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2005

ING Group

Annual Review

Executing our strategy for profitable growth

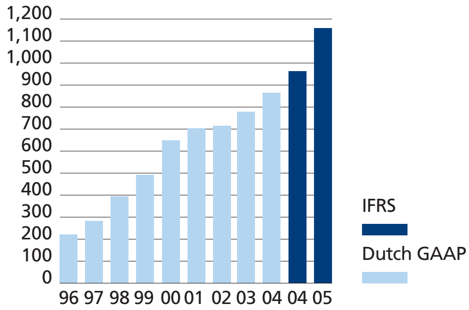
ING

FIVE YEARS' KEY FIGURES

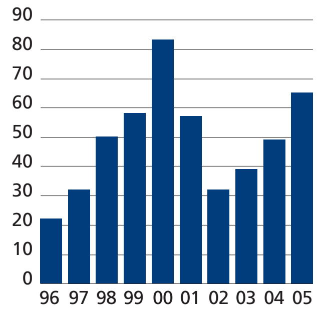
	2005	IFRS 2004	2004	2003	2002	Dutch GAAP 2001
Balance sheet (in EUR billion)						
Total assets*	**1,159**	964	866	779	716	705
Capital and reserves*	**37**	28	26	21	18	22
Assets under management (in EUR billion)	**547**	492	492	463	449	513
Market capitalisation (in EUR billion)	**65**	49	49	39	32	57
Income (in EUR million)						
Insurance operations	**57,424**	55,602	55,398	53,233	59,449	55,274
Banking operations	**13,848**	12,678	12,537	11,680	11,201	11,111
Expenses (in EUR million)						
Insurance operations	**5,195**	4,746	4,837	4,897	5,203	5,583
Banking operations	**8,844**	8,795	8,658	8,184	8,298	8,186
Impairments/additions to the provision for loan losses (in EUR million)	**119**	475	497	1,288	2,099	907
Profit (in EUR million)						
Insurance operations	**3,978**	4,322	4,005	3,486	3,170	2,792
Banking operations	**4,916**	3,418	3,414	2,371	1,468	2,170
Profit before tax	**8,894**	7,740	7,419	5,857	4,638	4,962
Underlying (IFRS)/operating net profit (Dutch GAAP)	**6,196**	4,959	5,389	4,053	3,433	3,539
Divestments and special items (IFRS)/non-operating net profit (Dutch GAAP)	**1,014**	796	579	-10	1,067	1,038
Net profit	**7,210**	5,755	5,968	4,043	4,500	4,577
Distributable net profit	**7,210**	5,755	5,968	4,043	4,253	4,252
Figures per ordinary share of EUR 0.24 nominal value						
Net profit	**3.32**	2.71	2.80	2.00	2.32	2.37
Distributable net profit	**3.32**	2.71	2.80	2.00	2.20	2.20
Dividend	**1.18**	1.07	1.07	0.97	0.97	0.97
Capital and reserves*	**16.96**	12.95	11.76	10.08	9.14	11.03
Ratios (in %)						
ING Group						
(Operating) return on equity (ROE)	**26.6**	25.4	22.9	21.5	17.4	15.3
(Operating) net profit growth	**25**	n.a.	33	18	-3	4
Insurance operations						
Combined ratio	**95**	94	94	98	102	103
Capital-coverage ratio*	**255**	204	210	180	169	180
Banking operations						
BIS ratio ING Bank*	**10.86**	10.46	11.47	11.34	10.98	10.57
Tier-1 ratio ING Bank*	**7.32**	6.92	7.71	7.59	7.31	7.03
Cost/income ratio	**63.9**	69.4	69.1	70.1	74.1	73.7
Employees (average FTEs)	**115,300**	113,000	113,000	115,200	113,060	112,000

* Comparable figures shown under 2004 are IFRS-based figures at 1 January 2005; figures were restated due to adjustments to the opening balance sheet under IFRS.

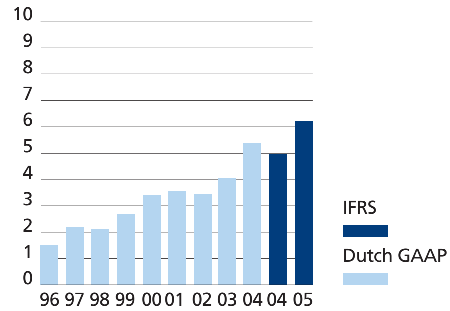
TOTAL ASSETS
in EUR billion



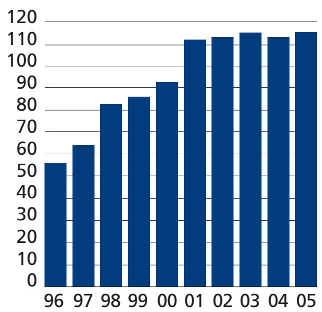
MARKET CAPITALISATION
in EUR billion



OPERATING/UNDERLYING NET PROFIT
in EUR billion



EMPLOYEES
average FTEs, in thousands



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ING AT A GLANCE

MISSION

We strive to deliver our financial products and services in the way our customers expect: with exemplary service, maximum convenience and at competitive rates. This is reflected in our mission statement: to set the standard in helping our customers manage their financial future.

PROFILE

ING is a global financial services company with 150 years of experience, providing a wide array of insurance, banking and asset-management services in over 50 countries. Our 115,000 employees work daily to satisfy a broad customer base: individuals, families, small businesses, large corporations, institutions and governments. Based on market capitalisation, ING is one of the 15 largest financial institutions worldwide and in the top-10 in Europe.

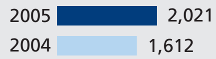
ING

INSURANCE – BANKING – ASSET MANAGEMENT
ING has six business lines. A clear client focus and strong business logic are the key elements in this structure.

INSURANCE EUROPE

Operates the insurance activities in the Netherlands, Belgium, Spain, Greece and Central Europe. In these countries we offer life insurance with a particular focus on pensions. In the Netherlands and Belgium we also offer non-life insurance. Insurance Europe also includes our European asset-management operations.

UNDERLYING PROFIT BEFORE TAX INSURANCE EUROPE

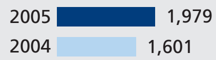


in EUR million

INSURANCE AMERICAS

Conducts insurance operations and asset-management activities in the Americas. It is well-established in the United States with retirement services, annuities, life insurance and asset management. We have a leading position in non-life insurance in Canada. Furthermore, we are active in Mexico, Chile, Peru and Brazil.

UNDERLYING PROFIT BEFORE TAX INSURANCE AMERICAS

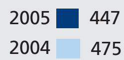


in EUR million

INSURANCE ASIA/PACIFIC

Conducts the life-insurance operations and asset/wealth-management activities in Asia/Pacific. It has well-established positions in Australia and New-Zealand, Hong Kong, Japan, South Korea, Malaysia and Taiwan. The activities in China, India and Thailand are future growth engines for ING.

UNDERLYING PROFIT BEFORE TAX INSURANCE ASIA/PACIFIC



in EUR million

PREMIUM INCOME PER BUSINESS LINE
in EUR million

Insurance Europe	23%	10,702
Insurance Americas	50%	22,744
Insurance Asia/Pacific	27%	12,286
Other		26
Total	100%	45,758

Visit www.ing.com for further information

BUSINESS

ING is a major financial services company in the Benelux home market. ING services its retail clients in these markets with a wide range of retail-banking, insurance and asset-management products. In our wholesale-banking activities we operate worldwide, but with a primary focus on the Benelux countries. In the United States, ING is a top-10 provider of retirement services and life insurance, based on sales and assets under management. In Canada, we are the top property and casualty insurer based on direct written premium. ING Direct is a leading direct bank with 15 million customers in nine countries. In the growth markets of Asia, Central Europe and Latin America we provide life insurance. We are also a large asset manager with assets under management of almost EUR 550 billion. ING Real Estate is the largest property company in the world based on its total business portfolio.

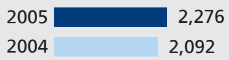
STAKEHOLDERS

ING conducts its business on the basis of clearly defined business principles. In all our activities we carefully weigh the interests of our stakeholders: customers, shareholders, employees, business partners and society at large. ING strives to be a good corporate citizen.

WHOLESALE BANKING

Conducts all the global wholesale-banking operations. Wholesale Banking offers a full range of products to corporates and institutions in the home markets in the Benelux countries. Elsewhere it follows a more selective and focused client and product approach.
A separate activity is ING Real Estate, the world's largest property company.

UNDERLYING PROFIT BEFORE TAX
WHOLESALE BANKING

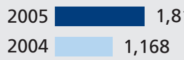


in EUR million

RETAIL BANKING

Offers retail-banking services in the Netherlands, Belgium, Poland, Romania, India and China. Private banking is offered in the Netherlands, Belgium, Luxembourg, Switzerland and various countries in Asia, Latin America, and Central and Eastern Europe.

UNDERLYING PROFIT BEFORE TAX
RETAIL BANKING

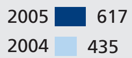


in EUR million

ING DIRECT

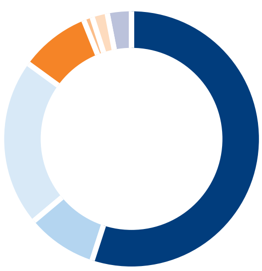
Operates direct retail-banking activities for individual clients in Australia, Canada, France, Germany, Austria, Italy, Spain, the United Kingdom and the United States. The main products offered are savings, mortgages and mutual funds.
A separate activity is ING Card, which manages for ING the credit cards within the Benelux and Germany.

UNDERLYING PROFIT BEFORE TAX
ING DIRECT



in EUR million

DISTRIBUTION OF LOANS AND ADVANCES TO CUSTOMERS
in EUR billion



Netherlands	55%	238.2
Belgium	9%	41.6
Rest of Europe	21%	90.3
North America	9%	40.5
Latin America	1%	2.8
Asia	2%	10.9
Australia	3%	14.9
Total	100%	439.2

CHAIRMAN'S STATEMENT

In 2005, we focused on creating value for our shareholders through a stringent approach to capital allocation, investing for growth, improving execution and increasing returns at all of our businesses. Our results provide evidence that we are delivering on those objectives and that our strategy is paying off.

Dear stakeholder,

2005 was a very good year for ING. We were able to lift our profits to a next level. Our net profit rose from EUR 5,755 billion to EUR 7,210 billion, an increase of 25.3%. Our underlying profit before tax increased by 19.4%. This illustrates that our strategy of improving execution and investing for growth and value creation is paying off. Stock markets rewarded our efforts, as evidenced by the performance of ING's share price.

Our goal is to deliver value to shareholders through a combination of growth and return that is higher than the average of our peers. To achieve that, we steer our business towards value creation and aim to keep improving the execution of our business fundamentals. We want to excel at what we do and focus on delivering outstanding service to our customers and on firmly managing costs, risk and reputation. All this is reflected in the theme of this annual review: 'Executing our strategy for profitable growth'. In August 2005, Standard & Poor's endorsed our strategic direction by awarding ING with AA credit ratings. The upgrades underline the fact that ING is a solid company and we are pleased to have achieved these ratings.

At the heart of our strategy lies a thorough analysis of our position in the global financial environment. There are in my opinion three fundamental trends that are shaping this environment. The first is ageing populations – a phenomenon that is being observed everywhere in the world, whether in Europe, Asia or the Americas. As a consequence, an increasing number of people are looking for ways to secure their financial situation after retirement. The second trend is technological progress. Only a few years ago the internet was considered by many to be a hype, now it is big business, especially for financial services companies. People everywhere want to enjoy the practical benefits of modern technology. The third trend concerns the gradual shift in economic power from West to East (including Central Europe). In the coming decades China and India will be among the four largest economies in the world, together with the United States and Japan. The countries of Central Europe will benefit from their entry into the European Union.

At ING, we are seizing the opportunities these trends offer and we are using them to drive our three growth engines – retirement services, direct banking and life insurance in emerging markets. In 2005, our growth engines showed very encouraging results. We significantly increased our pension activities, both in the United States and in the growth markets of Central Europe, Asia and Latin America. The pre-tax profit from our retirement-services activities in the United States went up by 22%.

The success of ING Direct shows that technological progress helps to deliver excellent service to customers and to drive down costs. ING Direct's profits rose 42% in a challenging interest-rate environment. Built from scratch in 1997, ING Direct has grown to become the world's leading direct bank. It serves 15 million customers in North America, Europe and Australia and manages close to EUR 200 billion in funds entrusted.

As for life insurance in emerging markets, ING is the leading foreign insurer in Central Europe and the second-largest in Asia. We have built on our early-entry advantage in important countries like China, India, Japan and South Korea in Asia and the Czech Republic, Hungary, Poland and Romania in Central Europe. In 2005, we continued to invest in high-growth markets. We acquired a stake in the Bank of Beijing, which gives us a platform for selling a range of insurance and investment products in China.

We are able to move ahead with these growth engines because our long-established businesses in the Netherlands, Belgium and the United States provide the resources and experience to do so. In 2005, these businesses again achieved solid profit and income growth. Looking ahead, our focus in the mature markets will remain on improving customer service and on working more efficiently. In 2005, we took the decision to streamline and outsource parts of our Operations and IT activities in the Netherlands and Belgium and to reduce the cost base of Nationale-Nederlanden. This will lead to a reduction in jobs, but it is a necessary step to ensure the future competitiveness of our company. We take our responsibilities towards employees seriously by making every effort to help those affected.

Our strong focus on execution has also resulted in a greater emphasis on the importance of adhering to laws and regulations in 2005. Much to our regret, we experienced some compliance incidents, mainly in the Netherlands. In each case, we took the necessary steps to address the issues, including compensating customers where appropriate, and tightening up compliance to better adhere to policies and business principles. We want to be a reliable company to deal with. That is why customer satisfaction is central in our strategy – both to retain customers and attract new ones. For we know that customers look for reliable and knowledgeable advice about their financial future.

When executing our strategy, we have a set of values that guide us: the ING Business Principles. They embody the standards of behaviour we expect from our employees and the commitments we have towards our stakeholders. In addition, we want to contribute to addressing global issues. One of them is the lack of access to education for children in many developing countries. In 2005, together with UNICEF we successfully launched a new global community development programme: ING Chances for Children. At year-end, ING had raised enough money to send over 30,000 children to school.

It is with satisfaction that I look back on the past year. ING is successfully executing its strategy for profitable growth. In this report, you are being updated on the financial and strategic developments of ING Group and its business lines. The Executive Board would like to thank the ING staff for their contribution to our favourable achievements in 2005. The dedication and commitment of our staff is crucial to the company's success.

Furthermore, I would like to stress the importance of the Supervisory Board, guiding the Executive Board in its daily management of the company. At the 2006 Shareholders' Meeting we will say goodbye to two members: Aad Jacobs and Paul de Meester. Both of them were of great value during their eight years on the Supervisory Board, for which I am very grateful. At the same Shareholders' meeting Piet Klaver, a Dutchman, will be nominated for appointment.

I was also happy to work with my colleagues in a strong and united management team. In 2006, the composition of the Executive Board will change. Fred Hubbell, Alexander Rinnooy Kan and Hans Verkoren have decided to retire from the Executive Board. Each of them played an important role in the development of ING. I am grateful for their strong commitment during their years at ING. I am fully confident that the new team, including the new to be appointed members Dick Harryvan, Tom McInerney, Hans van der Noordaa and Jacques de Vaucleroy, has the capacity and enthusiasm to lead ING to a successful future. This new team will pursue our strategic course with energy and consistency.

Michel Tilmant
chairman Executive Board

EXECUTING OUR STRATEGY FOR PROFITABLE GROWTH

The successful implementation of ING's strategy led to good financial results and allowed us to reward our shareholders with a higher total return.

In 2005, ING continued to pursue the strategy it embarked on in 2004, which is founded on value-based management. We achieved good results in our businesses in mature markets, thanks to a constant focus on executing business fundamentals efficiently. In addition, we grew in three highly promising business areas – our 'growth engines'.

ING's objective is clear: to give our shareholders, over the long term, a better total return on investment than on most other investments in the financial sector. Value-based management is at the heart of our strategy, focusing on return improvement and profitable organic growth. This strategy has been successful: in 2005, our underlying profit before tax increased by 19.4% to EUR 8,506 million.

In our mature banking and life-insurance businesses in the Benelux and the United States, the key to generating profitable organic growth lies in the proper execution of business fundamentals. This means managing costs, risks and our reputation as well as offering exemplary customer service.

ING continues to invest in 'growth engines', business areas with clear growth potential. We have identified three such areas: direct banking, retirement services and life insurance in emerging markets. We already have strong positions in these areas, and intend to draw on experience and capital from our mature businesses to raise their profit potential still further.

Enhancing customer satisfaction

ING attaches great importance to exemplary customer service: we believe high levels of customer satisfaction can differentiate us and generate profitable top-line growth, especially in mature markets. In 2005, ING Direct continued to achieve an outstanding level of customer satisfaction, while Nationale-Nederlanden, our Dutch insurance business, further raised its customer-satisfaction levels to almost the industry average. To further improve customer satisfaction in the future, we have adjusted our brand positioning, aiming to excel by 'being easy to deal with', 'treating our customers fairly', and 'delivering on promises'. In 2005, we started to promote this brand positioning within ING worldwide.

Managing costs

Fierce competition means we are continuously looking for ways to contain costs and improve efficiency. In 2005, we launched an efficiency programme to reduce Nationale-Nederlanden's annual cost base and took initiatives to stream-line and outsource parts of our IT organisation in the Benelux. Together with the outsourcing of our technology infrastructure in the United States, these measures are expected to yield cost savings of some EUR 500 million by 2008.

Managing risks

To achieve stable, profitable growth, we need to manage our risks and make optimal use of our capital. For this purpose, we use integrated risk management, combining credit risk, market risk, insurance risk and operational risk into a single view. It allows us to benefit from being a diversified financial services firm, and to better align our risk-taking with our risk appetite. In 2005, we achieved substantial progress in the area of credit risk, in terms of both risk modelling and data quality (both key elements of Basel II). To improve efficient use of capital, we also introduced integrated centralised capital management.

Managing reputation

Two of ING's most important assets are integrity and reputation, because long-term relationships with clients are only possible when formed in a spirit of fairness and trust. We therefore wish to see compliance totally ingrained within our corporate culture. In 2005, we adopted a new compliance policy. As from 2006, compliance will also be integrated in the performance targets and remuneration structure from ING's senior management. Some incidents took place in 2005 (mainly in the Netherlands), and necessary steps were taken to address these issues.

Investing in growth

Our three 'growth engines' – direct banking, retirement services and life insurance in emerging markets – all made good progress in 2005. ING Direct's performance was outstanding: our direct-banking business in mature markets delivered high growth and profit in a challenging interest-rate environment. In the United States, profits in retirement services went up by 22%. In the Slovak Republic, we acquired the pension provider VSP Tatry Sympatia. Finally, our life-insurance business in emerging markets posted a 40% rise in the value of new business. We also acquired a 19.9% stake in the Bank of Beijing, which provides us with a platform for selling insurance and investment products to an increasingly affluent customer base in China.

Embedding a performance culture

Executing our strategy successfully and accelerating profitable growth throughout the company requires that employees understand the company's strategy and the goals of their business unit. Employees must know their role in achieving these goals and should receive regular feedback on their performance and be rewarded accordingly. In 2005, appropriate steps were taken at all business levels to embed a performance culture still more firmly, ranging from management-change workshops and programmes to individual talent and team-development initiatives.

LOOKING AHEAD

ING managed for value and created value in 2005. The consistent implementation of our strategy lifted our financial results and gave our shareholders an above-average total return compared with our peer group in the financial sector. In 2006, we aim to create further value. We will continue to emphasise return improvement and profitable organic growth so that we can reward our shareholders with a higher total return on investment than most other investments in the financial sector.

FINANCIAL HIGHLIGHTS

ING produced strong results in 2005. We achieved double-digit underlying top-line growth, higher returns and an improvement in efficiency ratios across the board. This strong performance together with our confidence in the future, allows us to increase the total dividend by 10.3% to EUR 1.18 per share.

Net profit rose 25.3% to EUR 7,210 million, due in part to a lower effective tax rate. Earnings per share rose to EUR 3.32 from EUR 2.71. Total underlying profit before tax* increased 19.4% to EUR 8,506 million in 2005, driven by strong growth from Retail Banking and ING Direct as well as the insurance activities in the Americas and Europe, supported by growth in retirement services and favourable results from non-life insurance.

Divestments resulted in a pre-tax gain of EUR 366 million in 2005 compared with EUR 55 million in 2004. Divested units contributed EUR 22 million to profit before tax in 2005, down from EUR 218 million a year earlier. Special items refer to a gain of EUR 287 million on the U.S. dollar hedge, a EUR 96 million gain on old reinsurance business and restructuring provisions of EUR 41 million at Wholesale Banking, all in 2004. Including the impact of divestments and special items, total profit before tax increased 14.9% to EUR 8,894 million.

Taxes and net profit

The effective tax rate declined to 15.5% in 2005 from 22.1% in 2004 due to a lower statutory tax rate in the Netherlands, high tax-exempt gains on divestments, and EUR 583 million from the creation of tax assets and net releases from tax provisions compared with EUR 161 million in releases in 2004. The effective tax rate is expected to return to a normalised level of 20% to 25%.

Impact of IFRS

The application of new accounting standards (IAS 32, 39 and IFRS 4) from 1 January 2005 had a positive impact on ING Group's results in 2005, with more volatility on a quarterly basis, mainly due to value adjustments on non-trading derivatives. The total impact on total profit before tax of ING Group was approximately EUR 455 million, or EUR 392 million after tax.

Dividend

At the annual General Meeting of Shareholders on 25 April 2006, ING will propose a total dividend for 2005 of EUR 1.18 per (depositary receipt for an) ordinary share, up 10.3% from EUR 1.07 per (depositary receipt for an) ordinary share in 2004. Taking into account the interim dividend of EUR 0.54 made payable in September 2005, the final dividend will amount to EUR 0.64 per (depositary receipt for an) ordinary share to be paid fully in cash. ING's shares will be quoted ex-dividend as of 27 April 2006 and the dividend will be made payable on 4 May 2006.

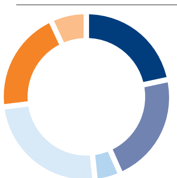
Capital ratios

The debt/equity ratio of ING Group improved to 9.3% compared with 11.9% at 1 January 2005, supported by growth in capital and reserves. The capital-coverage ratio for ING Verzekeringen N.V. increased to 259% of E.U. regulatory requirements at the end of December 2005, compared with 200% at 1 January 2005. The Tier-1 ratio of ING Bank N.V. stood at 7.32% at the end of 2005, up from 6.92% on 1 January 2005, as growth in capital was partially offset by strong growth in risk-weighted assets. The solvency ratio (BIS ratio) for the bank improved to 10.86% at the end of December 2005 from 10.46% on 1 January 2005. Total risk-weighted assets of the banking operations increased by EUR 45.6 billion, or 16.6%, to EUR 319.7 billion at the end of December 2005, driven by growth in all three banking business lines.

INSURANCE OPERATIONS

ING's insurance operations continued to benefit from strong growth in retirement services and life insurance in developing markets, higher investment results and a favourable claims environment for the non-life insurance businesses. Underlying profit before tax from insurance rose 11.5% to EUR 3,975 million. The non-life operations in the Netherlands, Belgium and Canada continued to benefit from a historically low claims ratio, which helped drive underlying profit before tax from non-life insurance up 21.3%. The life-insurance activities in the Netherlands, United States and Central Europe showed strong profit growth, supported by increased sales, improved returns, growth in assets under management, and investment gains. Underlying profit before tax from life insurance increased 7.4%, as growth was somewhat tempered by continued reserve strengthening in Taiwan and lower capital gains on equities. Strong sales and a focus on cost control led to an improvement in the efficiency ratios for life and investment products.

UNDERLYING PROFIT BEFORE TAX PER BUSINESS LINE*
in EUR million



Insurance Europe	22%	2,021
Insurance Americas	22%	1,979
Insurance Asia/Pacific	5%	447
Wholesale Banking	24%	2,276
Retail Banking	20%	1,815
ING Direct	7%	617

Excludes the component 'Other' in banking and insurance

* Underlying profit before tax is defined as profit before tax excluding divestments and special items.

Total premium income increased 4.9% to EUR 45,758 million, driven mainly by strong growth of life premiums in Asia, particularly South Korea and Japan. Premium growth was partially offset by divestments and the reclassification of some life products to investment contracts from the beginning of 2005 under IFRS 4, notably in Australia, the United States and Belgium. Excluding divestments and the reclassification, total premium income increased 10.4% on a comparable basis.

Operating expenses from the insurance operations increased 9.5% to EUR 5,195 million, due to costs to support the ongoing growth of the business, particularly in Asia, as well as the impact of a new collective labour agreement in the Netherlands, investments in IT infrastructure, and start-up costs for a new distribution channel in Canada. Recurring expenses increased 4.9% to EUR 4,831 million. The efficiency ratios for life insurance and investment products improved as premium and asset growth outpaced the increase in expenses.

Embedded value/value of new business

The embedded value of ING's life insurance operations increased 22.9% to EUR 27,586 million. The value of new business increased 27.4% to EUR 805 million, driven by improved pricing margins, higher sales, and a more profitable product mix in the United States and Asia/Pacific. Central Europe and Asia/Pacific both generated particularly strong growth in 2005, indicating the strong future earnings potential of the businesses in both regions. The internal rate of return increased to 13.2% from 12.1% in 2004.

Cees Maas vice-chairman and CFO

PROFIT AND LOSS ACCOUNT

in EUR million	2005	2004	change
Total income	**71,141**	68,159	4.4%
Total expenditures	**62,247**	60,419	3.0%
Profit before tax	**8,894**	7,740	14.9%
Taxation	**1,379**	1,709	-19.3%
Third-party interests	**305**	276	10.5%
Net profit	**7,210**	5,755	25.3%
Profit before tax	**8,894**	7,740	14.9%
Gains/losses from divestments	**366**	55	
Profit from divested units	**22**	218	
Special items		342	
Underlying profit before tax	**8,506**	7,125	19.4%

FINANCIAL HIGHLIGHTS
CONTINUED

BANKING OPERATIONS

ING's banking businesses showed a strong increase in profit in 2005 driven by solid growth in income at ING Direct and Retail Banking, as well as historically low risk costs. Underlying profit before tax rose 27.2% to EUR 4,531 million. Growth was driven by higher savings and strong demand for mortgages at both Retail Banking and ING Direct, including high prepayment penalties on the refinancing of mortgages in the Netherlands. Profit was also supported by the sale of equity investments and a positive impact on balance from IFRS.

Total income from banking increased 9.2% to EUR 13,848 million. On an underlying basis, excluding divestments and special items, banking income rose 11.4% to EUR 13,408 million, mainly due to strong growth in savings and mortgage lending as well as higher investment income.

Total operating expenses increased 0.6% to EUR 8,844 million, as divestments largely offset the impact of consolidations, higher labour costs and one-off expenses. On an underlying basis, excluding the impact of divestments and special items, operating expenses rose 9.6% to EUR 8,789 million, an increase of EUR 768 million. Of that increase, EUR 255 million was related to one-off costs (such as restructuring the Operations & IT activities in the Benelux, impairments on development projects at ING Real Estate and provisions taken in Belgium). An additional EUR 168 million was related to the consolidation of 50% of Postkantoren BV. The remaining increase was driven by continued investment in growth opportunities, such as ING Direct and the expansion of retail banking activities in Romania, Poland and India.

Additions to the provision for loan losses remained exceptionally low, supported by an improvement of the credit portfolio, the release of provisions previously taken, the absence of new large defaults and improvements in risk management. The total addition in 2005 amounted to EUR 88 million compared with EUR 465 million in 2004.

RAROC

The after-tax risk-adjusted return on capital (RAROC) of the banking operations improved to 22.6% from 14.5% in 2004. On an underlying basis, excluding divestments and special items, the after-tax RAROC improved to 18.8% from 16.4%, driven by higher economic returns due to the sharpened focus on managing for value throughout the company, and a more stringent approach to capital allocation. All three banking business lines posted higher RAROCs, and all performed above ING's target of 12.0% after tax.

ASSET MANAGEMENT

Assets under management increased 23.5% to EUR 547.4 billion in 2005, excluding the impact of several divestments and restatements including Baring Asset Management and parts of ING BHF-Bank. The growth in assets was driven by a net inflow of EUR 33.8 billion, plus EUR 34.9 billion attributable to higher currencies and EUR 35.5 billion from higher stock markets. Including divestments and restatements, total assets under management increased 11.3%.

LOOKING AHEAD

In 2005, ING was confronted with low interest rates and a flattening yield curve, but also benefited from some favourable market conditions, including strong equity and real-estate markets, historically low credit losses for both bank lending and fixed-income investments, low claims at most non-life insurance units, and low taxes. Looking ahead, the interest-rate environment will remain challenging, while risk costs and non-life claims are expected to return gradually to more normal levels. However, ING has confidence in the growth of the underlying business and in the Group's ability to continue creating value for shareholders.

RISK MANAGEMENT

ING quantifies risks through several risk-management techniques and monitors the risk classes of its lending portfolio for the banking businesses and the fixed-income portfolio for the insurance businesses.

The Executive Board manages the Group's overall risk profile, aiming for a good balance between risk, return and capital. This chapter focuses on ING's exposure to and management of key risks.

ING BANK

Credit risk

ING Bank aims to maintain an internationally diversified loan and bond portfolio, while avoiding large risk concentrations. The emphasis is on managing developments within the business lines by means of concentration limits for countries, individual borrowers and borrower groups. In 2005, ING added EUR 88 million to the provision for loan losses, which was historically low (2004: EUR 456 million).

RISK CLASSES ING BANK LENDING PORTFOLIO

as percent of total outstandings	2005
AAA (1)	13.8%
AA (2-4)	22.1%
A (4-7)	9.5%
BBB (8-10)	21.6%
BB (11-13)	27.6%
B (14-17)	4.0%
Watch / Problem Grade (18-22)	1.4%
	100.0%

Market risk

Trading Risk ING Bank focuses on an internationally diversified and mainly client-related trading portfolio. To measure trading risk, ING applies Value-at-Risk (VaR). In addition, ING performs stress testing to monitor market risk under extreme market movements. Average VaR over 2005 was EUR 28 million (2004: EUR 25 million).

Non-Trading Risk ING Bank has a structural interest-rate risk mismatch in its non-trading books. To measure interest-rate risk, ING Bank applies Earnings-at-Risk (EaR) and VaR. EaR measures the loss of net accrual interest income over a period of one year resulting from an instantaneous increase of 2% in market interest rates. As at 31 December 2005, EaR was EUR -733 million. VaR at 31 December 2005 was EUR -3,203 million.

Liquidity Risk This is the risk that ING Bank or one of its subsidiaries cannot meet its financial liabilities when they come due, at reasonable costs and in a timely manner. As at 31 December 2005, the one-week/one-month liquidity position was EUR 111,165/24,512 million.

ING INSURANCE

Actuarial and underwriting risk

ING is exposed to life and non-life insurance risks. Actuarial risks arise with respect to the adequacy of insurance premium-rate levels and provisions with respect to insurance liabilities. Underwriting exposures are limited through exclusions, cover limits and reinsurance.

Market risk

Insurance market risks are managed through asset-and-liability (ALM) policies and procedures with an ALM committee structure established at both business line and business-unit levels.

Interest Rate Risk ING Insurance measures potential changes in the expected earnings of insurance operations over a period of one year resulting from an instantaneous increase/decrease of 1% in interest rates. As at 31 December 2005, the impact on net profit of a 1% increase/decrease was estimated at EUR -68/-1,743 million.

Equity Risk Through scenario analysis, ING Insurance also measures potential changes in the expected earnings of the insurance operations over a period of one year resulting from an instantaneous increase/decrease of 10% in equity markets. As at 31 December 2005, the impact on net profit of a 10% increase was estimated at EUR 59 million, and the impact of a 10% decrease at EUR -80 million.

Credit risk

For the investment portfolios backing the insurance liabilities, ING Insurance's policy is to maintain a well-diversified investment portfolio across companies and industries

The percentages in the table below are based on EUR 172 billion of general account fixed-income assets on 31 December 2005 and exclude equities and real estate, but include preference shares.

RISK CLASSES ING INSURANCE FIXED-INCOME SECURITIES

in percentages	2005
AAA	26.3%
AA	23.0%
A	32.8%
BBB	14.3%
Other	3.6%
	100.0%

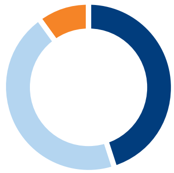
Some information for 2004 has not been stated, due to a lack of comparability following the first-time application of the IFRS accounting standards for financial instruments and insurance contracts in 2005.

INSURANCE

Insurance Overview

ING booked good results with its insurance activities. Retirement services and life insurance in emerging markets – two of ING's growth engines – continued their strong performance.

UNDERLYING PROFIT BEFORE TAX INSURANCE
in EUR million



Insurance Europe	45%	2,021
Insurance Americas	45%	1,979
Insurance Asia/Pacific	10%	447
Other*		-472
Total	100%	3,975

*Other insurance results are mainly interest on core debt and gains on equity investments that are not allocated to the three business lines. The component 'Other' is not included in the pie chart.

The underlying profit before tax from the insurance operations increased 11.5% to EUR 3,975 million in 2005. We benefited from strong growth in retirement services and life insurance in developing markets and a favourable claims environment for the non-life insurance business. ING is a leading insurance company in the Netherlands and Belgium. Also in the United States we are well-established with a wide array of insurance and asset-management products and services, while in Canada we are the number one non-life insurer. In Asia and Central-Europe, ING has a strong foothold in the life-insurance market.

In 2005, ING successfully focused on upgrading customer service and improving efficiency to counter the relatively modest growth in the mature insurance markets. The insurance business in high-growth markets in Asia and Central Europe are expanding faster than in mature markets worldwide. We also dealt with an increase in legislative and regulatory requirements, which had an impact on product design and costs.

LOOKING AHEAD

Looking ahead, risk costs and non-life claims are expected to return to more normal levels. ING will create value in insurance by emphasising return improvement and profitable organic growth. Cost control and good customer service remain a priority. Furthermore, we want to continue to expand our business in retirement services and in those emerging markets in which we already enjoy a leading position.

Satisfaction & performance

"Customer-centricity can be achieved by meeting customers' individual financial needs," says Sungjin Choi from ING Life Korea. "To help them best as a financial consultant, I use reliable sources of information, including views from experts from various financial service sectors. I also link my clients to my expert network of tax experts, stock brokers and lawyers. This helps my clients find the proper solutions to their specific financial questions."

Insurance Europe

ING achieved strong value creation across Europe thanks to improved margins in the Netherlands and robust sales in other countries.

PROFIT AND LOSS ACCOUNT
in EUR million

	2005	2004	change
Premium income	**10,702**	11,369	-5.9%
Operating expenses	**1,870**	1,768	5.8%
Total profit before tax	**2,031**	1,623	25.1%
Underlying profit before tax*	**2,021**	1,612	25.4%

* Underlying profit before tax is defined as profit before tax excl. divestments and special items.

Strong sales growth in Central Europe and solid non-life results of the Netherlands and Belgium were the main contributors to the profit increase in Europe. The improvement in customer satisfaction levels at Nationale-Nederlanden brought the company close to the industry average, confirming that sustained large-scale investments have begun to bear fruit.

Underlying profit before tax increased 25.4% to EUR 2,021 million in 2005, thanks to robust performance in Central Europe and strong underwriting results at the non-life businesses in the Netherlands and Belgium. Underlying profit from life insurance increased 22.2% to EUR 1,597 million, while that from non-life insurance rose 39.0% to EUR 424 million.

Total premium income declined 5.9% to EUR 10,702 million. Part of this decline was the result of a reclassification of some life products due to the new accounting standards. Operating expenses rose 5.8% to EUR 1,870 million, reflecting higher expenses in the Netherlands. Underlying profit before tax in the Netherlands increased 23.2% to EUR 1,589 million, mainly due to higher investment income.

Developments in mature markets

Against the background of modest market growth in the Netherlands and Belgium and a wide range of new regulations, ING focused on improving customer service and efficiency. Customer satisfaction at Nationale-Nederlanden increased significantly and is now close to the industry average. Its product portfolio has been optimised to concentrate on products that offer particularly attractive returns, such as group life and mortgages. Also, Nationale-Nederlanden continued to look for ways to improve efficiency and preserve its competitive position. In May 2005, a cost-containment programme was announced, which will reduce the workforce by 1,000 positions by the end of 2007. As for the other insurance business units in the Netherlands, RVS strongly increased sales in an otherwise flat market. Postbank Insurance saw a strong increase in mortage-linked insurance sales. In Belgium, ING Insurance increased product offerings, introduced innovations in underwriting life policies, and expanded distribution through independent brokers.

Market leader in Central Europe

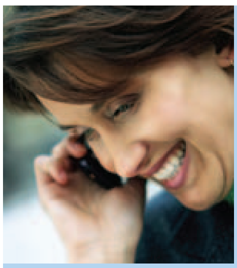
In Central Europe, we are a leading foreign provider in pensions and life insurance. We have optimised the current business and accelerated new local projects. Our Polish pension fund was again rated best performer in the market by the independent press. Hungary strengthened market leadership by introducing an innovative unit-linked product. In the Slovak Republic, we gained a strong position in both mandatory and voluntary pensions by setting up a new fund and acquiring two existing funds.

Enhanced investment performance

In 2005, ING Investment Management Europe and insurance business units worked closely together to improve the performance of client-driven investment services. New funds successfully introduced included the Premium Dividend Fund for the Dutch and European markets (EUR 500 million) and the Multi-Manager Fund for the Dutch institutional market (EUR 400 million).

LOOKING AHEAD

In 2006, Nationale-Nederlanden will endeavour to further improve customer-satisfaction ratings. In Central Europe we will continue to expand our existing business; in order to accelerate growth, we will focus on the fast-emerging, upper middle-class segment. Increased operational leverage across borders should improve our competitive position.



3.41

That is the customer satisfaction score achieved in 2005 by Nationale-Nederlanden in the independent annual Dutch Insurance Performance Survey, out of a maximum of 5. It confirms the tide is turning for Nationale-Nederlanden, with customer service now almost back to industry average. Customers valued the significantly shorter processing times and improvements to http://mijn.NN.nl, which enables online transactions.

INSURANCE
CONTINUED

Insurance Americas

ING created more value through higher profits and strongly improved operational execution.

PROFIT AND LOSS ACCOUNT
in EUR million

	2005	2004	change
Premium income	**22,744**	22,761	-0.1%
Operating expenses	**2,397**	2,202	8.9%
Total profit before tax	**1,941**	1,692	14.7%
Underlying profit before tax*	**1,979**	1,601	23.6%

* Underlying profit before tax is defined as profit before tax excl. divestments and special items.

In 2005, ING Insurance Americas had a strong focus on improving execution and value creation across the region, through continued pricing discipline and by concentrating on business with the best long-term growth potential. We showed strong results in Canada and the United States. The results in Mexico declined primarily due to claims and expenses from hurricanes.

Underlying profit before tax from Insurance Americas increased 23.6% to EUR 1,979 million in 2005. Profit growth was driven by a 27.4% increase in the United States, led by higher results from retirement services and annuities due to higher asset levels, improved investment performance and higher margins. The Canadian non-life insurance business posted a 35.8% increase in underlying profit before tax, driven by continued strong underwriting results and the acquisition of Allianz Canada.

Premium-income development at Insurance Americas was virtually flat at EUR 22,744 million as higher non-life premiums were offset by lower life premiums. Operating expenses increased 8.9% to EUR 2,397 million due to the acquisition of Allianz Canada and expenses in the United States related to strategic initiatives and higher incentive-related benefit costs.

Leading market positions
ING Insurance Americas concentrated on those businesses in which we have leading market positions. In line with this strategy, several other businesses were divested, including ING Chile's property-and-casualty insurance operations and Life Insurance Company of Georgia.

In the United States, ING launched a broad Six Sigma initiative to improve processes to better meet customer needs while reducing costs. It also made substantial headway in outsourcing its technology infrastructure to IBM.

Investment Management
With some newly recruited top managers, ING Investment Management delivered strong and improved performance across core United States assetclasses. In March 2005, we raised EUR 1.8 billion of investor assets for the new ING Global Equity Dividend and Premium Opportunity Fund, which made it the eighth largest closed-end fund listed on the New York Stock Exchange.

In December 2005, ING Canada, whose core business is auto and homeowners insurance, completed its first full year as a public company with success. In almost a year, its stock price more than doubled to over CAD 52.

Restructuring in Mexico
ING Mexico introduced a restructuring programme based on a new strategy, organisational structure and management team, with members from ING as well as recruited from the local market. In addition, we launched a new distribution strategy via tied agents based on ING's global best practices. This runs counter to traditional practice in the Mexican market, which is dominated by independent intermediaries.

LOOKING AHEAD

ING will continue to balance growth with solid value creation by leveraging our leading market positions for sales and top-line growth and driving unit costs down. We will focus on execution, increase margins on new business (where market conditions permit) and aggressively manage risk to ensure value creation.

44,000

Building relationships gives Insurance Americas a competitive advantage. When the State of Connecticut decided to combine its government and education retirement plans, going from many vendors to one, it chose ING's US Financial Services as the retirement administrator for 44,000 state employees with combined retirement plan assets of USD 2.5 billion. Why? Because of ING's experience, relationship management and strong reputation.

Insurance Asia/Pacific

The value of new life business again increased significantly, which indicates healthy growth opportunities and confirms that life insurance in Asia is a solid growth engine for ING.

PROFIT AND LOSS ACCOUNT
in EUR million

	2005	2004	change
Premium income	**12,286**	9,469	29.7%
Operating expenses	**867**	727	19.3%
Total profit before tax	**478**	756	-36.8%
Underlying profit before tax*	**447**	475	-5.9%

* Underlying profit before tax is defined as profit before tax excl. divestments and special items.

In 2005, Insurance Asia/Pacific enjoyed another good year with South Korea and Japan as the main growth drivers. ING is the second-largest foreign life insurance company in Asia/Pacific. We remain committed to investing in growth opportunities across the region.

Underlying profit before tax from Insurance Asia/Pacific declined 5.9% to EUR 447 million. This is a reflection of our decision to strengthen reserves in Taiwan, in response to the country's continuing low interest rates. Excluding the impact of this reserve strengthening, underlying profit rose 15.8% to EUR 447 million. Premium income rose 29.7% to EUR 12,286 million driven by sharply higher sales in Japan, South Korea and Taiwan. Operating expenses increased 19.3% to EUR 867 million, reflecting the continued growth of our businesses across the region.

Strong distribution channels

To optimise our distribution channels, we focused on strengthened partnerships with local banks and tied agents across the region. In Japan, the increase in sales in 2005 can be attributed to the rapidly growing network of bank and securities-house distributors. Overall, our bancassurance strategy in the region paid off: 22% of total annualised premium equivalent (APE) came through banks and securities houses (14% in 2004).

Portfolio and performance

As competition in the region is fierce, we optimised our product portfolios to capitalise on customer needs and we focused on efficiency. In Taiwan, for instance, ING broadened its product range, leading to a diversification of risks. Across all business units, ING enhanced efficiency by actively managing against benchmarks and by improving operational risk management. In South Korea, ING's growth strategy of rapidly expanding its sales force whilst maintaining its high standards of quality has paid off. We now have over 5,000 highly productive tied agents in the country.

Markets with growth potential

In 2005, Insurance Asia/Pacific continued to invest in growth opportunities in its greenfield operations. In China, we increased operations by acquiring a stake in the Bank of Beijing and by setting up insurance branches (through our joint ventures) in Beijing, Shenyang and several other major cities. In India, ING Vysya Life, opened 61 new branches and hired over 11,000 agents.

Investment Management

In Asia/Pacific, ING enjoyed strong growth in assets under management to EUR 72 billion (from EUR 51 billion in 2004) thanks to increased bank distribution, relaxation of regulations, and a move from traditional insurance products to investment-linked products. We launched new funds in India, the Philippines, South Korea and Taiwan.

LOOKING AHEAD

ING aims to expand activities in the countries where we currently operate, especially the larger markets. A major goal is to further strengthen partnerships with banks and securities houses. Our product portfolio will continue to shift from traditional life-insurance products to investment-linked products, as well as mutual funds, group insurance and pension products. ING is looking forward to participating in the opportunities created by pension reforms in several countries.

170,000

That is the total number of agents in the network of banks, securities houses and independent agents through which ING sells life-insurance products in Japan – a number that has quadrupled in the past three years. Corporate-owned life-insurance (COLI) products are sold through independent agents and variable annuities are sold primarily through banks and securities houses.

BANKING

Banking Overview

It was a good year for ING's banking activities. Our focus was on return, growth and exemplary customer service. This led to solid results.

UNDERLYING PROFIT BEFORE TAX BANKING
in EUR million

Wholesale Banking	48%	2,276
Retail Banking	39%	1,815
ING Direct	13%	617
Other*		-177
Total	100%	4,531

*Other banking results consist mainly of interest expenses that are not allocated to the business lines. The component 'Other' is not included in the pie chart.

2005 was a good year for our banking activities. The underlying profit rose by 27.2% to EUR 4,531 million. ING benefited especially from higher savings and a strong demand for mortgages, while risk costs were historically low. Although we were confronted with low interest rates and a relatively small difference between long-term and short-term interest rates, we benefited from historically low credit losses for bank lending.

All our banking business lines contributed to profit growth, helped by their focus on good execution and growth.

Our wholesale banking business line operates across the globe with its biggest markets in the Netherlands and Belgium. Wholesale Banking offers a full range of products to corporates and institutions. In Retail Banking, ING caters to the banking needs of retail customers in the Netherlands, Belgium and Luxemburg and several emerging markets. We also offer private banking services in various countries across the globe. Finally, ING Direct is one of the company's 'growth engines'. ING Direct offers direct-banking activities for retail customers in nine large mature markets.

LOOKING AHEAD

Looking forward, the interest-rate environment will remain challenging, but we have confidence in the growth of the underlying business. We want to continue building our reputation towards our banking customers. Exemplary customer service is key in this. Value will also be created through our focus on good management of costs, risks and reputation and our focus on growth.

Clear savings through orange mortgage

"No catches, no hidden costs or fees with the ING Direct 5/1 Orange Mortgage," say ING Direct customers Linda and Sean from Princeton, New Jersey. They could not believe the savings they would see during the first five years, compared with other mortgages. "We can open another savings account, start a college fund for our child or invest the money – a million different things."

Wholesale Banking

Through client focus, cross-selling and cost control ING Wholesale Banking achieved satisfying results in a highly competitive market.

PROFIT AND LOSS ACCOUNT*
in EUR million

	2005	2004	change
Total income	**5,957**	5,871	1.5%
Operating expenses	**3,466**	3,734	-7.2%
Additions to loan loss provisions	**-108**	192	
Total profit before tax	**2,599**	1,945	33.6%
Underlying profit before tax**	**2,276**	2,092	8.8%

* These numbers include the result from ING Real Estate which is discussed in detail in the chapter on asset management.
** Underlying profit before tax is defined as profit before tax excl. divestments and special items.

In 2005, ING's Wholesale Banking activities achieved satisfying results in a highly competitive market. We created new opportunities and closed many landmark deals by increasing cross-selling and improving our client focus. We created more value by redistributing capital to more profitable clients and product opportunities. Furthermore, tightening cost controls and strategic divestments reduced our economic capital in 2005.

In a competitive market with eroding credit margins and low interest rates, Wholesale Banking's underlying pre-tax profit rose 8.8% to EUR 2,276 million, driven by higher income from Structured Finance, Leasing and ING Real Estate, as well as the release of loan-loss provisions due to a benign credit environment and improved risk management. Operating expenses declined 7.2% to EUR 3,466 million, due to the divestment of our Asian cash equities business, CenE Bankiers and parts of ING BHF-Bank, as well as Baring Asset Management.

Client focus and cross-selling

In 2005, we placed even greater emphasis on client needs and on cross-selling high-value-added solutions, intensifying the use of so-called Client Relationship Planning. In this process, account managers involve product and sector specialists in determining how best to serve clients. In addition, senior bankers and focus-sector heads provide additional knowledge to ensure we identify all opportunities we should pitch to our clients.

One brand

To better serve our clients and present one face to the world, we implemented a single global brand for Wholesale Banking in 2005. We introduced a new visual identity and customised the ING brand values to fit the Wholesale Banking business.

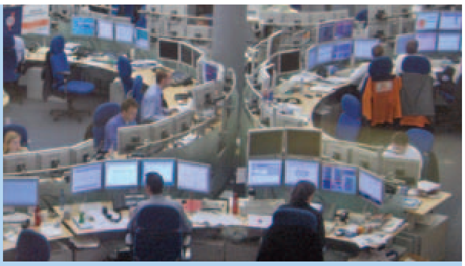
Cost control

Cost control was a significant priority in 2005. We made good progress in implementing our so-called Target Operating Model to improve cost control, revenue growth, use of capital and operational efficiency. This involved evaluating our client portfolio to focus more on core clients who we can offer value-creating products. Positive results have already been achieved in Asia, the Americas and the United Kingdom.

To control costs, we established a single database running across all regions and products in the Financial Markets division; we outsourced the Equities Clearing and Settlement business in the United Kingdom; and we introduced Value Chain Management, creating more cost transparency, which enables a better allocation of business resources.

LOOKING AHEAD

Even though our overall priorities – client focus, cross-selling and cost control – led to better results in 2005, we aim to achieve further improvement in these areas in 2006, extending the successful programmes mentioned above, improving product offerings, and increasing investments in key product areas such as Financial Markets, Payments & Cash Management, Leasing and Structured Finance.



Cross-selling works

NASDAQ-listed Central European Distribution Corporation (CEDC), Poland's leading alcoholic beverage importer/exporter, is a prime example of Wholesale Banking's cross-sell strategy involving several ING Banking teams. In 2005, Wholesale Banking not only advised CEDC on its acquisition of Polmos (Poland's second-largest vodka producer), but also acted as sole bookrunner in its initial high-yield bond offering and as joint bookrunner on its equity offering.

BANKING
CONTINUED

Retail Banking

ING Retail Banking achieved a good overall performance with a sharp focus on cost competitiveness and customer satisfaction.

PROFIT AND LOSS ACCOUNT
in EUR million

	2005	2004	change
Total income	**5,796**	5,062	14.5%
Operating expenses	**3,829**	3,703	3.4%
Additions to loan loss provisions	**90**	184	-51.1%
Total profit before tax	**1,877**	1,175	59.7%
Underlying profit before tax*	**1,815**	1,168	55.4%

* Underlying profit before tax is defined as profit before tax excl. divestments and special items.

Retail Banking performed very well in 2005. We posted strong profit growth, while improving efficiency and customer satisfaction. We gained market share and achieved good growth in the emerging markets. We strengthened our compliance organisation and we are improving efficiency by streamlining and outsourcing OPS/IT activities in the Netherlands and Belgium.

Underlying profit before tax from Retail Banking in 2005 rose 55.4% to EUR 1,815 million; total profit before tax rose 59.7% to EUR 1,877 million. Operating expenses increased 3.4% to EUR 3,829 million. Total income increased 14.5% to EUR 5,796 million, driven mainly by higher income from mortgages and savings in the Netherlands and growth from savings, current accounts and investment products in Belgium.

Highly satisfied customers

In the Netherlands, both Postbank and ING Bank had an excellent year. Postbank, with over two million on-line customers, won the Website of the Year 2005 Award and provided clients with even better service, surpassing its top customer-satisfaction performance of 2004. ING Bank was chosen as Best Business Partner by the Dutch business magazine 'Management Team'. We also attained top customer-satisfaction ratings in Belgium. Following some regulatory compliance incidents in the Netherlands, we accelerated the implementation of a new compliance structure started in 2004 after consultation with the Dutch regulator AFM.

Growing in emerging markets

Central European markets lived up to their potential. In Poland, ING Bank Slaski's market share increased with successful campaigns for credit cards and internet banking. In Romania, the innovative retail-banking branch network we set up in July 2004 grew rapidly and by December 2005 we had 77 outlets in almost all major cities.

In Asia, ING Vysya Bank reported strong asset growth, and in preparation for future growth expanded its tied-agent sales force from 768 to 1,927. In China, we acquired a 19.9% stake in Bank of Beijing (the third-largest bank in the capital), which offers us good entry into a high-growth market for selling insurance and investment products.

Strong growth in Private Banking

ING Private Banking, catering to high-net-worth individuals, continued its robust performance in 2005. Assets and revenue grew considerably in both mature and emerging markets.

Managing costs

In the Benelux, we are focusing on containing costs and improving efficiency. To remain competitive, we started to investigate the possibilities of outsourcing certain activities to external parties in 2005. Approximately 2,200 full-time equivalents are expected to be transferred to suppliers. Initiatives to streamline the organisation and processes were started in 2005. These initiatives will lead to a reduction of the workforce by several hundred, partially through natural attrition.

LOOKING AHEAD

In 2006, we aim to achieve profitable and selective growth in both mature and emerging markets. We will also continue to strengthen our leading position in customer satisfaction and further improve compliance. Our focus will remain on cost control and efficiency.

10%

From 2003 to 2005, Postbank's market share in new production mortgages rose from 6% to 10% thanks to attractive products supported by mass communication featuring the blue Postbank lion. Products are sold both by intermediaries and an in-house sales force. Strong growth took place in the intermediary channel, which generates nearly 60% of production. Postbank is the largest mortgages supplier for this channel and the first major bank to offer 'any place, any time' advice.

ING Direct

At ING Direct, profitable growth accelerated in a challenging interest-rate environment.

PROFIT AND LOSS ACCOUNT*
in EUR million

	2005	2004	change
Total income	**2,119**	1,709	24.0%
Operating expenses	**1,396**	1,185	17.8%
Additions to loan loss provisions	**106**	89	19.1%
Total profit before tax	**617**	435	41.8%

* Including ING Card

ING Direct has grown impressively since it was first set up from scratch in Canada nine years ago. It provides low-cost, direct banking services in nine major markets around the globe and achieved very good results in 2005. ING Direct maintained high levels of customer satisfaction and brand awareness, and in January 2006 welcomed its 15 millionth customer worldwide.

ING Direct showed strong growth in profit before tax to EUR 617 million, an increase of 41.8% compared with EUR 435 million in 2004. This increase was driven by strong growth in savings and mortgages. ING Direct maintained a satisfying interest margin through client-rate adjustments while maintaining commercial growth. Returns also increased as business units benefited from increased scale.

Total income rose 24.0% in 2005 to EUR 2,119 million, mainly driven by a 21.1% increase in interest result due to continued strong growth in funds entrusted.

Total operating expenses at ING Direct increased 17.8% to EUR 1,396 million, reflecting investments to support the continued growth of the business, particularly in mortgages.

Market leader

ING Direct is the direct-banking market leader in all of the countries in which it operates: Australia, Austria, Canada, France, Germany, Italy, Spain, the United Kingdom and the United States. Brand awareness levels exceed 75% in most of them. By keeping costs low, favourable interest rates can be offered for its two core products – savings and mortgages. In 2005, the number of customers grew substantially by 3.2 million to a total of 14.7 million worldwide. Of these, the United States added 1.1 million customers. Total funds entrusted reached EUR 188 billion at year-end, with France, Australia and Canada each passing the EUR 10 billion milestone mark.

Stable and satisfied customer base

Since it was established in 1997, ING Direct has enjoyed a stable customer base with attrition rates lower than 5%. On average, 78% of the customers in all countries said they received better service from ING Direct than from other financial institutions.

Competitive advantage: low cost base

ING Direct's most important sustainable competitive advantage is its low cost base so, in addition to its convenience, it can offer customers higher interest rates on savings than its competitors.

Furthermore, diversification adds to ING Direct's growth potential. By diversifying into mortgages in 2003, it further improved the stability of its business. In 2005, its mortgage portfolio grew by EUR 21.8 billion to EUR 54.9 billion. Product diversification safeguards the margin, and the geographical spread across five currency zones mitigates the effects of interest-rate movements.

ING Card in line with expectations

ING Card is a separate unit but financially consolidated with ING Direct. In 2005, it successfully introduced new revolving credit cards in the Netherlands and Belgium. It provides good opportunities for cross-selling to the extensive retail customer databases within ING as well as to non-ING customers.

LOOKING AHEAD

For 2006, ING Direct's focus remains on profitable growth in the nine countries in which it operates through savings and mortgages. ING Direct will continue to expand into new regions in the United States. ING cards will be introduced in Germany during the first quarter of 2006 in line with plans for further European expansion.

15,000,000

In January 2006, lawyer Paola Tedoldi, who is mayor in Gudo Visconti near Milan in Italy, became ING Direct's 15 millionth customer worldwide. "I decided to become an ING Direct customer because I appreciated the positive message of the advertising campaign: a modern, efficient and positive way of banking, which is what I was looking for." The pumpkin is ING Direct's publicity symbol in Italy.

ASSET MANAGEMENT

Performance improved as a result of global expertise, stronger distribution and greater economies of scale.

ING's asset-management activities have had another good year. Strong growth in assets under management further strengthened ING's position as a leading asset manager worldwide. Both ING Investment Management and ING Real Estate contributed to these results.

Assets under management increased 23.5% to EUR 547.4 billion, excluding the impact of divestments such as Baring Asset Management and ING BHF-Bank. Including divested units and restatements, they increased by 11.3%. This growth was driven by a net inflow of EUR 33.8 billion plus EUR 34.9 billion from higher currencies and EUR 35.5 billion from higher stock markets.

ING Real Estate's total business portfolio grew by 39.5% to EUR 69.9 billion driven mainly by the investment management activities. Pre-tax profit at ING Real Estate decreased 4.4% to EUR 349 million. The Finance and Investment Management divisions performed strongly, but the results of the Development division were affected by an accounting change and by an impairment on a project in Poland.

Improved performance at ING IM

ING Investment Management (ING IM) significantly improved its investment performance in 2005. On a three-year basis, 67% of ING's assets delivered above-median performance compared with their peers. Much of this improvement was the result of a continued drive to develop investment expertise (for example by completing the US equity team and restructuring the European Equity Investments Department), plus the expansion of cross-regional networks. We also increased the number of banking and insurance channels through which we

Truly a landmark deal

"Acquiring the Abbey National Portfolio allowed ING to enter the retail investor market in grand style" notes Robert Houston, chairman of ING RE Investment Management UK. "This huge, diverse portfolio could be divided between established clients and a newly established trust to attract a new retail-investor base through an IPO – making it the largest real-estate deal ever in the UK, and among the most creative."

ASSETS UNDER MANAGEMENT BY CLIENT CATEGORY
in EUR billion

Private clients	45%	247.8
Institutional clients	19%	104.9
Proprietary	36%	194.7
Total	100%	547.4

cross-sell products and raise assets. Our larger scale resulted in a reduction of relative costs. All these developments enabled us to seize new opportunities to successfully meet client needs around the world. In the United States, for instance, our two new closed-end, high-dividend funds raised EUR 1.8 billion assets in public offerings.

Results were further enhanced by strong cost control. Back-office systems were improved and some non-core back-office activities were outsourced. In Europe, IT operations were restructured and partially outsourced. In Asia, several services were integrated into a central regional office in Hong Kong. Economies of scale were also achieved by sharing research and treasury services across all three ING IM units (Europe, the Americas and Asia/Pacific).

LOOKING AHEAD

In 2006, ING Investment Management aims to further capitalise on its global expertise and develop more products that meet client needs globally and locally. It will seek to improve the distribution through ING affiliate channels and third parties. Another priority will be to continue to increase the transparency of the contribution that ING IM makes to ING Group.

Strong growth at ING Real Estate

ING Real Estate increased its business portfolio thanks to ongoing organic growth and several landmark deals, including the acquisition of the Gables Residential Trust and the Abbey National portfolio. The latter, a EUR 1.7 billion deal, was the largest single real-estate transaction ever to take place in the United Kingdom. In Asia, the launch of the ING Korea Property Investments Company ensured further growth in that region. A landmark transaction in the Netherlands was the EUR 1 billion bridge facility provided, together with NIBC, to a group of institutional investors for the acquisition of the VendexKBB portfolio of prime retail properties.

In 2005, ING Real Estate's Investment Management division portfolio grew 52% to EUR 47.1 billion. The Finance division continued the international diversification of its EUR 20.3 billion credit portfolio, over half of which is now outside the Netherlands. Meanwhile, the Development division started up several significant new projects, including Hafencity Hamburg in Germany and Centre Amsterdam North in the Netherlands.

The key to ING Real Estate's success is its continuing ability to combine global reach with local expertise. Greater economies of scale are also working to its advantage, while the mix of its three divisions, combined with a diversified portfolio, further reduces its risk profile.

LOOKING AHEAD

In 2006, ING Real Estate's Investment Management division will concentrate on maintaining growth momentum (especially in Asia), and it will also launch several new funds in Europe. The Finance division will continue to focus on international diversification, while the Development division will aim for controlled growth in Europe and Australia, and will investigate potential for development funds in the United States.

1.8 billion

The successful closed-end funds developed by ING IM Europe and ING IM Americas are the first of their kind with a portfolio of companies that regularly pay high dividends combined with an options strategy. Investors profit from a stable cash flow, but can also gain from rising share prices. This is a prime example of delivering innovative products to meet customer needs. These funds raised EUR 1.8 billion of assets in the public offerings in 2005.

OUR PEOPLE

The success of our strategy for value creation largely depends on instilling a performance culture in our workforce and enhancing its strength, depth and diversity.

NUMBER OF EMPLOYEES BY BUSINESS LINE
average FTEs

		2005
Insurance Europe	14%	**16,100**
Insurance Americas	23%	**27,100**
Insurance Asia/Pacific	7%	**8,400**
Wholesale Banking	18%	**20,800**
Retail Banking	32%	**36,400**
ING Direct	6%	**6,500**
Total	100%	**115,300**

A vital part of ING's new strategy is to instill a performance culture. During 2005, we took further steps to establish the conditions in which such a culture can grow, thrive and become an integral part of who we are and what we do.

In a performance culture, all employees help to create sustainable, profitable growth. But to do this successfully, they need to share the same goals and strategic direction, and understand their part in achieving those goals. They also need the right skills, appropriate feedback and rewards. In 2005, we embedded our performance culture still more firmly in several ways.

For example, to extend understanding of ING's organisational structure and new strategic priorities, ING Business School widened the reach of its effective, interactive learning programme '*Live* ING'. And since sustainable growth requires a strong focus on long-term value creation rather than short-term profit, special 'Managing-for-Value' workshops are also being held to help managers shift their focus to this new perspective.

Effective communication is key in any cultural change. Chairman Michel Tilmant communicated directly with employees through regular live presentations and e-mail reports, backed up by our new monthly employee magazine, ING *Matters*.

In this way, we aim to help our people become totally professional and accountable, to focus more closely on results and to be more customer-centric. Above all, they must maintain integrity, and to ensure this, we have implemented a new company-wide compliance policy.

Building human capital

Skilled and motivated staff play a crucial role in achieving top performance. In line with this, Human Resources focuses on recruitment, diversity and developing leadership talent. To attract the best people, we have already improved graduate recruitment around the world, and will launch a global training programme in 2006 for all recently hired graduates.

As our customers are very diverse, we need to be like them to genuinely understand their needs. One of our priorities is therefore to recruit people from a wide variety of backgrounds. In addition, success depends on having the right people in the right place at the right time. Line managers particularly are being empowered to identify and develop 'high potentials' throughout ING, while human resource management best practices (including succession planning and vacancy finding and matching) are increasingly being shared across regions and business lines.

LOOKING AHEAD

Every ING employee plays a vital part in creating value. But change is not achieved overnight. We will continue our current initiatives and launch new ones to embed this performance culture further, so that together we can create value and build a challenging workplace for our people.

Experience ING

To teach ING employees across the world about our new strategic priorities, we rolled out the interactive learning experience '*Live* ING'. It gives employees a shared understanding of ING's objectives and strategic goal – to be a winning company that creates sustainable, profitable growth. The first 10,000 employees have already taken part, with an additional 30,000 to follow in the first half of 2006.

CORPORATE RESPONSIBILITY

We strive to meet our commitments in all we do, guided by our business principles.

Financial institutions are an important factor in the economy and therefore in society. ING's credibility depends on our stakeholders' trust. To earn that trust, we make a number of key commitments. The ING Business Principles guide us.

ING aims to earn shareholders an above-average return on their investment without compromising its business principles, which lay down the behavioural standards required of everyone at ING and our main commitments to key stakeholders.

Serving our customers

ING wishes to build long-term customer relationships, based on ease of doing business, reliability and fairness. Accurate, easy-to-understand information is key. Entering into long-term financial commitments means that we need to provide customers with thorough information about financial choices. As many transactions take place online, we tell our customers how to bank online safely. We also have a duty to protect customers from undue risk and ensure that our actions do not damage their interests.

The regulatory environment has changed and the introduction of new rules is redefining some of our responsibilities. Compliance with laws and regulations is essential to fulfil customer expectations and earn their trust. We therefore strengthened compliance awareness among our workforce.

Responsible lending and investment

Financial-services providers are increasingly held accountable for the actions of their corporate clients. ING's wholesale-banking operations use policies called the Corporate Social Responsibility Statements to ensure that companies that request financing are not involved in areas incompatible with ING's environmental, social or ethical values.

In project finance in emerging markets we apply screenings called the Equator Principles for projects over EUR 50 million. These principles categorise projects as high, medium or low environmental and social risk.

Responsible share ownership

ING has over EUR 195 billion in proprietary assets, the majority of which comes from insurance premium income. ING aims to invest these assets responsibly and avoid investing proprietary assets in companies engaged in activities incompatible with our defence policy. Although client investments are not restricted by ING's own criteria in these areas, ING offers clients the option to screen for various social and environmental issues.

Environment

ING adopted a new internal environmental policy focused on three areas: business travel, energy consumption and paper consumption. We also joined the Global Roundtable on Climate Change, a forum in which ING can learn more about scientific, technological and economic issues connected with climate change, and therefore better understand their impact on our risks and those of our clients.

Commitments in 2006

We will concentrate on a number of corporate responsibility commitments, including a sharper focus on compliance and responsible sales practices, a more customer-centric approach, an attractive workplace, community development and responsible procurement. We will also work on involving our stakeholders more closely in policy development.

The Corporate Responsibility Report 2005 will be available on 11 April 2006 at www.ing.com. You can also order a print version.

Compliance

In 2005, ING introduced a new compliance policy which requires all business units to substantially increase their level of compliance activities, in particular compliance monitoring. Our objective – to implement the new policy by the end of 2006 – has been included as a performance target for all members of senior management.

CORPORATE GOVERNANCE

ING believes in good corporate governance and a good system of checks and balances. ING made significant efforts to increase shareholders' influence and transparency about its governance.

In compliance with the Tabaksblat Code

In its corporate-governance structure and its corporate-governance practices, ING Group uses the Tabaksblat Code as reference. In a separate document, entitled 'The Dutch Corporate Governance Code – ING's implementation of the Tabaksblat Code for good corporate governance' (available on the website of ING Group www.ing.com), ING Group sets out whether and how it applied each of the best-practice provisions of the Tabaksblat Code. The ING Group corporate-governance structure as described in this document, including some deviations from the Tabaksblat Code described therein, was approved by the General Meeting of Shareholders on 26 April 2005. As a result, ING Group is considered to be in full compliance with the Code.

In 2005, ING Group applied the best-practice provisions of the Tabaksblat Code as described in the above-mentioned document, subject to the following qualifications:

- With respect to best-practice provision II.1.4 of the Tabaksblat Code regarding reporting on internal risk-management and control systems, ING Group has elected to report in accordance with the regulations adopted under Section 404 of the US Sarbanes-Oxley Act (SOX), which applies to ING Group. The Executive Board will add this report for the first time to the annual accounts and/or annual report for the financial year 2006.
- Mr. J.H.M. Hommen, who was appointed in the 2005 General Meeting of Shareholders as a Supervisory Board member, has more than five positions as a supervisory board member with other Dutch-listed companies (which is not compliant with best-practice provision III.3.4). Mr. Hommen has informed us he will resolve this situation in due course.

Both qualifications were approved by the General Meeting of Shareholders of 26 April 2005.

Corporate-governance differences

Under the New York Stock Exchange's ('NYSE') listing standards, ING Group as a foreign private issuer must disclose any significant ways in which its corporate-governance practices differ from those followed by US domestic companies under the NYSE listing standards. An overview of what we believe to be the significant differences between our corporate-governance practices and NYSE corporate-governance rules applicable to US companies, is available on the website of ING Group (www.ing.com).

Capital structure, shares

The authorised capital of ING Group consists of ordinary shares, preference A shares, five series of preference B shares and cumulative preference shares. When we refer to shares herein, we mean both our ordinary shares and our preference shares, unless otherwise specified. Currently, only ordinary and preference A shares are issued, while a right to acquire cumulative preference shares has been granted to the ING Continuity Foundation. The purpose of the cumulative preference shares is to protect the independence, the continuity and the identity of the company against the acquisition of control by third parties, including hostile takeovers, while the ordinary shares and the preference shares are used solely for funding purposes. The shares, which are all registered shares, are not listed on a stock exchange.

Depositary receipts

Over 99% of the issued ordinary and preference shares are held by the ING Trust Office or 'Trust Office'. The Trust Office issues bearer depositary receipts in exchange for these shares. The depositary receipts are listed. The depositary receipts can be exchanged, without any restrictions, for the underlying shares. An administrative fee may be charged for this.

Although the depositary receipts do not formally have any voting rights, holders of depositary receipts are in practice fully equated with shareholders with regard to voting. The Trust Office will, subject to certain restrictions, grant a proxy to a holder of depositary receipts for ordinary shares or preference shares, respectively, to the effect that such holder may, in the name of the Trust Office, exercise the voting rights attached to the number of its shares of the relevant category that corresponds to the number of depositary receipts of the relevant category held by such holder of depositary receipts. Holders of depositary receipts may vote as they see fit. Holders of depositary receipts not attending a meeting can also issue binding voting instructions to the Trust Office. The Trust Office has made it easier for votes to be cast in this way by putting arrangements in place for proxy voting and e-voting.

The Executive Board and the Supervisory Board remain committed to abolish the bearer depositary receipts and the Trust Office structure once representation including proxy voting of holders of ordinary shares and depositary receipts thereof has reached at least 35% of the total number of votes that may be cast on ordinary shares during three consecutive years.

Voting rights

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

COMPLIANCE

ING has to comply with applicable laws, regulations and standards. Compliance is a responsibility that individual employees share, regardless of their position.

Compliance vision

ING's most important assets are the integrity of its organisation and the reputation for professional and ethical conduct that ING's businesses enjoy around the world. ING is committed to the preservation of its integrity and reputation, and requires of all businesses:

1. Good understanding of, and strict compliance with, applicable laws, regulations and standards in each of the markets and jurisdictions in which ING operates;
2. The continued implementation of, and adherence to, ING's compliance standards.

Regulatory compliance is essential because ING's long-term relationships with its clients depend on integrity and fairness.

Governance and compliance organisation

The Executive Board of ING Group has ultimate responsibility for compliance by ING business units with applicable laws, regulations and ethical standards, thereby having oversight-responsibility for the management of ING's compliance risks. The Executive Board established an ING Group Compliance Policy on 1 July 2005 and has decided that the ING Group Compliance Policy shall be implemented throughout its business by 31 December 2006. Management of business units is responsible for the implementation and adherence to this new compliance policy supported and advised by their Compliance Officers.

Other accomplishments in compliance in 2005

The Executive Board issued a new Chinese Walls Policy. Management has to ensure that confidential and inside information is not misused or spread inadvertently. The policy also helps to manage the potentially conflicting interests of the business lines of ING.

As a result of the implementation of the EU Market Abuse Directive all relevant documentation has been reviewed and renewed to ensure compliance with the directive. The ING Insider Regulation, which regulates the private investments of ING's employees with access to ING inside information, has been renewed to reflect the new market-abuse rules. 1,500 employees were added to the group of insiders while all existing 7,000 insiders had to sign off on the renewed regulation.

A policy on outside positions of Management Council members was implemented in 2005 to avoid potential conflicts of interest. The regulation on Credit Facilities to ING Officers has been renewed.

As the tone at the top is instrumental to ensure that compliance is fully embedded in ING's organisation, the Executive Board uses every opportunity to stress the importance of compliance to ING, not only to the outside world, but to employees at all organisational levels.

LOOKING AHEAD

The main objective for 2006 is to implement the new ING Group Compliance Policy by the end of the year and to further strengthen the compliance organisation. The implementation of the compliance policy and compliance monitoring have been included as new performance targets for senior management in 2006.

SECTION 404 SARBANES-OXLEY ACT

Due to the listing of the ING shares on the New York Stock Exchange, ING Group is required to comply with the SEC regulations adopted pursuant to Section 404 of the Sarbanes-Oxley Act, or SOX 404. These regulations require that the CEO and CFO of ING Group report and certify on an annual basis, starting in its annual report over 2006, on the effectiveness of ING Group's internal controls over financial reporting, and that the external auditors provide an attestation report on the management's assessment. ING established the SOX 404 Advisory Board and Steering Committee to oversee the implementation of SOX 404 policies.

SUPERVISORY BOARD AND EXECUTIVE BOARD

SUPERVISORY BOARD

COR A.J. HERKSTRÖTER* chairman
Born 1937, appointed in 1998, Dutch nationality. Former president of Royal Dutch Petroleum Company and chairman of the Committee of Managing Directors, Royal Dutch/Shell Group. Chairman of the Supervisory Board of Royal DSM (the Netherlands).

ERIC BOURDAIS DE CHARBONNIÈRE
vice-chairman
Born 1939, appointed in 2004, French nationality. Former managing director of JP Morgan and Chief Financial Officer of Michelin. Chairman of the Supervisory Board of Michelin and member of the Supervisory Board of Thomson (France).

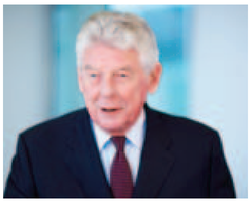
LUELLA GROSS GOLDBERG
Born 1937, appointed in 2001, American nationality. Former member of the Board of Directors ReliaStar Financial Corp. Member of the Supervisory Board of TCF Financial Corporation, Hormel Foods Corporation, Communications Systems Inc. and Hector Communications Corporation (USA).

PAUL F. VAN DER HEIJDEN
Born 1949, appointed in 1995, Dutch nationality. Rector Magnificus and professor of labour law and industrial relations, University of Amsterdam. Appointment also on the recommendation of the Central Works Council.

CLAUS DIETER HOFFMANN
Born 1942, appointed in 2003, German nationality. Former Chief Financial Officer Robert Bosch GmbH. Managing partner of H+H Senior Advisors, Stuttgart. Member of the Supervisory Board of EnBW (Germany).

JAN H.M. HOMMEN
Born 1943, appointed in 2005, Dutch nationality. Former vice-chairman and CFO of the Board of management of Royal Philips Electronics. Chairman of the Supervisory Board of Reed Elsevier and TNT. Member of the Supervisory Board of Royal Ahold (the Netherlands).

AAD G. JACOBS*
Born 1936, appointed in 1998, Dutch nationality. Former chairman of the Executive Board of ING Group (retired in May 1998). Chairman of the Supervisory Board of Royal Dutch Shell, Imtech and Verenigd Bezit VNU. Vice-chairman of the Supervisory Board of SBM Offschore and Buhrmann (the Netherlands).



WIM KOK
Born 1938, appointed in 2003, Dutch nationality. Former Minister of Finance and Prime Minister of the Netherlands. Member of the Supervisory Board of Royal Dutch Shell and TNT (the Netherlands).

GODFRIED J.A. VAN DER LUGT
Born 1940, appointed in 2001, Dutch nationality. Former chairman of the Executive Board of ING Group (retired in May 2000).

PAUL J.A. BARON DE MEESTER*
Born 1935, appointed in 1998, Belgian nationality. Former member of the Board of Directors of BBL. Former chairman of Belgische Betonmaatschappij Besix-Betonimmo.

KAREL VUURSTEEN*
Born 1941, appointed in 2002, Dutch nationality. Former chairman of the Executive Board of Heineken. Member of the Supervisory Board of Akzo Nobel (the Netherlands), AB Electrolux (Sweden) and Henkel (Germany).

Audit Committee
Aad Jacobs, chairman; Claus Dieter Hoffmann, Jan Hommen (from November 2005), Godfried van der Lugt (from November 2005), Paul Baron de Meester (until November 2005).

Remuneration and Nomination Committee
Cor Herkströter, chairman; Eric Bourdais de Charbonnière (from April 2005), Luella Gross Goldberg, Paul van der Heijden.

Corporate Governance Committee
Cor Herkströter, chairman; Eric Bourdais de Charbonnière (from April 2005), Luella Gross Goldberg, Paul van der Heijden.

*** Changes in the Supervisory Board**
At the Shareholders' Meeting on 25 April 2006 Cor Herkströter and Karel Vuursteen are nominated for reappointment. Aad Jacobs and Paul Baron de Meester will retire after the 2006 Shareholders' meeting. At the same meeting, Piet Klaver (born 1945, Dutch nationality) will be proposed for appointment as of 25 April 2006.

Visit www.ing.com/group, corporate governance for further information on:

- Management structure
- Supervisory Board
- Committees
- Executive Board
- Legal structure and Regulators

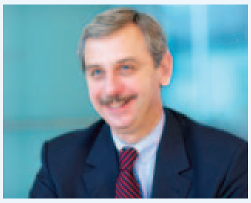
EXECUTIVE BOARD

MICHEL TILMANT
chairman

Born 1952, Belgian nationality. Michel Tilmant has been chairman of the Executive Board since April 2004. He became a member of the Executive Board in 1998 and vice-chairman in May 2000. Before joining ING, he was chairman of Bank Brussels Lambert (BBL), which was acquired by ING Group in 1998. He is responsible for strategy, human resources, communications and internal audit.

CEES MAAS
vice-chairman and CFO

Born 1947, Dutch nationality. Cees Maas joined ING Group and became a member of the Executive Board in 1992. In 1996 he was appointed Chief Financial Officer (CFO) and in April 2004 he also became vice-chairman of the Executive Board. Before joining ING, he was Treasurer-General at the Ministry of Finance of the Netherlands. He is responsible for finance, risk management, legal, tax and compliance.



ERIC F. BOYER DE LA GIRODAY

Born 1952, Belgian nationality. Eric Boyer de la Giroday was appointed a member of the Executive Board in April 2004. In 1984 he joined Bank Brussels Lambert, which was acquired by ING Group in 1998, where he held various management positions in the fields of capital markets, treasury and corporate and investment banking. Eric Boyer is responsible for Wholesale Banking.

FRED S. HUBBELL*

Born 1951, American nationality. Fred Hubbell was appointed a member of the Executive Board in May 2000. Until 1997 he was CEO and President of Equitable of Iowa, which was acquired by ING in 1997. Fred Hubbell is responsible for Insurance Americas and for Nationale-Nederlanden in the Netherlands as well as ING Investment Management (ING IM) in both the Americas and Europe. He is also responsible for the coordination of global activities of ING IM.

ELI P. LEENAARS

Born 1961, Dutch nationality. Eli Leenaars was appointed a member of the Executive Board in April 2004. He joined ING in 1991. Eli Leenaars is responsible for Retail Banking including ING Bank, Postbank and RVS in the Netherlands, ING Belgium, ING Bank Slaski in Poland and ING Vysya Bank in India. He is also responsible for Operations/IT and private banking.

ALEXANDER H.G. RINNOOY KAN*

Born 1949, Dutch nationality. Alexander Rinnooy Kan became a member of the Executive Board in September 1996. Before joining ING he was Rector Magnificus of the Erasmus University of Rotterdam and President of VNO-NCW (Employers' Federation). He is responsible for ING's insurance activities in Asia/Pacific and Central Europe, ING Investment Management in Asia/Pacific, ING Real Estate, Corporate IT, Corporate Procurement and ING Global Pensions.

HANS K. VERKOREN*

Born 1947, Dutch nationality. Hans Verkoren was appointed a member of the Executive Board in April 2004. He began his career with ING in 1978 at postgiro/rijkspostspaarbank, the predecessor of Postbank. As a member of the Board, he remained responsible for Postbank from 1986 until 1995. In that year he became global head of ING Direct. Hans Verkoren is responsible for ING Direct and ING Card.

*** Changes in the Executive Board**

As of the Shareholders' Meeting on 25 April 2006, Fred Hubbell and Hans Verkoren have elected to retire from the Executive Board and Alexander Rinnooy Kan will step down from the Executive Board following his appointment as chairman of the Social and Economic Council of the Netherlands (SER).

Dick Harryvan (born 1953, Dutch nationality), Tom McInerney (born 1956, American nationality), Hans van der Noordaa (born 1961, Dutch nationality) and Jacques de Vaucleroy (born 1961, Belgian nationality) are nominated for appointment to the Executive Board as of 25 April 2006. The Shareholders' Meeting will decide on these nominations on 25 April 2006.

REMUNERATION

Remuneration structure

Executive Board compensation consists of three basic components:
- Fixed or base salary, which represents the total guaranteed annual income.
- Short-term incentive (STI) in cash, which compensates for past performance measured over one year;
- Long-term incentive (LTI), in stock options and/or performance shares, compensates for performance measured over multiple years and is forward-looking.

Base salary 2005

The base salary of the Executive Board members has been frozen for 2005, as was the case in 2004.

Short-term incentive plan 2005

The short-term incentive (STI) is for 70% based on Group financial measures (net profit, total operating expenses and return on capital) and for 30% based

COMPENSATION IN CASH OF THE MEMBERS OF THE EXECUTIVE BOARD

amounts in thousands of euros	**2005**	2004	2003
MICHEL TILMANT[1]			
Base salary	**1,289**	1,250	1,172
Short-term performance-related bonus	**1,520**	866	366
Total cash compensation	**2,809**	2,116	1,538
CEES MAAS[1]			
Base salary	**697**	677	634
Short-term performance-related bonus	**806**	530	333
Total cash compensation	**1,503**	1,207	967
ERIC BOYER DE LA GIRODAY[2]			
Base salary	**850**	574	
Short-term performance-related bonus	**945**	445	
Total cash compensation	**1,795**	1,019	
FRED HUBBELL[3]			
Base salary	**1,120**	1,121	1,232
Short-term performance-related bonus	**1,270**	855	647
Total cash compensation	**2,390**	1,976	1,879
ELI LEENAARS[2]			
Base salary	**634**	428	
Short-term performance-related bonus	**705**	321	
Total cash compensation	**1,339**	749	
ALEXANDER RINNOOY KAN			
Base salary	**634**	634	634
Short-term performance-related bonus	**705**	493	333
Total cash compensation	**1,339**	1,127	967
HANS VERKOREN[2]			
Base salary	**634**	428	
Short-term performance-related bonus	**705**	335	
Total cash compensation	**1,339**	763	

(1) The increase in base salary for Michel Tilmant and Cees Maas reflects a 10% increase, effective April 2004, related to their promotions to chairman and vice-chairman respectively.
(2) Eric Boyer de la Giroday, Eli Leenaars and Hans Verkoren were appointed to the Executive Board on 28 April 2004. The figures for these members reflect compensation earned in their capacity as Executive Board members. Thus, the figures for 2004 reflect the partial year as Executive Board members.
(3) Fred Hubbell gets his compensation in US dollars. For each year the compensation in US dollars has been translated to euros at the average exchange rate for that year.

on individual performance targets. The target STI payout over 2005 was set at 75% of the individual Executive Board member's base salary. Over 2005, ING exceeded on average the three Group financial targets set, resulting in a score of 141% of target on this component. The individual performance of the Executive Board members was on average 175%.

Long-term incentive plan 2005

The target level for the 2005 long-term incentive (LTI) was set at 75% of base salary for each EB member. As the STI performance outcome over 2005 was 141%, the resulting LTI award is 120% of target. The number of options and performance shares is determined based on a reference price set at the end of 2005 (EUR 29.30) and a 'fair value' calculation of options and performance shares (based on an option-pricing model).

LONG-TERM INCENTIVES OF THE MEMBERS OF THE EXECUTIVE BOARD(1)

amounts in thousands of euros	2005	2004	2003
MICHEL TILMANT			
Number of options	**108,200**	82,600	41,250
Number of performance shares	**19,300**	15,000	13,750
Fair market value of long-term incentive(2)	**1,160**	661	481
CEES MAAS			
Number of options	**58,500**	51,200	41,250
Number of performance shares	**10,400**	9,300	13,750
Fair market value of long-term incentive(2)	**628**	410	481
ERIC BOYER DE LA GIRODAY(3)			
Number of options	**71,400**	43,400	
Number of performance shares	**12,800**	7,900	
Fair market value of long-term incentive(2)	**765**	347	
FRED HUBBELL(4)			
Number of options	**0**	84,700	41,250
Number of performance shares	**0**	15,400	13,750
Fair market value of long-term incentive(2)	**1,008**	678	481
ELI LEENAARS(3)			
Number of options	**53,200**	32,400	
Number of performance shares	**9,500**	5,900	
Fair market value of long-term incentive(2)	**571**	259	
ALEXANDER RINNOOY KAN(4)			
Number of options	**0**	48,000	41,250
Number of performance shares	**0**	8,700	13,750
Fair market value of long-term incentive(2)	**571**	384	481
HANS VERKOREN(3)(4)			
Number of options	**0**	32,400	
Number of performance shares	**0**	5,900	
Fair market value of long-term incentive(2)	**571**	259	

(1) Long-term incentives are granted in the year following the reporting year (for example, awards shown for 2003 performance were awarded in 2004). For 2002 performance (awards granted in 2003), each Executive Board member was granted 7,000 conditional shares, the condition being an employment contract. The conditional shares vested in May 2005 and as such, 7,764 shares (7,000 plus 764 share dividends) were delivered to the Executive Board members. The total expense relating to the conditional share awards (EUR 604,000) was recognised pro-rata over the vesting period. Beginning in the performance year 2003, the Executive Board member's long-term incentive awards were made under the new LTI plan adopted by the AGM in 2004. The plan provides for a combination of share options and performance shares based on a 50/50 split in value. The ratio of options to performance shares varies each year as a result of the fair-value calculation and the 50/50 split in value. The vesting period for the performance shares is 3 years. The costs of the performance shares are expensed pro-rata over the three-year period. The fair-value calculation for the performance year 2003 resulted in a ratio of options to performance shares of 3:1. The fair-value calculation for the performance year 2004 resulted in a ratio of options to performance shares of 5.5:1. For the performance year 2005, the Supervisory Board proposes to grant to the Executive Board members the combination of stock options and performance shares (based on the 50/50 split in value) as disclosed in the above table, in May 2006 (after the AGM). The fair-market-value calculations for the 2005 performance year resulted in a ratio of options to performance shares of 5.6:1.

(2) Fair market value of long-term Incentive reflects the estimated fair market value of the long-term incentive award on the date of grant based on a fair-value calculation. The valuation is calculated annually for grants made to the Executive Board members for performance over the year specified.

(3) Eric Boyer de la Giroday, Eli Leenaars and Hans Verkoren were appointed to the Executive Board on 28 April 2004. The figures for these members reflect compensation earned in their capacity as Executive Board members.

(4) As a result of their resignation/retirement from the Executive Board in 2005, Fred Hubbell, Alexander Rinnooy Kan and Hans Verkoren will receive their 2005 long-term incentive award in the form of cash instead of options and shares.

INFORMATION FOR SHAREHOLDERS

ING is listed on six stock exchanges. The most important ones are the Amsterdam and New York Stock Exchanges.

Profit retention and distribution policy

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

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

In February 2005, ING defined its dividend policy as follows: ING intends to pay dividends in relation to the longer-term underlying development of cash earnings following the introduction of the International Financial Reporting Standards (IFRS), which are expected to increase volatility in net profit. Furthermore, it was decided to reduce the dilution of earnings per share even further and, therefore, ING decided in the beginning of 2005 to change its dividend policy to a full cash dividend starting with the 2004 final dividend (paid in May 2005). This change was very much welcomed by investors and analysts.

Ratings

Standard & Poor's upgraded the ratings of ING Groep N.V., ING Bank N.V. and ING Verzekeringen N.V. in August 2005. Moody's confirmed its ratings in May 2005. ING Groep N.V. and ING Verzekeringen N.V. now have an AA- rating from Standard & Poor's and an Aa3 rating from Moody's. ING Bank N.V. now has an AA rating from Standard & Poor's and an Aa2 rating from Moody's. All these ratings, from both Standard & Poor's and Moody's, have a stable outlook.

Listing

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

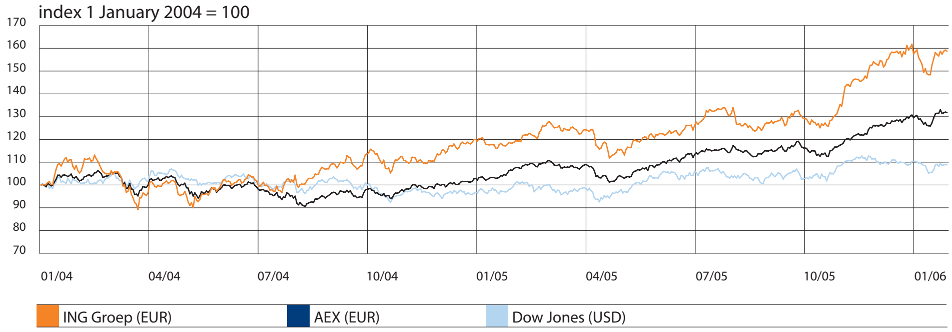
Shareholders with stakes of 5% or more

Under the Dutch Act on the Disclosure of Major Holdings in Listed Companies, three holders of depositary receipts with an interest or potential interest of between 5% and 10% in ING Group were known as at 31 December 2005. They were ABN AMRO, Aegon and Fortis.

GEOGRAPHICAL DISTRIBUTION OF ING SHARES
in percentages

United Kingdom	28%
United States & Canada	21%
Netherlands	17%
Belgium	11%
Luxembourg	8%
France	6%
Switzerland	5%
Germany	2%
Other	2%

PRICES DEPOSITARY RECEIPTS FOR ORDINARY SHARES
index 1 January 2004 = 100



IMPORTANT DATES IN 2006 AND 2007*

Annual General Meeting
of Shareholders
Tuesday, 25 April 2006
Muziekgebouw aan 't IJ, Amsterdam

ING share quotation
ex-final dividend 2005
Thursday, 27 April 2006

Payment date final dividend 2005
Thursday, 4 May 2006

Publication results
first three months 2006
Thursday, 11 May 2006

Publication results first six months 2006
Thursday, 10 August 2006

ING share quotation
ex-interim dividend 2006
Friday, 11 August 2006

Publication results
first nine months 2006
Thursday, 9 November 2006

Publication of annual results 2006
Thursday, 15 February 2007

Annual General Meeting
of Shareholders
Tuesday, 24 April 2007

ING share quotation
ex-final dividend 2006
Thursday, 26 April 2007

* All dates shown are provisional.

Investor relations

In addition to financial press releases, ING also publishes ShareholdersNews and ShareholdersBulletin. You can subscribe to both publications through the ING website, www.ing.com. To be kept informed of press releases and other ING news, you can subscribe to the email service on www.ing.com.

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ADDITIONAL INFORMATION

ING's corporate website, www.ing.com/group, gives extensive information on the Company in general, corporate governance, corporate responsibility, sponsoring and careers.

ING PUBLICATIONS

All ING publications are available as pdf files on ING's corporate website www.ing.com/group:

- Annual Review, in Dutch and English;
- Corporate Responsibility Report, in Dutch and English;
- Annual Report, in Dutch and English;
- Annual Report on Form 20-F, in English (in accordance with SEC guidelines).

The publications can be ordered on the internet: www.ing.com/group, 'Order ING Publications' button, by fax: +31 411 652 125, or by mail: P.O. Box 258, 5280 AG Boxtel, the Netherlands.

DISCLAIMER

Certain of the statements contained in this Annual Review are statements of future expectations and other forward-looking statements. These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things,

(i) general economic conditions, in particular economic conditions in ING's core markets,
(ii) performance of financial markets, including emerging markets,
(iii) the frequency and severity of insured loss events,
(iv) mortality and morbidity levels and trends,
(v) persistency levels,
(vi) interest rate levels,
(vii) currency exchange rates,
(viii) general competitive factors,
(ix) changes in laws and regulations, and
(x) changes in the policies of governments and/or regulatory authorities.

ING assumes no obligation to update any forward-looking information contained in this document.

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