIRECT CLIENTS AND FUNDS ENTRUSTED
NUMBER OF CLIENTS

FUNDS ENTRUSTED

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	(x 1,000)			(in EUR billion)	
	30 June 2004	31 March 2004	31 Dec. 2003	30 June 2004	31 March 2004
Canada	1,009	959	905	8.2	7.6
Spain	836	799	753	8.6	8.4
Australia	831	777	719	6.9	7.2
France	367	354	339	8.6	7.9
USA	1,823	1,649	1,399	18.4	15.9
Italy	449	433	379	9.5	9.3
U.K.	606	471	305	23.4	17.9
Germany*	4,097	3,978	3,735	44.6	41.8
TOTAL	10,018	9,420	8,534	128.2	116.0

Page 25 of 39

3. ASSETS UNDER MANAGEMENT RISE 6.1% TO EUR 490.8 BILLION

Assets under management increased 6.1% to EUR 490.8 billion at the end of June 2004 from EUR 462.7 billion at the end of December 2003. The EUR 28.1 billion increase resulted from a net inflow of EUR 13.7 billion, EUR 8.6 billion from higher stock markets, and EUR 7.8 billion from positive currency rate differences. Divestments had a negative impact of EUR 2.0 billion, mainly due to the deconsolidation of Baring Private Equity Partners. The table below shows the Group's assets under management by business line from a management perspective. Assets sold through the bank distribution channels may be managed by insurance units, and are thus reported under the insurance business lines.

In EUR billion	30 June 2004	31 December 2003	1H % Change	31 March 2004	2Q % Change
Insurance Europe	145.7	139.6	4.4	145.1	0.4
Insurance Americas	174.4	167.0	4.4	174.7	-0.2
Insurance Asia/Pacific	51.5	43.1	19.5	50.6	1.8
Retail Banking	56.0	52.2	7.3	55.1	1.6
Wholesale Banking	63.2	60.8	3.9	62.3	1.4
TOTAL	490.8	462.7	6.1	487.8	0.6

FUND INFLOW

The net fund inflow of EUR 13.7 billion was driven mainly by Insurance Asia/Pacific, Retail Banking and ING Real Estate. Insurance Asia/Pacific reported a net inflow of EUR 6.1 billion, driven by strong sales of Money Market Funds and structured products at KB Asset Management in Korea as well as strong life premium growth in Taiwan. ING's Retail Banking businesses accounted for a net inflow of EUR 4.2 billion, driven mainly by the Private Banking business in Belgium. ING Real Estate reported a net inflow of EUR 3.2 billion, lifted by the purchase of Rodamco Asia, which added almost EUR 800 million in assets, as well as the ING Clarion Global Real Estate Income Fund, which was launched in the US in the first quarter with EUR 1.3 billion in assets. The fund, which was sold through ING Funds, was the largest-ever closed-end real estate fund.

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TABLE 24. ASSETS UNDER MANAGEMENT BY CLIENT CATEGORY

In EUR billion	30 June 2004	31 March 2004	31 December 2003
Private clients	202.5	201.7	187.9
Institutional clients	131.0	131.1	125.6
Third parties	333.5	332.8	313.5
Internal clients	157.3	155.0	149.2
TOTAL	490.8	487.8	462.7
Share of third parties	68.0%	68.2%	67.8%

TABLE 25. ASSETS UNDER MANAGEMENT BY ASSET CLASS

In EUR billion	30 June 2004		31 December 2003	
Equities	166.4	34%	161.0	35%
Fixed income	257.0	52%	236.6	51%
Real Estate	32.8	7%	28.9	6%
Cash	34.6	7%	36.2	8%
TOTAL	490.8	100%	462.7	100%

REAL ESTATE

ING Real Estate's portfolio, including real estate finance, increased to EUR 47 billion at the end of June from EUR 42 billion at the end of 2003, driven mainly by the real estate investment management activities. ING Real Estate Investment Management's assets under management increased by EUR 3.1 billion, due in part to the purchase of Rodamco Asia. In addition, the ING Clarion Global Real Estate Income Fund has grown to more than EUR 2.0 billion in assets.

Page 26 of 39

ING Real Estate Finance continued the international expansion of its activities, notably in the US and Spain. In the first half it completed a major refinancing of the real estate portfolio for Vendex KBB in close co-operation with ING Bank.

ING Real Estate Development showed high turnover of development projects. In the first half, EUR 495 million of projects were sold to institutional investors, compared with EUR 950 million for full-year 2003. Sales included the Spanish shopping centres Vitoria, San Vicente, Logrono, Berceo and Castellon. In addition, a contract was signed with the municipality of Maastricht in the Netherlands for the redevelopment of the Belvedere industrial area into a residential area with 4,000 houses.

PROFIT CONTRIBUTION

The functional operating profit from asset management, which is derived from figures included in the banking and insurance results, increased 20% to EUR 232 million in the first half of 2004. The profit growth was realised mainly within Insurance Americas and the institutional asset management business of Wholesale Banking. Asset management activities accounted for 6% of the group's total operating profit before tax.

APPENDICES

1. Key figures
2. Consolidated profit and loss account (Insurance/Banking) first half and second quarter
3. Consolidated balance sheet and changes in shareholders' equity
4. Condensed consolidated statement of cash flows
5. Additional information: quarterly results, one-off items, specification of realised capital gains on real estate and equities from insurance, insurance profit & loss by life/non-life, bank lending, bank commission income, banking other income
6. Value of new business at the life insurance operations
7. Consolidated balance sheet ING Verzekeringen N.V.
8. Consolidated balance sheet ING Bank Holding N.V.
9. Information for shareholders

The accounting principles applied in this document correspond with those applied in ING Group's Annual Accounts 2003. However, starting 1 January 2004, ING adopted the US GAAP accounting standard "Statement of Position 03-1: Accounting and Reporting by Insurance Enterprises for Certain Non-Traditional Long-Duration Contracts and for Separate Accounts" for both its Dutch and US accounting. All figures in this document are unaudited.

Certain of the statements contained in this release 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.

APPENDIX 1.

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1. KEY FIGURES	1H 2004	1H 2003	FY 2003	FY 2002
BALANCE SHEET (EUR x billion)				
Total assets	872	762	779	716
Shareholders' equity	24	19	21	18
ASSETS UNDER MANAGEMENT (EUR x billion)				
	491	452	463	449
MARKET CAPITALISATION (EUR x billion)				
	42	31	39	32
OPERATING INCOME (EUR x million)				
Insurance operations	27,552	26,644	53,233	59,449
Banking operations	6,406	5,777	11,680	11,201
OPERATING EXPENSES (EUR x million)				
Insurance operations	2,318	2,377	4,897	5,203
Banking operations	4,161	3,952	8,184	8,298
ADDITIONS TO THE PROVISION FOR LOAN/INVESTMENT LOSSES (EUR x million)				
	289	752	1,288	2,099
PROFIT (EUR x million)				
Insurance operations	2,058	1,696	3,486	3,170
Banking operations	1,980	1,210	2,371	1,468
Operating profit before tax	4,038	2,906	5,857	4,638
Operating net profit	2,796	2,068	4,053	3,433
Capital gains/neg. value adjustment shares	47	-38	-10	820
Non-operating net profit				247
Net profit	2,843	2,030	4,043	4,500
Distributable net profit	2,843	2,030	4,043	4,253
FIGURES PER ORDINARY SHARE OF EUR 0.24 NOMINAL VALUE				
Operating net profit	1.33	1.04	2.00	1.77
Net profit	1.36	1.03	2.00	2.32
Distributable net profit	1.36	1.04	2.00	2.20
Dividend	0.49	0.48	0.97	0.97
Shareholders' equity	11.16	9.29	10.08	9.14
RATIOS (in %)				
ING Group				
Operating return on equity (ROE)	24.8	23.1	21.5	17.4
Operating net profit growth	35	6	18	-3
Dividend pay-out ratio			48.5	44.1
Insurance operations				
Combined ratio	89	97	98	102
Capital coverage ratio	184	171	180	169
Banking operations				
BIS ratio ING Bank	11.27	11.23	11.34	10.98
Tier-1 ratio ING Bank	7.65	7.47	7.59	7.31
Cost/income ratio	65.0	68.4	70.1	74.1
EMPLOYEES (average FTEs)	113,300	115,500	115,200	113,060

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Page 29 of 39

APPENDIX 2.

2.1 ING GROUP FIRST-HALF YEAR CONSOLIDATED PROFIT & LOSS ACCOUNT					
In EUR million	INSURANCE		BANKING		
	1H	1H	1H	1H	1H
	2004	2003	2004	2003	2004
Premium income	21,894	20,852			21,894
Income from investments of the insurance operations	4,716	4,804			4,608
Interest result banking operations			4,390	3,917	4,430
Commission	582	639	1,352	1,232	1,934
Other income	360	349	664	628	1,024
TOTAL OPERATING INCOME	27,552	26,644	6,406	5,777	33,890
Underwriting expenditure	22,612	21,900			22,612
Other interest expenses	540	534			472
Operating expenses	2,318	2,377	4,161	3,952	6,479
Additions to the provision for loan losses/investment losses	24	137	265	615	289
TOTAL OPERATING EXPENDITURE	25,494	24,948	4,426	4,567	29,852
OPERATING PROFIT BEFORE TAX	2,058	1,696	1,980	1,210	4,038
Taxation	538	383	562	295	1,100
Third-party interests	51	48	91	112	142
OPERATING NET PROFIT	1,469	1,265	1,327	803	2,796
Capital gains/negative. value adjustment shares	47	-15		-23	47
NET PROFIT	1,516	1,250	1,327	780	2,843

2.2 ING GROUP SECOND QUARTER CONSOLIDATED PROFIT & LOSS ACCOUNT					
In EUR million	INSURANCE		BANKING		
	2Q	2Q	2Q	2Q	2Q
	2004	2003	2004	2003	2004
Premium income	10,528	9,872			10,528
Income from investments of the insurance operations	2,467	2,531			2,410
Interest result banking operations			2,227	1,948	2,249
Commission	281	313	642	635	923
Other income	214	151	270	303	484
TOTAL OPERATING INCOME	13,490	12,867	3,139	2,886	16,594

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Underwriting expenditure	10,775	10,300			10,775
Other interest expenses	255	261			220
Operating expenses	1,176	1,188	2,042	1,982	3,218
Additions to the provision for loan losses/investment losses	15	34	128	290	143
	-----	-----	-----	-----	-----
TOTAL OPERATING EXPENDITURE	12,221	11,783	2,170	2,272	14,356
OPERATING PROFIT BEFORE TAX	1,269	1,084	969	614	2,238
Taxation	308	294	260	150	568
Third-party interests	26	29	39	59	65
	-----	-----	-----	-----	-----
OPERATING NET PROFIT	935	761	670	405	1,605
Capital gains/negative. value adjustment shares	36	598		99	36
	-----	-----	-----	-----	-----
NET PROFIT	971	1,359	670	504	1,641

Page 30 of 39

APPENDIX 3.

3.1 ING GROEP N.V. CONSOLIDATED BALANCE SHEET

In EUR million	30 June 2004	31 December 2003	1H % Change	31 March 2004
ASSETS				
Tangible fixed assets	1,252	1,311	-4.5	1,288
Participating interests	3,643	3,167	15.0	3,766
Investments	382,942	335,003	14.3	368,300
Lending	314,379	292,556	7.5	301,366
Banks	70,567	61,060	15.6	63,744
Cash	10,887	11,738	-7.2	8,700
Other assets	66,008	53,473	23.4	61,244
Accrued assets	21,962	20,463	7.3	21,544
	-----	-----		-----
TOTAL	871,640	778,771	11.9	829,960
EQUITY AND LIABILITIES				
Shareholders' equity	24,061	21,331	12.8	22,888
Preference shares of Group companies	1,441	1,783	-19.2	1,833
Third-party interests	1,665	1,730	-3.8	1,600
	-----	-----		-----
Group equity	27,167	24,844	9.4	26,321
Subordinated loan	4,326	3,252	33.0	3,311
	-----	-----		-----
Group capital base	31,493	28,096	12.1	29,632

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General provisions	2,680	2,740	-2.2	2,90
Insurance provisions	210,816	198,035	6.5	208,10
Funds entrusted to and debt securities of the banking operations	423,261	377,824	12.0	401,76
Banks	131,542	102,115	28.8	114,64
Other liabilities	64,919	61,123	6.2	65,81
Accrued liabilities	6,929	8,838	-21.6	7,10
	-----	-----		-----
TOTAL	871,640	778,771	11.9	829,96

3.2 CHANGES IN SHAREHOLDERS' EQUITY

In EUR million

SHAREHOLDERS' EQUITY AS PER 31 DECEMBER 2003 / 2002	21,331
Net profit	2,843
Revaluations (after tax)	331
Realised capital gains transferred to P&L account	-47
Write-off of goodwill	-28
Exchange rate differences	-37
Issue of shares	784
Changes in ING Groep N.V. shares held by Group companies	2
Dividend paid	-1,044
Other	-74

SHAREHOLDERS' EQUITY AS PER 30 JUNE 2004 / 31 DECEMBER 2003	24,061

Page 31 of 39

APPENDIX 4.

4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR million	1H 2004	1H* 2003
Net cash flow from operating activities	43,562	34,840
Investments and advances:		
- participating interests	-2,217	-109
- investments in shares and property	-5,547	-3,176
- investments in fixed-interest securities	-170,162	-158,061
- other investments	-122	-11
Disposals and redemptions:		
- participating interests	888	141
- investments in shares and property	5,658	4,406

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- investments in fixed-interest securities	131,310	125,200
- other investments	348	28
Net investment for risk of policyholders	-4,265	-6,201
	-----	-----
Net cash flow from investing activities	-44,109	-37,783
Subordinated loans of Group companies	1,000	750
Bonds, loans taken up and deposits by reinsurers	-1,297	-1,484
Private placements of ordinary shares		32
Private placement of preference shares of group companies	-407	
Changes in shares ING Groep N.V.	209	451
Cash dividends	-471	-450
	-----	-----
Net cash flow from financing activities	-966	-701
Net cash flow	-1,513	-3,644
Cash at beginning of year	7,338	7,829
Exchange rate differences	107	360
	-----	-----
CASH AT END OF PERIOD	5,932	4,545

 In this summary, cash comprises the following items:

Short-dated government paper	10,613	8,424
Banks, available on demand	-15,568	-12,937
Cash and bank balances and call money of the insurance operations	10,887	9,058
	-----	-----
CASH AT END OF PERIOD	5,932	4,545

 Page 32 of 39

APPENDIX 5. ADDITIONAL INFORMATION

5.1 QUARTERLY RESULTS					
In EUR million	2Q 2004	1Q 2004	4Q 2003	3Q 2003	2Q 2003
Life	663	562	762	569	702
Non-life	606	227	248	211	382
	-----	-----	-----	-----	-----
Total insurance operations	1,269	789	1,010	780	1,084
Total banking operations	969	1,011	522	639	614
	-----	-----	-----	-----	-----
OPERATING PROFIT BEFORE TAX	2,238	1,800	1,532	1,419	1,698
OPERATING NET PROFIT	1,605	1,191	1,041	944	1,166
of which:					

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Insurance operations	935	534	698	545	761
Banking operations	670	657	343	399	405
In EUR					
Operating net profit per ordinary share	0.76	0.57	0.50	0.46	0.58
NET PROFIT PER ORDINARY SHARE	0.79	0.57	0.50	0.47	0.95

5.2 ONE-OFF ITEMS

In EUR million	FIRST HALF BEFORE TAX			FIRST HALF AFTER	
	1H 2004	1H 2003	% Change	1H 2004	1H 2003
INSURANCE					
- old reinsurance business	96	303		92	247
- sale Australia non-life	219			146	
SUBTOTAL INSURANCE	315	303	4.0	238	247
BANKING					
- sale of Asian equities business	-84			-54	
- restructuring provisions		-45			-40
SUBTOTAL BANKING	-84	-45	-86.7	-54	-40
TOTAL	231	258	-10.5	184	207

5.3 SPECIFICATION OF REALISED CAPITAL GAINS ON REAL ESTATE AND EQUITIES FROM INSURANCE

In EUR million	FIRST HALF BEFORE TAX			FIRST HALF AFTER	
	1H 2004	1H 2003	% Change	1H 2004	1H 2003
REAL ESTATE					
- life	143	138	3.6		
- non-life	10	8	25.0		
Subtotal	153	146	4.8	94	93
EQUITIES					
	40	-20		47	-15
TOTAL	193	126	53.2	141	78

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5.4 INSURANCE PROFIT FROM LIFE AND NON-LIFE					
In EUR million	FIRST HALF 2004			FIRST HALF 2003	
	Life	Non-life	Total	Life	Non-life
Premium income	18,139	3,755	21,894	16,804	4,048
Income from investments	4,058	658	4,716	4,220	584
Commission and other income	989	-47	942	983	5
	-----	-----	-----	-----	-----
TOTAL OPERATING INCOME	23,186	4,366	27,552	22,007	4,637
Underwriting expenditure	19,663	2,949	22,612	18,404	3,496
Other interest expenses	540		540	534	
Operating expenses	1,734	584	2,318	1,785	592
Investment losses	24		24	137	
	-----	-----	-----	-----	-----
TOTAL OPERATING EXPENDITURE	21,961	3,533	25,494	20,860	4,088
OPERATING PROFIT BEFORE TAX	1,225	833	2,058	1,147	549

5.5 BANK LENDING		
In EUR billion	30 June 2004	31 December 2003
- Public authorities	14.9	14.9
- Other corporate	171.5	160.7
	-----	-----
Total corporate	186.4	175.6
- Mortgages	114.7	104.2
- Other personal	18.0	17.4
	-----	-----
Total personal	132.7	121.6
Provisions for bank lending	-4.7	-4.6
TOTAL BANK LENDING	314.4	292.6

5.6 BANKING COMMISSION INCOME		
In EUR million	1H 2004	1H 2003
Funds transfer	293	297
Securities business	390	326
Insurance broking	76	67
Management fees	381	284
Brokerage and advisory fees	49	83
Other	163	175
	-----	-----
TOTAL	1,352	1,232

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5.7 BANKING OTHER INCOME		
In EUR million	1H 2004	1H 2003
Income from securities and participating interests	79	46
Result from securities trading portfolio	94	281
Result from currency trading portfolio	86	-17
Other results from financial transactions	198	179
	-----	-----
RESULTS FROM FINANCIAL TRANSACTIONS	378	443
Other results	207	139
	-----	-----
TOTAL	664	628

Page 34 of 39

APPENDIX 6.

6.1 NEW BUSINESS PRODUCTION AND VALUE BY REGION

The value of new life business written in the first half of 2004 was EUR 286 million. ING invested EUR 906 million to write new life insurance business. The overall rate of return expected on this investment is 11.4%. The value of new business and IRR for 2004 reflect ING's internal capital requirements, including the impact of financial options and guarantees for all business units where these benefits are significant. If ING were to use minimum regulatory capital (200% NAIC risk-based capital in the US, 100% EU capital in Europe, and local regulatory requirements in Asia and Latin America) the value of new business would increase by EUR 57 million and the overall IRR would increase by 1.7% to 13.1%. By region, the IRRs based on the minimum regulatory capital requirements would be 13.0% for Europe, 10.7% for the Americas, and 20.0% for Asia/Pacific.

6.2 BUSINESS PRODUCTION AND VALUE BY REGION

In EUR million	NEW PRODUCTION 1H 2004				NEW PRODUCTION	
	Annual premium	Single Premium	Value of New Business	IRR in %	Annual Premium	Single Premium
INSURANCE EUROPE	202.9	1,494.7	69.9	12.8	170.3	1,557.1
- Netherlands	76.0	696.6	30.2	11.0	80.3	609.9
- Belgium	29.2	501.9	20.0	22.1	14.4	636.9
- Rest of Europe	97.7	296.2	19.7	12.7	75.6	310.3
INSURANCE AMERICAS	917.1	8,067.3	81.8	9.7	816.2	7,311.0
INSURANCE ASIA/PACIFIC	544.5	1,247.1	133.9	14.1	492.5	794.2
- Asia	514.2	895.8	130.6	14.4	474.9	493.7
- Australia	30.3	351.3	3.3	9.9	17.6	300.5
	-----	-----	-----		-----	-----
TOTAL	1,664.5	10,809.1	285.6	11.4	1,479.0	9,662.3

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The expected internal rate of return in developing markets is 13.3.% compared to 15.3% for 2003.

6.3 NEW BUSINESS PRODUCTION AND VALUE IN DEVELOPING MARKETS* BY REGION

In EUR million	NEW PRODUCTION 1H 2004				NEW PRODUCTION	
	Annual premium	Single Premium	Value of New Business	IRR in %	Annual Premium	Single Premium
Europe	65.6	8.4	9.3	11.4	53.6	26.3
Americas	106.2	76.8	11.3	12.0	24.7	38.6
Asia/Pacific	344.6	144.0	86.3	14.4	340.4	71.2
TOTAL	516.4	229.2	106.9	13.3	418.8	136.1

Page 35 of 39

APPENDIX 7.

7. ING VERZEKERINGEN N.V. CONSOLIDATED BALANCE SHEET

In EUR million	30 June 2004	31 December 2003	% change
ASSETS			
Tangible fixed assets	324	315	2.9
Participating interests	1,818	2,587	14.3
Investments	229,981	215,231	6.4
Cash	1,432	1,848	-22.5
Other assets	8,235	7,935	3.8
Accrued assets	13,764	12,668	8.7
TOTAL	255,554	240,584	6.2
EQUITY AND LIABILITIES			
Shareholders' equity	13,390	12,011	11.5
Third-party interests	1,191	1,187	0.3
Subordinated loans	2,662	2,647	0.6
Group equity	17,243	15,845	8.8
General provisions	1,640	1,665	-1.5
Insurance provisions	210,816	198,035	6.5
Other liabilities	24,825	23,973	3.6
Accrued liabilities	1,030	1,066	-3.4

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TOTAL	255,554	240,584	6.2
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Page 36 of 39

APPENDIX 8.

8. ING BANK HOLDING N.V.* CONSOLIDATED BALANCE SHEET

In EUR million	30 June 2004	31 December 2003	% change

ASSETS			
Cash	9,630	10,135	-5.0
Short-dated government paper	10,613	6,521	62.8
Banks	70,567	61,060	15.6
Loans and advances	315,721	293,987	7.4
Interest-bearing securities	177,219	140,032	26.6
Shares	11,284	8,882	27.0
Other participating interests	1,874	1,613	16.2
Property and equipment	6,442	5,720	12.6
Other assets	6,104	4,581	33.2
Accrued assets	9,911	9,063	9.4
	-----	-----	
TOTAL	619,365	541,594	14.4
EQUITY AND LIABILITIES			
Banks	131,542	102,115	28.8
Funds entrusted	346,833	307,793	12.7
Debt securities	78,561	72,372	8.6
Other liabilities	19,468	17,400	11.9
Accrued liabilities	7,310	8,815	-17.1
General provisions	1,386	1,412	-1.8
	-----	-----	
	585,100	509,907	14.7
Fund for general banking risks	1,332	1,281	4.0
Subordinated liabilities	16,473	14,516	13.5
Shareholders' equity	15,476	14,868	4.1
Third-party interests	496	553	-10.3
Capital and reserves of Stichting Regio Bank	488	469	4.1
	-----	-----	
Group equity	16,460	15,890	3.6
Group capital base	34,265	31,687	8.1
	-----	-----	

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TOTAL	619,365	541,594	14.4
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Page 37 of 39

APPENDIX 9. INFORMATION FOR SHAREHOLDERS

SHARES AND WARRANTS

The average number of shares used for the calculation of net profit per share for the first six months 2004, was 2,091.3 million (1,970.1 million for the first six months 2003). The number of (depository receipts for) ordinary shares of EUR 0.24 nominal value outstanding at the end of June 2004 was 2,158.6 million (including 28.2 million own shares to cover outstanding options for ING personnel). The number of (depository receipts for) "A" preference shares of EUR 1.20 nominal value outstanding at the end of June 2004 was 87.1 million. The dividend percentage for the "A" shares for the period from 1 January, 2004 to 1 January 2014 has been set at 4.65%. This dividend will amount to EUR 0.1582 per year until 1 January 2014. This dividend will be paid for the first time in 2005.

On 5 January 1998, 17.2 million ING Group warrants B were issued. With an additional payment of the exercise price of EUR 49.92 one warrant B entitles the holder to two ING Group depository receipts up to 5 January 2008. The number of warrants B outstanding at the end of June 2004 was 17.2 million.

In the six months of 2004, the turnover of (depository receipts for) ordinary shares on the Euronext Amsterdam Stock Market was 1,230.1 million (purchases and sales). The highest closing price was EUR 21.20, the lowest EUR 16.73; the closing price at the end of June 2004 was EUR 19.40.

LISTING

The (depository receipts for) ordinary shares ING Group are quoted on the exchanges of Amsterdam, Brussels, Frankfurt, Paris, New York (NYSE) and the Swiss exchange. The (depository receipts for) preference shares and warrants B are quoted on the Euronext Amsterdam Stock Market. Warrants B are also quoted on the exchange of Brussels. Options on (depository receipts for) ordinary shares ING Group are traded at the Euronext Amsterdam Derivative Markets and the Chicago Board Options Exchange.

RATING

Both ING Groep N.V. and ING Verzekeringen N.V. have an A+ rating from Standard & Poor's and an Aa3 rating from Moody's. ING Bank N.V. has an Aa2 rating from Moody's and an AA- from Standard & Poor's. All ratings were confirmed in 2003 and have a stable outlook.

IMPORTANT DATES IN 2004 AND 2005*

6 August 2004	ING shares quoted ex-interim dividend
6-27 August 2004	Shareholders can indicate choice between cash or stock dividend
30 August - 3 September 2004	Volume-weighted average share price calculated for this period
3 September	Announcement of exchange ratio for stock dividend
10 September 2004	Payment of 2004 interim dividend
4 November 2004	Publication results first nine months 2004

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17 February 2005
26 April 2005

Publication of annual results 2004
Annual general meeting of shareholders

Page 38 of 39

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ING Groep N.V.
(Registrant)

By: /s/H. van Barneveld

H. van Barneveld
General Manager Corporate Control & Finance

By: /s/C.F. Drabbe

C.F. Drabbe
Assistant General Counsel

Dated: August 5, 2004

Page 39 of 39
