ING GROEP NV
Form 6-K
February 18, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

For February 17, 2005

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

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

Form 20-F X Form 40-F ___

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

Yes ___ No X

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

Page 1 of 46

This Report contains a copy of the following:

(1) The Press Release issued on February 17, 2005

[ING GROUP LOGO]

PRESS RELEASE

Amsterdam o 17 February 2005

ING GROUP OPERATING NET PROFIT INCREASES 33.0% IN 2004
DIVESTMENT PROGRAMME IS LARGELY COMPLETED, ING TO RETURN TO FULL CASH DIVIDEND

- OPERATING NET PROFIT INCREASES 33.0% TO EUR 5,389 MILLION
- NET PROFIT INCREASES 47.6% TO EUR 5,968 MILLION (EUR 2.80 PER SHARE)
- OPERATING NET PROFIT FROM BANKING RISES 55.6%, LED BY ING DIRECT, WHOLESALE BANKING
- OPERATING NET PROFIT FROM INSURANCE RISES 19.0%, LED BY ASIA/PACIFIC, AMERICAS
- AFTER TAX, RAROC BANKING INCREASES TO 14.8% AND IRR INSURANCE INCREASES TO 12.1%
- VALUE OF NEW LIFE INSURANCE BUSINESS RISES 43.6% TO EUR 632 MILLION
- DEBT/EQUITY RATIO OF ING GROUP IMPROVES TO 9.9% FROM 14.4% AT YEAR-END 2003
- TOTAL DIVIDEND PROPOSED AT EUR 1.07 PER SHARE, UP FROM EUR 0.97 PER SHARE IN 2003
- FINAL DIVIDEND TO BE PAID OUT FULLY IN CASH

CHAIRMAN'S STATEMENT
"In the past year we have seen some significant changes at ING," said Michel Tilmant, Chairman and CEO. "The new Executive Board took a critical look at the businesses within the Group and sold many units that either did not fit in our strategy, or did not meet our criteria for economic returns. That divestment programme is now largely completed. However, portfolio management is a continuous process, and the Group will continue to allocate capital with the aim of strengthening ING's returns and growth."

"In all, the financial results in 2004 were encouraging. Operating net profit reached an historic high. Total operating income increased 10.6% excluding the impact of acquisitions, divestments, and currency effects. The insurance business lines posted strong growth in premium income, while product-pricing was adjusted to increase returns on new business. The banking business lines continued to benefit from lower risk costs, and operating income showed a solid increase, despite pressure on interest rates in the past year. Although we saw some one-offs and non-recurring expenses in the fourth quarter, underlying costs were contained, except at Nationale-Nederlanden, where we continued to invest deliberately to meet the structural improvements required."

"The divestments enabled us to improve the debt/equity ratio to 9.9% at the end of 2004, in line with our 10% target. Sales completed in 2004 resulted in a release of EUR 1.5 billion in regulatory capital that will be invested to support the growth of businesses such as ING Direct, the activities in developing markets such as Asia and Central Europe, and the retirement services business such as in the U.S."

"With our capital position strengthened, we have decided to change to a full cash dividend, starting with the final dividend for 2004. In 2005, we will focus on execution to increase value creation for our shareholders."

ALL FIGURES COMPARE FULL-YEAR 2004 WITH FULL-YEAR 2003 UNLESS OTHERWISE STATED.

PRESS CONFERENCE: 17 February, 9:30 a.m. CET at ING House, Amsterdam.
Presentation & webcast www.ing.com
ANALYST PRESENTATION: 17 February, 11:15 a.m. CET at ING House, Amsterdam.
Presentation & webcast www.ing.com
ANALYST CONFERENCE CALL: 17 February, 4 p.m. CET.
Listen in: NL +31 45 631 6910 UK. +44 20 8400 6356 U.S. +1 303 262 2131
ANALYST PRESENTATION IN LONDON: 18 February, 11 a.m. U.K. time at 60 London Wall. Webcast at www.ing.com
ANALYST CONFERENCE CALL ON EMBEDDED VALUE: 18 February, 3 p.m. U.K. time / 4 p.m. CET
Listen in: NL +31 45 631 6910 U.K. +44 20 8400 6356 U.S. +1 303 262 2131

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1.1 ING GROUP

TABLE 1. ING GROUP KEY FIGURES

In EUR million	FULL YEAR 2004	2003	%	FOURTH QU 2004	20
Operating profit before tax:					
- Insurance Europe	1,733	1,791	-3.2	522	5
- Insurance Americas	1,669	1,310	27.4	699	3
- Insurance Asia/Pacific	751	411	82.7	120	1
- Other	-148	-26		-73	-
INSURANCE OPERATING PROFIT BEFORE TAX	4,005	3,486	14.9	1,268	1,0
- Wholesale Banking	1,932	1,272	51.9	243	1
- Retail Banking	1,170	1,058	10.6	162	3
- ING Direct	432	151	186.1	112	
- Other	-120	-110		38	-

BANKING OPERATING PROFIT BEFORE TAX	3,414	2,371	44.0	555	5
TOTAL OPERATING PROFIT BEFORE TAX	7,419	5,857	26.7	1,823	1,5
Taxation	1,758	1,460	20.4	380	3
Third-party interests	272	344	-20.9	62	1
OPERATING NET PROFIT*	5,389	4,053	33.0	1,381	1,0
- of which Insurance	2,985	2,508	19.0	905	6
- of which Banking	2,404	1,545	55.6	476	3
Capital gains/losses on shares	579	-10		150	
NET PROFIT	5,968	4,043	47.6	1,531	1,0
NET PROFIT PER SHARE (in EUR)	2.80	2.00	40.0	0.70	0.
KEY FIGURES					
Operating net return on equity	22.9%	21.5%			
Debt/equity ratio	9.9%	14.4%			
Total staff (average FTEs)	113,000	115,200			

FULL-YEAR PROFIT

Operating net profit rose 33.0% to EUR 5,389 million in 2004, led by a strong performance at ING's banking operations, notably ING Direct and Wholesale Banking, mainly as a result of higher income and historically low risk costs. The insurance operations also posted a healthy growth, driven by the life insurance activities in Asia/Pacific and the core U.S. businesses, and continued strong non-life results, led by Canada. Excluding one-off items, operating net profit increased 36.2% to EUR 5,050 million, up from EUR 3,707 million in 2003.

Net profit rose 47.6% to EUR 5,968 million, lifted by EUR 579 million in realised capital gains on equities in 2004 compared with realised capital losses on equities of EUR 10 million in 2003. The high level of capital gains on shares, most of which were realised in the second half of 2004, is mainly due to a decision to sell part of the Dutch equity portfolio to reduce volatility of the solvency ratios.

Net profit per share rose 40.0% to EUR 2.80, compared with EUR 2.00 in 2003. The increase in earnings per share lagged growth in total net profit due to an increase in the average number of shares outstanding as a result of ING's dividend policy, which allowed investors to receive the dividend in cash or stock. Dilution of earnings per share was limited in 2004 because ING stopped issuing shares to fund the cash portion of the dividend payment, starting with the interim dividend 2004. Beginning with the final dividend 2004, ING plans to reduce dilution further by converting to a full cash dividend. (See Section 1.3)

Operating net profit from insurance increased 19.0% to EUR 2,985 million, lifted by higher results in Asia/Pacific and the Americas and a lower effective tax rate. Total operating profit before tax from

insurance rose 14.9% to EUR 4,005 million. Insurance Asia/Pacific posted an 82.7% increase in operating profit before tax to EUR 751 million, including a one-off gain of EUR 219 million from the sale of ING's stake in its Australian non-life insurance joint-venture in the second quarter of 2004. Excluding that gain, operating profit before tax from Insurance Asia/Pacific increased 29.4% to EUR 532 million from EUR 411 million in 2003. Insurance Americas posted a 27.4%

increase in operating profit before tax to EUR 1,669 million, driven by the core life insurance business in the U.S. and strong non-life results in Canada. Excluding one-off items, currency effects and the transfer of investment management activities from banking to insurance in 2004, operating profit before tax from Insurance Americas increased 47.4%. Insurance Europe posted a 3.2% decline in operating profit before tax to EUR 1,733 million, mainly as a result of lower one-off gains on old reinsurance business and the gain on the sale of the Italian life insurance business in 2003. Excluding one-off items and the transfer of a real estate portfolio, the operating profit before tax from Insurance Europe increased 4.6% to EUR 1,722 million. Other Insurance results include part of the one-off gains on old reinsurance activities, the currency hedge result, and interest on core debt, which have not been allocated to the different insurance business lines. Excluding one-off items, total operating net profit from insurance increased 23.4% to EUR 2,588 million in 2004, up from EUR 2,097 million in 2003.

Operating net profit from banking rose 55.6% to EUR 2,404 million, lifted by higher profit from all three business lines and some large releases of redundant tax provisions in the fourth quarter of 2004. Total operating profit before tax from the banking operations rose 44.0% to EUR 3,414 million. Wholesale Banking posted a 51.9% increase in operating profit before tax, fully driven by a sharp decline in risk costs. A decrease in income, caused by one-off losses on divestments, was largely compensated by lower operating expenses. Excluding one-off items and the transfer of activities between insurance and banking, operating profit before tax from Wholesale Banking increased 57.0% to EUR 2,240 million. Operating profit before tax from Retail Banking increased 10.6%, driven by higher income and slightly lower risk costs, particularly in the Netherlands and Poland. Pre-tax profit in Belgium declined 31.4%, mainly due to non-recurring expenses and risk costs in the fourth quarter of 2004, despite a 12.1% increase in operating income in 2004. Operating profit before tax from ING Direct jumped to EUR 432 million from EUR 151 million in 2003, mainly due to higher interest income driven by the continued strong growth in funds entrusted. Other results consist mainly of interest expenses that are not allocated to the different business lines. Excluding one-off items, total operating net profit from banking rose 52.9% to EUR 2,462 million, from EUR 1,610 million in 2003.

ONE-OFF ITEMS

One-off items had a positive net impact of EUR 339 million on profit in 2004, which was balanced by a positive impact of EUR 346 million from one-off items in 2003. Gains and losses related to ING's various divestments in 2004 resulted on balance in a net gain of EUR 74 million. Restructuring provisions for ING BHF-Bank and Wholesale Banking, had a total negative net impact of EUR 64 million. Other one-off items included a gain of EUR 92 million on old reinsurance activities and EUR 237 million from releases of redundant tax provisions. In 2003, one-off items included EUR 107 million in gains on the sales of ING's life insurance unit in Italy and ING's stake in the Seguros Bital joint venture in Mexico, a restructuring provision of EUR 65 million for Wholesale Banking, a EUR 57 million release of catastrophe provisions, and a gain of EUR 247 million on old reinsurance activities. (See Appendix 2 for a specification of one-off items).

CURRENCY IMPACT

The weakening of most currencies against the euro had a negative impact of EUR 86 million on net profit. That was offset by a gain of EUR 188 million after tax on the U.S. dollar hedge, compared with a gain of EUR 119 million on the hedge in 2003. From 2005, ING no longer has hedges in place for the U.S. dollar.

FOURTH-QUARTER PROFIT

Fourth-quarter operating net profit rose 32.7% to EUR 1,381 million from EUR

1,041 million in the fourth quarter of 2003. Operating net profit from insurance increased 29.7% to EUR 905 million, led by Insurance Americas, which posted a 93.1% increase in operating profit before tax, boosted by the gain on the initial public offering (IPO) in Canada and strong life insurance results in the U.S. Excluding one-off items, operating profit before tax from Insurance Americas rose 39.9% in the fourth quarter to EUR 445 million. Operating profit before tax from Insurance Asia/Pacific increased 12.2%, due in part to the release of reserves at the Australian life insurance business. At Insurance Europe, operating profit before tax declined 6.1% due to a one-off gain on the sale of the Italian life insurance business in 2003 and lower profit in Belgium and the rest of Europe, which offset an increase in the Netherlands. Operating net profit from banking increased 38.8% to EUR 476 million, mainly due to the release of EUR 112 million redundant tax provisions. Operating profit before tax from banking rose 6.3% to EUR 555 million, as higher results from Wholesale Banking and ING Direct more than offset a decline at Retail Banking. Wholesale Banking posted a 66.4% increase in operating profit before tax, despite a loss on the sale of parts of ING BHF-Bank and a restructuring provision, due to lower risk costs and lower operating expenses. ING Direct's operating profit before tax almost doubled to EUR 112 million from EUR 62 million, while Retail Banking posted a 52.4% drop in operating profit before tax in the fourth quarter, as a result of a loss in Belgium mainly due to non-recurring operating expenses and risk costs. Excluding one-off items, total operating net profit rose 43.1% to EUR 1,255 million from EUR 877 million in the fourth quarter of 2003. Total net profit of ING Group increased 47.8% in the fourth quarter to EUR 1,531 million, including EUR 150 million in realised capital gains on equities, compared with EUR 5 million in realised losses on equities in the fourth quarter of 2003.

Compared with the previous quarter, operating net profit rose 13.9% to EUR 1,381 million from EUR 1,212 million in the third quarter of 2004. The increase was driven by a 48.1% increase in operating net profit from insurance, which included a gain of EUR 249 million on the IPO in Canada, higher realised capital gains on the sale of real estate, higher gains on the private equity portfolio in the U.S. and improved technical life results. Operating net profit from banking declined 20.8% to EUR 476 million in the fourth quarter, from EUR 601 million in the third quarter of 2004, as a result of one-off items as well as lower income and higher operating expenses. Excluding the gain on the sale of CenE Bankiers in the third quarter and the loss on the sale of parts of ING BHF-Bank in the fourth quarter, income rose mainly because of higher interest results and other income. Excluding restructuring provisions in both periods, operating expenses increased 8.3%, mainly in the Netherlands and Belgium for both Retail Banking and Wholesale Banking, due to higher IT expenses, marketing costs, external staff costs and higher bonuses. Excluding one-off items, total operating net profit from ING Group increased 6.1% from EUR 1,183 million in the third quarter to EUR 1,255 million in the fourth quarter.

1.2 BALANCE SHEET & CAPITAL

TABLE 2. KEY BALANCE SHEET FIGURES

In EUR billion	31 December 2004	31 December 2003	FY % Change	30 September 2004	4Q % Change
SHAREHOLDERS' EQUITY	25.9	21.3	21.2	24.6	4.9
- insurance operations	13.9	12.0	15.8	13.5	3.0
- banking operations	16.0	16.7	-4.2	17.6	-9.1
- eliminations*	-4.0	-7.4		-6.5	
TOTAL ASSETS	866.1	778.8	11.2	865.4	0.1

OPERATING NET RETURN ON EQUITY	22.9%	21.5%	23.2%
- insurance operations	22.6%	22.7%	21.4%
- banking operations	15.8%	11.1%	17.1%

SHAREHOLDERS' EQUITY

On 31 December 2004, ING's shareholders' equity amounted to EUR 25.9 billion, an increase of EUR 4.6 billion, or 21.2%, compared with year-end 2003. Net profit from the year 2004 added EUR 6.0 billion to shareholders' equity and revaluations added EUR 1.1 billion. That was offset by EUR -0.9 billion in realised capital gains that were released through the profit & loss account, the interim cash dividend of EUR -0.4 billion and exchange rate differences of EUR -1.0 billion. The shareholders' equity of the banking operations decreased by EUR 1.6 billion compared with the end of the third quarter 2004, due to the transfer of preference shares (Tier 1 notes) to subordinated debt, which had no impact on solvency.

CAPITAL RATIOS

The debt/equity ratio of ING Groep N.V. improved to 9.9% from 14.4% at the end of 2003 and 11.4% at the end of the third quarter of 2004. The improvement was caused by a EUR 4.9 billion increase in the Group capital base, excluding third-party interests, due to retained earnings and the issue of hybrid securities in June as well as a EUR 1.0 billion decrease in core debt. The capital coverage ratio for ING's insurance operations increased to 210% of regulatory requirements at the end of December, compared with 180% at year-end 2003 and 185% at the end of September 2004. The Tier-1 ratio of ING Bank N.V. stood at 7.71% on 31 December 2004, up from 7.59% at the end of 2003 and 7.61% at the end of the third quarter of 2004. The solvency ratio (BIS ratio) for the bank improved to 11.47% from 11.34% at the end of 2003. Compared with year-end 2003, total risk-weighted assets rose by EUR 22.8 billion, or 9.1%, to EUR 274.1 billion, almost fully caused by the growth of ING Direct. An increase at Retail Banking was largely offset by a decrease at Wholesale Banking, due to divestments.

RETURN ON EQUITY

The operating net return on equity increased to 22.9% in 2004 from 21.5% in 2003. The operating net return on equity of the insurance operations was 22.6% in 2004, little changed from 2003, while the operating net return on equity from banking rose to 15.8% from 11.1%.

ASSETS UNDER MANAGEMENT

Assets under management increased 6.3% in 2004 to EUR 491.9 billion compared with EUR 462.7 billion at the end of 2003. The EUR 29.2 billion increase resulted from a net inflow of EUR 26.5 billion and higher stock markets (+EUR 25.3 billion). That was partially offset by a stronger euro (- EUR 16.1 billion) and divestments (- EUR 6.5 billion), notably the sales of Delta Asset Management, CenE Bankiers, Baring Private Equity Partners, and the exit of the individual reinsurance business in the U.S.

1.3 DIVIDEND

At the Annual General Meeting of Shareholders on 26 April 2005, ING will propose a total dividend for 2004 of EUR 1.07 per (depositary receipt for an) ordinary share, up from EUR 0.97 per (depositary receipt for an) ordinary share in 2003. Taking into account the interim dividend of EUR 0.49 made payable in September 2004, the final dividend will amount to EUR 0.58 per (depositary receipt for an) ordinary share to be paid fully in cash. ING's shares will be quoted ex-dividend as of 28 April 2005 and the dividend will be made payable on 4 May 2005.

Following the introduction of International Financial Reporting Standards (IFRS) -- which is expected to increase volatility in net profit -- ING intends to pay dividends in relation to the longer-term underlying development of profit.

1.4 INSURANCE OPERATIONS

TABLE 3. ING GROUP: INSURANCE PROFIT & LOSS ACCOUNT

	FULL YEAR			FOURTH QUARTE	
In EUR million	2004	2003	%	2004	2003
PREMIUM INCOME	43,617	41,192	5.9	10,869	10,605
- of which life	36,975	33,904	9.1	9,408	8,969
- of which non-life	6,642	7,288	-8.9	1,461	1,636
Income from investments	9,944	9,721	2.3	2,799	2,589
Commission income	1,201	1,313	-8.5	309	335
Other income	636	1,007	-36.8	130	297
TOTAL OPERATING INCOME	55,398	53,233	4.1	14,107	13,826
Underwriting expenditure	45,384	43,396	4.6	11,217	11,129
Other interest expenses	1,140	1,291	-11.7	288	340
Operating expenses	4,837	4,897	-1.2	1,366	1,339
Investment losses	32	163	-80.4	-32	8
TOTAL OPERATING EXPENDITURE	51,393	49,747	3.3	12,839	12,816
OPERATING PROFIT BEFORE TAX	4,005	3,486	14.9	1,268	1,010
- of which life insurance	2,396	2,478	-3.3	748	762
- of which non-life insurance	1,609	1,008	59.6	520	248
Taxation	901	861	4.6	324	277
Third-party interests	119	117	1.7	39	35

OPERATING NET PROFIT*	2,985	2,508	19.0	905	698
Capital gains/losses on shares	579	-10		150	-5
NET PROFIT	3,564	2,498	42.7	1,055	693
KEY FIGURES					
Value of new life business	632	440	43.6		
Internal rate of return	12.1%	10.9%			
Operating net return on equity	22.6%	22.7%			
Staff (average FTEs)	49,400	51,000	-3.1		

FULL-YEAR PROFIT
Operating net profit from insurance rose 19.0% to EUR 2,985 million, driven by a strong increase in results from non-life insurance, due to a favourable claims experience as well as gains on the sale of ING's non-life insurance joint venture in Australia and the initial public offering of the Canadian non-life insurance business. Results from life insurance were negatively impacted by one-off items, including the charge at the U.S. individual reinsurance business, which offset higher results at the core life insurance businesses in the U.S. and Asia/Pacific. Excluding one-off items, operating net profit from insurance increased 23.4% to EUR 2,588 million from EUR 2,097 million in 2003. The transfer of activities between insurance and banking had a negative net impact of EUR 59 million in 2004.

Net profit from insurance increased 42.7% to EUR 3,564 million in 2004, including EUR 579 million in realised capital gains on the sale of equities compared with realised capital losses of EUR 10 million last year. The effective tax rate on operating profit declined to 22.5% in 2004, from 24.7% in 2003, due to the release of tax provisions and the inclusion of a number of gains with zero or minimal tax charges. Total operating profit before tax from insurance increased 14.9% to EUR 4,005 million.

Operating profit before tax from life insurance declined 3.3% to EUR 2,396 million, as the impact of divestments and other one-off items offset strong results at the core life insurance businesses, particularly in the U.S. One-off items had a negative impact of EUR 237 million in 2004, including a charge of EUR 219 million at the individual life reinsurance business in the U.S., which ING exited. That compares with a positive impact of EUR 269 million from one-off items in 2003. Excluding one-off items, total operating profit before tax from life insurance increased 19.2% to EUR 2,633 million from EUR 2,209 million in 2003. In particular, the life businesses in the U.S., Asia/Pacific and Belgium posted

strong results. Life results in the Netherlands decreased 2.3% excluding one-off gains in both years from old reinsurance activities, as improved morbidity results were more than offset by higher operating expenses and the impact of the transfer of a real estate portfolio to the bank.

Operating profit before tax from non-life insurance increased 59.6% to EUR 1,609 million, driven by strong underwriting experience in the Netherlands and Canada, as well as some one-off items. Excluding the gains on the IPO in Canada and the sale of the Australian non-life joint venture and one-off gains on old reinsurance activities, profit from non-life insurance increased 36.8% to EUR 1,055 million from EUR 771 million in 2003. The combined ratio improved to 94%

from 98% in 2003.

Total premium income increased 5.9% to EUR 43,617 million, as strong growth, particularly from the life insurance businesses in the U.S. and Asia, was offset in part by divestments and currency effects. Excluding the impact of acquisitions and divestments as well as exchange rate differences, total premium income increased 13.6%. Total life insurance premiums increased 9.1% to EUR 36,975 million, and rose 15.6% on a comparable basis. Total non-life premiums declined 8.9% to EUR 6,642 million, mainly as a result of the sales of the Australian non-life joint venture and the Dutch health insurance business. Excluding currency effects, divestments and acquisitions, non-life premiums increased 3.0%. In addition, total inflows into ING's pension fund businesses in Central Europe, Asia and Latin America increased to EUR 2,423 million from EUR 1,768 million in 2003. All three insurance business lines contributed to this increase.

Operating expenses from the insurance operations declined 1.2% to EUR 4,837 million. However, excluding the impact of divestments and currency effects, operating expenses increased 6.1%, mainly due to higher costs in the Netherlands, Belgium, the Rest of Europe, and Australia. Expenses as a percentage of assets under management for investment products increased 8 basis points to 0.94%. Expenses as a percentage of life premiums improved to 12.76% in 2004 from 13.17% in 2003. The expense ratio for non-life insurance was 31% compared with 28% in 2003. The average number of employees at the insurance activities declined 3.1% to 49,400 in 2004, mainly due to the divestments of the Dutch health business and non-life operations in Australia.

Investment losses amounted to EUR 32 million, or just 2 basis points of total fixed-interest securities, due in part to recoveries in the U.S. portfolio in the fourth quarter. In 2003 investment losses were EUR 163 million, or 13 basis points of total fixed securities.

EMBEDDED VALUE

The value of new life insurance business written in 2004 increased to EUR 632 million, up 43.6% from EUR 440 million in 2003. The increase is due to improved pricing margins, higher sales, and investment in new business. Insurance Asia/Pacific generated more than half of the total value of new business created by ING Group, indicating the strong future earnings potential of the business in the region. In 2004 ING invested EUR 1,607 million to write new life insurance business. The overall rate of return expected on this investment is 12.1%. This compares to an overall return of 10.9% in 2003. The expected internal rate of return in developing markets is 13.5%.

The total embedded value of ING's life insurance operations was EUR 23,500 million before dividends of EUR 1,049 million to the Group, an 8.2% increase from EUR 21,724 million at year-end 2003. After dividends the embedded value was EUR 22,451 million. The 2004 year-end figures reflect ING's adoption of the European Embedded Value principles. The most significant impact of this adoption on the embedded value was a reduction of EUR 616 million for the expenses associated with financial options and guarantees, resulting in a 2.7% decrease in the embedded value at year-end 2004. Another significant change was the adoption of a new internal capital model, which better aligns capital with the economics of the business. This change reduced embedded value by EUR 744 million. Currency impacts had a negative impact of EUR 529 million, while assumption changes and financial variances increased embedded value by EUR 314 million and EUR 431 million respectively. (See Appendix 7)

1.5 BANKING OPERATIONS

TABLE 4. ING GROUP: BANKING PROFIT & LOSS ACCOUNT

In EUR million	FULL YEAR 2004	FULL YEAR 2003	%	FOURTH QUAR 2004	FOURTH QUAR 2003
Interest result	8,808	8,115	8.5	2,246	2,056
Commission	2,581	2,464	4.7	590	654
Other income	1,148	1,101	4.3	145	274
TOTAL OPERATING INCOME	12,537	11,680	7.3	2,981	2,984
OPERATING EXPENSES	8,658	8,184	5.8	2,327	2,192
Gross result	3,879	3,496	11.0	654	792
Addition to provisions for loan losses	465	1,125	-58.7	99	270
OPERATING PROFIT BEFORE TAX	3,414	2,371	44.0	555	522
Taxation	857	599	43.1	56	102
Third-party interests	153	227	-32.6	23	77
OPERATING NET PROFIT*	2,404	1,545	55.6	476	343
Capital gains/losses on shares	0	0		0	0
NET PROFIT	2,404	1,545	55.6	476	343
KEY FIGURES					
Cost/income ratio	69.1%	70.1%		78.1%	73.5%
RAROC (pre-tax)	19.7%	17.0%			
RAROC (after tax)	14.8%	12.7%			
Total risk-weighted assets (in EUR billion)	274.1	251.3	9.1		
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	18	46			
Staff (average FTEs)	63,600	64,200	-0.9		

FULL-YEAR PROFIT

Operating net profit from banking rose 55.6% to EUR 2,404 million, driven by a 7.3% increase in operating income and a sharp reduction in risk costs. All three banking business lines reported higher profits before tax. One-off items, including results on divestments, restructuring charges, and the release of tax provisions, on balance had a negative impact of EUR 58 million. Excluding one-off items, operating net profit from the banking operations increased 52.9% to EUR 2,462 million from EUR 1,610 million in 2003. The transfer of activities between banking and insurance had a positive net impact of EUR 59 million. The effective tax rate in 2004 decreased to 25.1% due to some large releases of redundant tax provisions in the fourth quarter. Operating profit before tax from banking rose 44.0% to EUR 3,414 million.

Total operating income from banking rose 7.3% to EUR 12,537 million. Interest income continued to be the most important and stable contributor to income at the bank. The interest result increased 8.5% to EUR 8,808 million, driven by a higher average balance sheet total, mainly due to the continued strong growth of ING Direct. The total interest margin narrowed 10 basis points to 1.48% compared with full-year 2003. That was mainly caused by lower interest results on the asset and liability matching book in the Netherlands as well as the increased share of the balance sheet total from outside the Netherlands, mainly triggered by ING Direct, which has an interest margin of about 1%. The interest margin in the fourth quarter improved to 1.46% from 1.42% in the third. Bank lending increased by EUR 24.9 billion, or 8.5%, from the end of 2003 to EUR 317.5 billion at year-end 2004. Corporate lending rose by EUR 2.0 billion, while personal lending increased by EUR 22.5 billion. The growth in personal lending was almost entirely due to a EUR 22.0 billion increase in residential mortgages, of which EUR 11.8 billion was from ING Direct. The sale of CenE Bankiers (as of 30 September 2004) and parts of ING BHF-Bank (as of 31 December 2004) had a negative impact of approximately EUR 8 billion on the growth of total bank lending. (See Appendix 6.4) Funds entrusted to and debt securities of the banking operations

increased by EUR 58.1 billion, or 15.4%, to EUR 435.9 billion, to a large extent caused by the continued strong growth of ING Direct.

Commission income increased 4.7% to EUR 2,581 million, mainly driven by higher securities-related commissions. Management fees increased by EUR 172 million, or 29.0%, of which EUR 97 million is the net effect from the transfer of activities between banking and insurance. Commissions from the securities business were EUR 665 million, unchanged from 2003, despite the sale of the Asian cash equities business in the first quarter of 2004, which had a negative impact on revenue of about EUR 60 million. Commission from insurance broking rose 18.3% to EUR 136 million, mainly in the Netherlands. Commissions on Funds Transfer, Brokerage and Advisory Fees, and Other items were down 2.0%, 4.8% and 16.0% respectively. (See Appendix 6.5)

Other income increased 4.3% to EUR 1,148 million. Income from securities and participating interests fell to EUR 47 million from EUR 154 million as a result of a loss of EUR 210 million before tax on the sale of parts of ING BHF-Bank in the fourth quarter, and a loss of EUR 42 million on the sale of the Asian cash equities business in the first quarter, which were partly compensated by a EUR 87 million gain on the sale of CenE Bankiers in the third quarter. Results from financial transactions increased 6.0% to EUR 596 million, due to improved market conditions. In the fourth quarter of 2004 results from financial transactions increased to EUR 126 million from EUR 92 million in the third quarter and EUR 15 million in the fourth quarter of 2003. Other results increased 31.2% to EUR 505 million, mainly due to higher leasing income and higher results from real estate, including rental income and profit from sales. (See Appendix 6.6)

Total operating expenses increased 5.8% to EUR 8,658 million, in large part due to continued investments to support the growth of ING Direct. Restructuring provisions had a negative impact of EUR 101 million, including EUR 60 million in the third quarter for ING BHF-Bank and EUR 41 million for the international Wholesale Banking network in the fourth quarter. Including EUR 42 million in one-off costs related to the sale of the Asian cash equities business in the first quarter of 2004, total one-off expenses this year amounted to EUR 143 million against EUR 82 million last year, when provisions were taken to pay for restructuring at Wholesale Banking. Excluding those one-off items, currency effects, and the impact of transfers of activities between insurance and banking, operating expenses increased 5.5% of which 3.5%-points was due to ING Direct. As the increase in income outpaced the expense growth, the cost/income ratio of the banking activities improved to 69.1% in 2004, from 70.1% in 2003. Excluding one-off items, the cost/income ratio improved to 67.0% from 69.4%. The average number of staff declined 0.9% to 63,600 in 2004. At the end of 2004, staff numbers were down 4.0% from year-end 2003.

In 2004, ING added EUR 465 million to the provision for loan losses, compared with EUR 1,125 million in 2003. The addition equalled 18 basis points of average credit-risk-weighted assets in 2004, compared with 46 basis points in 2003. The lower addition was possible due to a further improvement of the credit portfolio, the release of some debtor provisions and the absence of large defaults. In the fourth quarter of 2004, ING added EUR 99 million to the provision for loan losses, equal to 15 basis points of credit-risk-weighted assets. Risk costs remained well below the long-term average of about 30-35 basis points.

RAROC

The after-tax Risk-Adjusted Return on Capital (RAROC) of ING's banking operations improved strongly to 14.8% in 2004, compared with 12.7% in 2003, due entirely to higher economic returns. Retail Banking continued to perform well above ING's target of 12.0% with a return of 29.1%. The after-tax RAROC of Wholesale Banking improved strongly to 12.2% from 10.3% in 2003. Excluding the loss on the sale of ING BHF-Bank activities, the RAROC would have improved to 13.6% in 2004. The after-tax RAROC of ING Direct improved sharply from 6.1% in 2003 to 11.3% in 2004. In the RAROC calculation,

the actual credit risk provisioning is replaced by statistically expected losses reflecting average credit losses over the entire economic cycle.

2.1 INSURANCE EUROPE OPERATING PROFIT BEFORE TAX DECLINES 3.2%

- PROFIT FROM INSURANCE EUROPE RISES 4.6% EXCLUDING ONE-OFF ITEMS, REAL ESTATE TRANSFER
- VALUE OF NEW LIFE INSURANCE BUSINESS IN EUROPE RISES 46.8% TO EUR 138 MILLION
- EMBEDDED VALUE RISES 15.2% BEFORE DIVIDENDS TO ING GROUP

TABLE 5. INSURANCE EUROPE PROFIT & LOSS ACCOUNT

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
PREMIUM INCOME	11,369	11,401	-0.3	2,661	2,816	-5.5
- of which life	9,304	9,199	1.1	2,314	2,446	-5.4
- of which non-life	2,065	2,202	-6.2	347	370	-6.2

Income from investments	4,365	4,456	-2.0	1,291	1,333	-3.1
Commission and other income	475	680	-30.1	121	184	-34.2
TOTAL OPERATING INCOME	16,209	16,537	-2.0	4,073	4,333	-6.0
Underwriting expenditure	12,325	12,554	-1.8	2,914	3,176	-8.2
Other interest expenses	322	352	-8.5	92	69	33.3
Operating expenses	1,832	1,815	0.9	553	524	5.5
Investment losses	-3	25		-8	8	
TOTAL OPERATING EXPENDITURE	14,476	14,746	-1.8	3,551	3,777	-6.0
OPERATING PROFIT BEFORE TAX	1,733	1,791	-3.2	522	556	-6.1
- of which life insurance	1,421	1,498	-5.1	436	452	-3.5
- of which non-life insurance	312	293	6.5	86	104	-17.3
KEY FIGURES						
Value of new life business	138	94	46.8			
Internal rate of return	12.4%	10.9%				
Staff (average FTEs)	15,900	16,500	-3.6			

FULL-YEAR PROFIT
Operating profit before tax from Insurance Europe fell 3.2% to EUR 1,733 million, caused by a 5.1% decline in profit from life insurance to EUR 1,421 million, due to one-off items, such as the sale of the Italian life business in 2003 and lower gains on old reinsurance business. Excluding one-off items and the transfer of a real estate portfolio, operating profit before tax from Insurance Europe increased 4.6% to EUR 1,722 million from EUR 1,647 million in 2003. Life results in the Netherlands declined 4.4%, caused by higher operating expenses, the impact of the transfer of a real estate portfolio to the bank, and a lower one-off gain on old reinsurance activities. Life results in Belgium and Central Europe increased 29.1% and 11.5% respectively. Operating profit before tax from non-life insurance increased 6.5% to EUR 312 million, mainly as a result of favourable claims experience in the Netherlands, which offset lower non-life results from Belgium.

Total premium income declined 0.3% to EUR 11,369 million, due to a 6.2% drop in non-life premium income, as a result of the sale of the Dutch health insurance portfolio. Excluding the impact of this sale, non-life premiums increased 3.8%. Life premium income increased 1.1% to EUR 9,304 million as a 4.3% increase in the Netherlands was largely offset by a 6.3% decline in Belgium. Inflows into ING's pension fund businesses in Central Europe increased 42.4% to EUR 850 million. Commission and other income declined 30.1% to EUR 475 million due to the transfer of a real estate portfolio to ING Bank, lower gains from old reinsurance business and lower income from private equity investments.

Operating expenses increased 0.9% to EUR 1,832 million as the impact from divestments helped to offset higher operating expenses in the Netherlands. Excluding the sales of the life insurance business in Italy in 2003 and the Dutch health insurance business in 2004, as well as the transfer of a real estate portfolio to ING Bank, operating expenses rose 10.9%, due to substantially higher costs in the Netherlands, including external staff, investments in new IT systems and a restructuring provision in the

second quarter to improve service and comply with Dutch legislative changes at Nationale-Nederlanden. Operating expenses in Belgium increased 5.0%. The average number of staff at Insurance Europe declined 3.6% to 15,900, due in part to the sale of the Italian life insurance business in the fourth quarter of 2003.

EMBEDDED VALUE

The value of new life insurance business written by Insurance Europe was EUR 138 million in 2004, an increase of 46.8% compared with 2003. The overall internal rate of return expected on these sales is 12.4%, up from 10.9% a year earlier. The improvement was seen largely in the Netherlands, due to price adjustments on single-premium products. The internal rate of return in the Netherlands increased to 10.5% from 8.0% in 2003, while the value of new business improved to EUR 58 million from EUR 11 million. The value of new business in Belgium declined to EUR 42 million from EUR 55 million in 2003, due to more competitive market conditions. However, the internal rate of return in Belgium remained high at 22.8%. The Rest of Europe posted a 35.7% increase in the value of new business to EUR 38 million from EUR 28 million with Central Europe as the key contributor to this increase.

The embedded value for Insurance Europe increased 15.2% before dividends of EUR 993 million to the Group. After dividends, the 2004 embedded value was EUR 12,257 million. Changes to the capital model and other modelling changes increased embedded value by EUR 966 million, while favourable investment returns and a reduction in the corporate tax rate combined to increase value by EUR 688 million.

Value was reduced through a revision to the expense assumptions (EUR -498 million) and a change to persistency assumptions (EUR -185 million) in the Netherlands, as well as the adverse impact of adding the cost of financial options and guarantees (EUR -291 million). The emerging markets of Central Europe showed an increase of EUR 425 million in embedded value to EUR 1,837 million in 2004 before dividends of EUR 51 million. This is a 30.1% increase in embedded value before dividends.

GEOGRAPHICAL BREAKDOWN INSURANCE EUROPE

TABLE 6. INSURANCE EUROPE OPERATING PROFIT BEFORE TAX

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
Netherlands	1,423	1,451	-1.9	456	411	10.9
- of which life	1,139	1,192	-4.4	370	317	16.7
- of which non-life	284	259	9.7	86	94	-8.5
Belgium	128	109	17.4	29	37	-21.6
- of which life	111	86	29.1	32	32	
- of which non-life	17	23	-26.1	-3	5	-160.0
Rest of Europe*	182	231	-21.2	37	108	-65.7
Total	1,733	1,791	-3.2	522	556	-6.1

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

In the Netherlands, operating profit before tax from insurance declined 1.9% to EUR 1,423 million, as a decline in life insurance results more than offset an increase from non-life insurance. Profit before tax from life insurance fell 4.4% to EUR 1,139 million, due to the impact of the transfer of a real estate portfolio to banking and lower one-off gains from old reinsurance activities. Excluding those items, life results improved 1.9% despite higher operating expenses, due to good morbidity results and a reduction of profit-sharing for policyholders in line with competitors. Life premium income increased 4.3%, driven mainly by Group Life insurance due to the acquisition of new contracts by Nationale-Nederlanden. Profit before tax from the Dutch non-life insurance business increased 9.7% to EUR 284 million, driven by favourable claims experience, particularly in the lines Fire and Loss of Income/Accident, which more than offset the sale of the health insurance portfolio. Premium income from non-life insurance declined 8.3% due to the sale of the health insurance portfolio. Excluding health premiums from both years, non-life premium income increased 3.6% and total premium income rose 4.1%. Total operating expenses at the Dutch insurance businesses rose 0.9% to EUR 1,423 million. However, excluding the sale of the

health insurance portfolio, operating costs increased 10.5%, due to investments in new IT systems and continued efforts to reduce backlogs and update policies to comply with Dutch legislative changes at Nationale-Nederlanden. Operating profit before tax from Nationale-Nederlanden, which is the main contributor to insurance profit in the Netherlands, increased 5.2% to EUR 684 million, mainly driven by favourable morbidity results as well as lower profit sharing for policyholders. Excluding gains on the old reinsurance business in both years, operating profit before tax at Nationale-Nederlanden increased 10.0%.

In Belgium, operating profit before tax from the insurance operations increased 17.4% to EUR 128 million. Life results rose 29.1% to EUR 111 million, due to higher fee and investment income due to growth in assets under management. However, non-life results declined 26.1% to EUR 17 million, due to higher expenses and a loss on the run-off of an old book of business. Life premium income fell 6.3% to EUR 2,115 million as a result of lower sales through the banking distribution channel, while non-life premium income grew 4.2% to EUR 324 million.

In the Rest of Europe, operating profit before tax fell 21.2% to EUR 182 million, mainly as a result of currency impacts and the sale of ING's life insurance business in Italy in 2003. Excluding one-offs, divestments and currency impacts, operating profit before tax from the Rest of Europe rose 4.6%, driven by higher life results in Central Europe, notably in Poland (+12%), the Czech Republic (+12%) and Hungary (+19%). Premium income increased 0.7% to EUR 1,414 million as currency effects and the sale of the Italian life business in 2003 offset higher sales. Excluding divestments and currency effects, life premium income rose 9.1% and non-life premiums rose 7.9%. In addition, inflows into ING's pension fund businesses in Central Europe, including Bulgaria, the Czech Republic, Hungary, Poland and Russia, increased 42.4% to EUR 850 million. ING also obtained a license in 2004 to start a second-pillar pension fund in Slovakia, which started sales in January 2005.

TABLE 7. INSURANCE EUROPE PREMIUM INCOME

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
Netherlands	7,516	7,429	1.2	1,690	1,665	1.5
- of which life	5,823	5,582	4.3	1,428	1,379	3.6
- of which non-life	1,693	1,847	-8.3	262	286	-8.4
Belgium	2,439	2,568	-5.0	545	746	-26.9
- of which life	2,115	2,257	-6.3	473	674	-29.8
- of which non-life	324	311	4.2	72	72	
Rest of Europe*	1,414	1,404	0.7	426	405	5.2
Total	11,369	11,401	-0.3	2,661	2,816	-5.5

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

2.2 INSURANCE AMERICAS OPERATING PROFIT BEFORE TAX RISES 27.4%

- o PROFIT IN CANADA INCREASES STRONGLY DUE TO GOOD UNDERWRITING RESULTS, GAIN ON IPO
- o VALUE OF NEW LIFE BUSINESS INCREASES 84.0% TO EUR 173 MILLION
- o U.S. LIFE SALES INCREASE 44.6%, ANNUITY SALES INCREASE 42.7% IN LOCAL CURRENCY

TABLE 8. INSURANCE AMERICAS PROFIT & LOSS ACCOUNT

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
PREMIUM INCOME	22,760	22,319	2.0	5,411	5,652	-4.3
- of which life	18,428	17,503	5.3	4,301	4,473	-3.8
- of which non-life	4,332	4,816	-10.0	1,110	1,179	-5.9
Income from investments	4,500	4,423	1.7	1,365	1,013	34.7
Commission and other income	850	847	0.4	212	222	-4.5
TOTAL OPERATING INCOME	28,110	27,589	1.9	6,988	6,887	1.5
Underwriting expenditure	24,057	23,778	1.1	5,658	5,936	-4.7
Other interest expenses	118	103	14.6	57	20	185.0
Operating expenses	2,230	2,263	-1.5	594	569	4.4
Investment losses	36	135	-73.3	-20	0	
TOTAL OPERATING EXPENDITURE	26,441	26,279	0.6	6,289	6,525	-3.6
OPERATING PROFIT BEFORE TAX	1,669	1,310	27.4	699	362	93.1
- of which life insurance	760	918	-17.2	285	264	8.0
- of which non-life insurance	909	392	131.9	414	98	322.4
KEY FIGURES						
Value of new life business	173	94	84.0			
Internal rate of return	10.7%	9.0%				
Staff (average FTEs)	25,300	26,200	-3.4			

FULL-YEAR PROFIT

Operating profit before tax from Insurance Americas increased 27.4% to EUR 1,669 million. The results include several one-off items related to the U.S. individual reinsurance business, which ING has exited, the pending sale of Life of Georgia, and the initial public offering of the non-life insurance business in Canada. Excluding those items and the gain on the sale of the Seguros Bital joint venture in 2003, profit before tax from Insurance Americas increased 31.7% to EUR 1,667 million from EUR 1,266 million in 2003. The decline of the U.S. dollar and the Mexican peso against the euro in 2004 reduced results by EUR 105 million. Excluding one-off items, currency effects and the transfer of investment management activities from banking to insurance in 2004, operating profit before tax increased 47.4%.

Premium income increased 2.0% to EUR 22,760 million, as strong production, particularly in the U.S. was largely offset by currency effects. Life premium income rose 5.3% to EUR 18,428 million, boosted by the introduction of new products as well as enhanced distribution, particularly through independent agents and broker dealers. Non-life premiums declined 10.0% mainly due to lower premium income from motor and property insurance in Mexico as well as currency effects. Excluding currency impacts, total premium income from Insurance Americas increased 11.4%. In addition, total fund inflows into the pension fund businesses in Chile, Mexico and Peru increased 33.5% to EUR 1,542 million.

Operating expenses declined 1.5%, mainly as a result of currency effects. Excluding currency effects, operating expenses increased 7.2% primarily as the result of the transfer of certain investment management activities from banking to insurance at the beginning of 2004, as well as additional expenses related to exiting the U.S. individual life reinsurance business and the pending sale of Life of Georgia. Excluding those costs, operating expenses rose 2.6%, due to higher sales and benefit costs. The average number of staff at Insurance Americas declined 3.4% to 25,300, mainly as a result of staff

reductions in Argentina and outsourcing of IT functions in the U.S., partially offset by the purchase of Allianz in Canada.

EMBEDDED VALUE

The value of new life insurance business written by Insurance Americas increased 84.0% to EUR 173 million from EUR 94 million in 2003. The internal rate of return increased to 10.7% from 9.0% due to continued focus on profitable growth and expense controls in the U.S., and the inclusion of the Latin American pension business in 2004. For the U.S. business, the internal rate of return rose to 10.3% from 9.2% and reached 10.7% in U.S. dollar terms.

The embedded value of the life businesses of Insurance Americas declined 2.3% to EUR 8,118 million in 2004, largely due to currency effects (EUR -604 million) and the inclusion of the financial options and guarantees costs (EUR -272 million) as a result of adopting European Embedded Value principles. The embedded value of the U.S. life insurance business fell to EUR 7,271 million from EUR 7,933 million in 2003 due to these items and the exit of the individual life reinsurance business (EUR -495 million). Restating for these changes, the U.S. embedded value would have increased 8.7%. The embedded value of the Latin American businesses, including Mexico and South America, climbed to EUR 901 million before dividends of EUR 54 million from EUR 372 million, due to the inclusion of pension businesses in the region from 2004.

GEOGRAPHICAL BREAKDOWN INSURANCE AMERICAS

TABLE 9. INSURANCE AMERICAS OPERATING PROFIT BEFORE TAX

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
United States	727	837	-13.1	282	226	24.8
Canada	711	171	315.8	372	36	933.3
Latin America	231	302	-23.5	45	100	-55.0
- of which Mexico	147	242	-39.3	13	84	-84.5
- of which South America*	84	60	40.0	32	16	100.0
Total	1,669	1,310	27.4	699	362	93.1

* Argentina, Brazil, Chile, Peru

In the United States, operating profit before tax declined 13.1% to EUR 727 million, due to one-off charges related to adverse mortality experience at the individual life reinsurance business in the third quarter, and costs related to exiting that business in the fourth quarter, as well as expenses related to the pending sale of Life of Georgia. Excluding those items, operating profit before tax rose 16.5% to EUR 973 million. The decline of the U.S. dollar against the euro also had a negative impact of EUR 76 million. Excluding one-off items and currency impacts, operating profit before tax rose 28.1%. Earnings were boosted by higher fee income as asset levels increased, driven by higher sales and positive net inflows in the retirement services, life and annuities businesses. Results from asset management increased, driven by higher gains on the private equity portfolio as well as expense management. Results on private equity, reported under investment income, increased from a loss of EUR 9 million in 2003 to a gain of EUR 44 million in 2004, of which EUR 32 million was booked in the fourth quarter.

Premium income rose 3.6% to EUR 18,450 million as strong production in the U.S. was tempered by a lower dollar. Excluding currency effects, premiums increased 13.8%, driven by strong sales of life and annuities, which increased 44.6% and 42.7% respectively, due to the introduction of new products and increased distribution capacity through independent agents and broker dealers.

Investment losses dropped to EUR 41 million, or 7 basis points of average fixed-interest securities in 2004, down from 21 basis points in 2003. In the fourth quarter, a net credit gain of EUR 13 million was realized due to the recovery of previously reported losses. The improvement was driven by strong credit risk standards, an active work-out programme for impaired securities, and improvements in the market

conditions. As a result, the composite margin increased to 158 basis points in the fourth quarter of 2004 compared with 127 basis points in the third. Excluding credit-related investment losses, the composite margin narrowed to 149 basis points in the fourth quarter from 154 basis points in the third quarter. Operating expenses in the U.S. increased 0.7% to EUR 1,492 million. However, excluding currency effects, operating expenses increased 10.7%, mainly due to the transfer of investment management activities from Wholesale Banking to Insurance Americas in 2004. Operating expenses also include additional costs of EUR 17 million related to exiting the individual life reinsurance business and EUR 15 million from the pending sale of Life of Georgia. Excluding those one-off costs and currency effects, operating expenses increased 2.6%, in line with higher production levels.

In the fourth quarter of 2004, ING implemented the Technical Practice Aid (TPA) to the US GAAP accounting standard "Statement of Position 03-1: Accounting and Reporting by Insurance Enterprises for Certain Non-Traditional Long Duration Contracts and for Separate Accounts" (SOP 03-1) for both its Dutch and U.S. accounting, with an effective date of January 1, 2004. The TPA clarified certain key implementation issues with respect to SOP 03-1. The TPA had no impact on ING's annuity business; there was an impact on ING's interest-sensitive life insurance business. This accounting change resulted in a EUR 46 million after-tax reduction in shareholders' equity as of January 1, 2004, in addition to the impact of SOP 03-1, which was adopted in the first quarter of 2004. The pre-tax impact on 2004 profit from the above accounting changes was a reduction in income of EUR 16 million.

In Canada, operating profit before tax increased to EUR 711 million from EUR 171 million in 2003, including a one-off gain of EUR 249 million from the initial public offering of shares in ING Canada in the fourth quarter. Excluding that gain, operating profit before tax increased to EUR 462 million, driven by favourable claims experience, due to mild weather and a regulatory change that capped motor insurance claims. The combined ratio improved to 85% in 2004 from 95% in 2003.

In Mexico, operating profit before tax declined 39.3% to EUR 147 million, largely due to the decline of the peso against the euro and the sale of the Seguros Bital joint venture in the fourth quarter of 2003. Excluding these impacts, operating profit before tax fell 10.7% as a result of reserve strengthening, higher acquisition costs and higher claims, particularly in health insurance.

In South America, operating profit before tax from Chile, Brazil, Peru and Argentina increased 40.0% to EUR 84 million, due to favourable health results and investment income in Chile. The consolidation of offices and branches in Chile led to 3.4% decline in operating expenses. Premium income in Chile increased 18.8%. Results in Argentina improved because 2003 included costs associated with the decision to close the branch offices and focus on managing existing client accounts. In October 2004, ING agreed to sell the portfolio and other assets of the Argentine business to Zurich Financial Services Group.

TABLE 10. INSURANCE AMERICAS PREMIUM INCOME

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
United States	18,450	17,817	3.6	4,291	4,545	-5.6
Canada	2,213	2,164	2.3	555	541	2.6
Latin America	2,097	2,338	-10.3	565	566	-0.2
- of which Mexico	1,551	1,885	-17.7	424	445	-4.7
- of which South America*	546	453	20.5	141	121	16.5
Total	22,760	22,319	2.0	5,411	5,652	-4.3

2.3 INSURANCE ASIA/PACIFIC OPERATING PROFIT BEFORE TAX RISES 82.7%

o EXCLUDING GAIN ON SALE OF AUSTRALIAN VENTURE, OPERATING PROFIT RISES 29.4%
o LIFE PREMIUM INCOME INCREASES 28.3% TO EUR 9,232 MILLION
o VALUE OF NEW LIFE BUSINESS RISES 27.4% TO EUR 321 MILLION

TABLE 11. INSURANCE ASIA/PACIFIC PROFIT & LOSS ACCOUNT

	FULL YEAR			FOURTH QUARTER	
In EUR million	2004	2003	%	2004	2003
PREMIUM INCOME	9,469	7,594	24.7	2,795	2,164
- of which life	9,232	7,193	28.3	2,788	2,048
- of which non-life	237	401	-40.9	7	116
Income from investments	914	640	42.8	175	169
Commission and other income	104	190	-55.3	8	71

TOTAL OPERATING INCOME	10,487	8,424	24.5	2,978	2,404
Underwriting expenditure	9,003	7,213	24.8	2,650	2,059
Other interest expenses	8	12	-33.3	2	4
Operating expenses	726	785	-7.5	210	234
Investment losses	-1	3		-4	
TOTAL OPERATING EXPENDITURE	9,736	8,013	21.5	2,858	2,297
OPERATING PROFIT BEFORE TAX	751	411	82.7	120	107
- of which life	473	336	40.8	115	58
- of which non-life	278	75	270.7	5	49
KEY FIGURES					
Value of new life business	321	252	27.4		
Internal rate of return	13.6%	14.7%			
Staff (average FTEs)	8,200	8,300	-1.2		

FULL-YEAR PROFIT
Operating profit before tax from Insurance Asia/Pacific increased 82.7% to EUR 751 million, including a one-time gain of EUR 219 million from the sale of ING's 50% stake in the Australian non-life insurance joint venture in the second quarter of 2004. Excluding that gain, operating profit before tax increased 29.4% to EUR 532 million, led by the Australian life and wealth businesses and the life insurance businesses in South Korea and Japan.

Premium income rose 24.7% to EUR 9,469 million, driven by higher life insurance sales. Premium income from life insurance increased 28.3% to EUR 9,232 million, led by Korea and Japan, while non-life premium income fell 40.9%, reflecting the sale of the Australian non-life business in the second quarter of 2004. Excluding the impact of currencies and divestments, total life premiums increased 32.9%. Double-digit growth rates in local currencies were recorded in Japan (81.8%), South Korea (49.6%), Malaysia (17.1%), Hong Kong (16.2%), Thailand (37.6%), India (211.3%) and China (10.5%). In addition, fund inflows into ING's pension fund businesses in Hong Kong and Japan increased to EUR 31 million from EUR 16 million in 2003.

Operating expenses fell 7.5% to EUR 726 million, due to divestments and other one-off items as well as the decline of many currencies against the euro. In 2004, expenses benefited from the release of a EUR 30 million reserve for a wage tax assessment in the second quarter which had been provisioned for in the fourth quarter of 2003. In Taiwan, premium tax rates fell from 5% to 2% resulting in a EUR 12 million reduction in expenses. Excluding those items and the divestment in Australia, operating expenses increased 9.5%, reflecting the growth of business in Japan and Korea as well as additional costs in Australia to improve quality and integrate IT systems. The average number of full-time staff declined 1.2% to 8,200 in 2004, as a reduction from the sale of the Australian joint venture was partially offset by increases in Korea and India.

EMBEDDED VALUE
The value of new life insurance business written by Insurance Asia/Pacific was EUR 321 million in 2004, up 27.4% compared with 2003 and accounting for more than half of ING Group's total. Most units contributed to this growth in new business value, in particular Japan, where strong sales, higher margins and higher assumed investment returns all had a favourable impact on the value of new business. ING invested EUR 431 million to write new life insurance business

in the region in 2004, and the overall internal rate of return expected on this investment is 13.6%.

The embedded value of the life business at Insurance Asia/Pacific increased to EUR 2,076 million at the end of 2004.The increase was driven by the value added from new business, positive 2004 performance variances (EUR 189 million), and an upward revision to assumed investment returns (EUR 539 million). These embedded value gains were partially offset by a higher cost of capital resulting from a change in ING's internal capital model (EUR -1,201 million).

GEOGRAPHICAL BREAKDOWN INSURANCE ASIA/PACIFIC

TABLE 12. INSURANCE ASIA/PACIFIC OPERATING PROFIT BEFORE TAX

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
Australia	437	176	148.3	71	78	-9.0
- of which life	162	101	60.4	67	28	139.3
- of which non-life	275	75	266.7	4	50	-92.0
Korea	114	79	44.3	37	22	68.2
Taiwan	100	139	-28.1	11	48	-77.1
Japan	70	48	45.8	5	11	-54.5
Rest of Asia*	30	-31		-4	-52	
Total	751	411	82.7	120	107	12.2

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

In Australia, operating profit before tax increased from EUR 176 million to EUR 437 million, including the EUR 219 million gain on the sale of the non-life insurance business. Excluding that gain, operating profit before tax increased 23.9% to EUR 218 million. The non-life joint venture, which was sold in the second quarter of 2004, contributed EUR 75 million to operating profit before tax in full-year 2003 and EUR 55 million in the first half of 2004. Excluding those earnings and the impact of the transfer of real estate businesses from insurance to Wholesale Banking, profit from the ongoing Australian life and wealth operations rose 70.5% to EUR 162 million. Earnings included a release of EUR 29 million in excess reserves in the fourth quarter, which were held for the capital guarantee business. Profit growth was driven by higher investment earnings and higher fees as a result of growth in assets under management, due to favourable capital market developments, and favourable claims and lapse results. Sales through the ANZ bank channel also increased compared with the prior year.

In Korea, operating profit before tax rose 44.3% to EUR 114 million, driven by higher sales of life insurance, higher renewal premiums and continued low claim levels. Premium income rose 42.2% to EUR 1,598 million, and increased 49.6% in local currency terms. In the second quarter of 2004, ING Life Korea became the largest foreign insurance company in the country and ranks fourth in the life insurance market overall based on premiums. In January 2005, ING also completed the acquisition of a 49% stake in a life insurance joint venture with Kookmin Bank, called KB Life.

In Taiwan, operating profit before tax declined 28.1% to EUR 100 million as ING Antai set aside EUR 100 million to strengthen reserves as a result of the low interest rate environment, up from EUR 50 million which was used to strengthen reserves in 2003. Operating profit in 2003 also included a gain of EUR 23 million on the sale of the SinoPac credit card business. Excluding those items, profit before tax increased 29.3% in 2004, driven mainly by higher premium income, mortality profits and a 6.2% drop in operating expenses due in part to the reduction of the premium tax rate from 5% to 2%. In the fourth quarter, operating profit before tax decreased due to the doubling of reserve strengthening, a shift in product mix as the company increased its focus on selling investment-linked products, and a decrease in production.

In Japan, operating profit before tax increased 45.8% to EUR 70 million, led by higher sales of corporate-owned life insurance products and single-premium variable annuity products. Variable annuity single premium income increased 164.9% to EUR 2,267 million and premium income from traditional life products increased 13.9% to EUR 1,192 million, excluding currency effects. In the fourth quarter, operating profit before tax declined due to higher mortality claims and expenses.

In the Rest of Asia, operating profit before tax rose to EUR 30 million from a loss of EUR 31 million in 2003. The change reflects a EUR 30 million reserve release from the favourable settlement of a wage tax assessment in the second quarter of 2004 which had been provisioned for in the fourth quarter of 2003. The results also reflect increased start-up losses to expand the businesses in India and China.

TABLE 13. INSURANCE ASIA/PACIFIC PREMIUM INCOME

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
Australia	1,423	1,644	-13.4	329	547	-39.9
- of which life	1,223	1,288	-5.0	329	439	-25.1
- of which non-life	200	356	-43.8	0	108	
Korea	1,598	1,124	42.2	450	329	36.8
Taiwan	2,348	2,277	3.1	726	626	16.0
Japan	3,459	1,942	78.1	1,113	489	127.6
Rest of Asia*	641	607	5.6	177	173	2.3
Total	9,469	7,594	24.7	2,795	2,164	29.2

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

2.4 WHOLESALE BANKING OPERATING PROFIT BEFORE TAX RISES 51.9%

- o RISK COSTS DECLINE SHARPLY TO 12 BASIS POINTS FROM 56 BASIS POINTS
- o RESTRUCTURING PROVISION OF EUR 41 MILLION FOR INTERNATIONAL NETWORK
- o ING REAL ESTATE OPERATING PROFIT BEFORE TAX RISES 47.1% TO EUR 325 MILLION

TABLE 14. WHOLESALE BANKING PROFIT & LOSS ACCOUNT

In EUR million	FULL YEAR 2004	2003	%	FOURT 2004
Interest result	3,381	3,545	-4,6	830
Commission	1,363	1,368	-0.4	310
Other income	1,017	912	11.5	68
TOTAL OPERATING INCOME	5,761	5,825	-1.1	1,208
OPERATING EXPENSES	3,637	3,685	-1.3	946
Gross result	2,124	2,140	-0.7	262
Addition to provisions for loan losses	192	868	-77.9	19
OPERATING PROFIT BEFORE TAX	1,932	1,272	51.9	243
KEY FIGURES				
Cost/income ratio	63.1%	63.3%		78.3%
RAROC pre-tax	16.0%	13.9%		
RAROC after tax	12.2%	10.3%		
Total risk-weighted assets (in EUR billion)	147.5	152.9	-3.5	
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	12	56		
Staff (average FTEs)	24,000	25,000	-4.0	

FULL-YEAR PROFIT
Operating profit before tax from Wholesale Banking increased 51.9% to EUR 1,932 million, driven by a sharp decline in risk costs. Profit was impacted by a number of one-off items, including losses on the sale of ING BHF-Bank activities and the Asian cash equities business, a gain on the sale of CenE Bankiers in the Netherlands, as well as restructuring costs and the transfer of businesses between insurance and banking. Excluding those items, operating profit before tax increased 57.0% to EUR 2,240 million. Currency effects had a negative impact of EUR 25 million.

Total operating income declined 1.1% to EUR 5,761 million, due in part to divestments. The interest result declined 4.6%, particularly in the Netherlands. Commission income decreased 0.4% to EUR 1,363 million. Other income increased 11.5% to EUR 1,017 million despite a charge of EUR 165 million from the combined impact of the sales of ING BHF-Bank activities (EUR -210 million), the Asian cash equities business (EUR -42 million) and CenE Bankiers (EUR 87 million). That was offset by an increase in other income in the Netherlands and Belgium due to higher results from financial transactions.

Operating expenses declined 1.3% to EUR 3,637 million, despite restructuring provisions of EUR 60 million in the third quarter of 2004 for ING BHF-Bank and EUR 41 million in the fourth quarter for the international Wholesale Banking network. One-off expenses totalled EUR 143 million in 2004, including EUR 42 million in costs related to the sale of the Asian cash equities business in the first quarter. That compares with a one-off charge of EUR 82 million in 2003 to pay for restructuring at ING BHF-Bank, ING Bank France and the international Wholesale Banking activities. Excluding those one-off costs as well as currency effects and the impact of the transfer of activities between insurance and banking, operating expenses declined 2.8%. The cost/income ratio improved to 63.1% in 2004 from 63.3% in 2003. The average number of wholesale staff fell 4.0% compared with 2003. At the end of 2004, staff numbers were 9.2% lower compared with year-end 2003, mainly due to the sales of, CenE Bankiers, the Asian cash equities business and parts of ING BHF-Bank. That was partially offset by higher staff numbers at ING Real Estate as a result of the transfer of activities from insurance to banking. The restructuring provision of EUR 41 million before tax, which was taken in the fourth quarter, will be used to streamline the International Network of the Wholesale Banking, as part of a strategy to focus on core products and clients. In total about 400 jobs are being eliminated in Asia, the U.K. and the Americas, primarily in back-office and IT functions, out of a total of 22,363 Wholesale Banking jobs worldwide at the end of 2004. ING Wholesale Banking will maintain its geographical coverage with branches or representative offices in more than 40 countries.

The addition to the provision for loan losses declined sharply to EUR 192 million from EUR 868 million in 2003, mainly due to improvements in the Netherlands, Belgium, Germany and the Americas. The addition was equal to 12 basis points of average credit-risk-weighted assets, compared with 56 basis points in 2003.

GEOGRAPHICAL BREAKDOWN WHOLESALE BANKING

TABLE 15. WHOLESALE BANKING OPERATING PROFIT BEFORE TAX

	FULL YEAR			FOURTH QUARTER	
In EUR million	2004	2003	%	2004	2003
Netherlands	937	866	8.2	181	149
Belgium	690	482	43.2	109	2
Germany	-243	-249		-206	-78
Rest of world	278	63	341.3	89	6
Other	-78	-115		-35	-42
SUBTOTAL WHOLESALE BANKING	1,584	1,047	51.3	138	37
Asset management*	348	225	54.7	105	109
TOTAL	1,932	1,272	51.9	243	146

In the Netherlands, operating profit before tax from Wholesale Banking increased 8.2% to EUR 937 million, due to a sharp decline in risk costs and the gain on CenE Bankiers. Excluding the gain on CenE Bankiers, operating profit before tax from the Dutch wholesale banking activities declined 1.8% to EUR 850 million, mainly due to lower results from financial markets activities, including lower interest results on the asset and liability-matching book and relatively high non-recurring revenues in 2003 from the Dutch branch network. Results from ING Lease showed a significant improvement, while results in the mid-corporate segment continued to be strong. Total operating income in the Netherlands fell 2.5%, while operating expenses rose 2.3%, partly due to the refined allocations of expenses. Risk costs amounted to just 12 basis points of average credit-risk-weighted assets, compared with 39 basis points last year, partially due to the release of some debtor provisions.

In Belgium, operating profit before tax from Wholesale Banking increased 43.2% to EUR 690 million, driven by strong corporate banking results and lower risk costs. Total income rose 4.9%, while operating expenses declined 4.0%. Risk costs were only 3 basis points of average credit-risk-weighted assets, down from 33 basis points in 2003, supported by the release of some debtor provisions. Risk costs were particularly high in the fourth quarter of 2003, resulting in an operating profit before tax of only EUR 2 million in that quarter. In the fourth quarter of 2004, operating profit before tax was EUR 109 million.

In Germany, the wholesale banking activities posted an operating loss before tax of EUR 243 million compared with a loss of EUR 249 million in 2003. The result includes a pre-tax loss of EUR 210 million on the sale of parts of ING BHF-Bank and a restructuring provision of EUR 60 million taken in the third quarter of 2004. Excluding these one-off items and a EUR 30 million restructuring charge in 2003, the German wholesale activities turned from a loss of EUR 219 million before tax in 2003 to a profit of EUR 27 million in 2004, mainly due to lower risk costs. The addition to the provision for loan losses fell to 55

basis points of average credit-risk-weighted assets from 154 basis points in 2003. Excluding the loss on the sale, operating income increased 11.4%, driven by higher interest results. Excluding the restructuring provisions, operating expenses were 0.6% lower.

In Rest of world the wholesale banking activities posted an operating profit before tax of EUR 278 million, up from EUR 63 million profit posted in 2003. The increase was almost fully caused by EUR 213 million lower risk costs, which fell to 4 basis points of average credit-risk-weighted assets, supported by releases of debtor provisions, compared with 73 basis points in 2003. Excluding currency effects, restructuring charges and the loss and expenses related to the sale of the Asian cash equities business, the gross result, before risk costs, increased by EUR 89 million. Results improved particularly in Central Europe, due to higher income from financial markets and corporate banking, and in the U.K., due to cost savings.

Other Wholesale Banking contains results which are not allocated to the different geographical regions of Wholesale Banking. In 2004, EUR 31 million from the restructuring provision taken in the fourth quarter of 2004 is included, while 2003 contained EUR 55 million for depreciation of software.

The asset management activities in banking, mainly ING Real Estate and Baring Asset Management, posted a 54.7% increase in operating profit before tax. ING Real Estate posted an operating profit before tax of EUR 325 million, up 47.1% from EUR 221 million in 2003, including EUR 53 million from the transfer of the investment management activities of ING Real Estate from insurance to banking. Excluding that impact, operating profit before tax from ING Real Estate rose 18.6%, driven by strong revenue growth across all business lines and substantially higher profits from the finance and investment management activities in 2004. Baring Asset Management posted an operating profit before tax of EUR 30 million, up from EUR 12 million in 2003, mainly as a result of higher stock market levels. ING reached an agreement in November 2004 to sell Baring Asset Management to Mass Mutual and Northern Trust. The transactions are expected to be completed in the first quarter of 2005.

RAROC

The after-tax Risk-Adjusted Return on Capital for Wholesale Banking operations improved to 12.2% in 2004, compared with 10.3% in the previous year, driven by higher economic returns while the use of economic capital has gradually decreased. Excluding the loss on the sale of ING BHF-Bank activities, the RAROC after tax would have improved to 13.6%. The Wholesale Banking activities in the Netherlands and Belgium, as well as Asset Management are showing strong pre-tax RAROCs. Within the Rest of world, Central Europe and the Americas also showed good pre-tax RAROCs of 23.8% and 18.0% respectively, while the performance in Asia and the UK were both well below ING's target.

TABLE 16. WHOLESALE BANKING RISK-ADJUSTED RETURN ON CAPITAL

	RAROC % (pre-tax)		ECONOMIC CAPITAL (in EUR billion)	
	FY 2004	FY 2003	FY 2004	FY 2003
Netherlands	25.5	28.2	3.0	2.9
Belgium	22.2	16.1	2.5	2.7
Germany	-20.7	-3.8	1.1	1.3
Rest of world	8.8	5.0	2.0	2.5
Other	-43.6	-45.5	0.2	0.3
SUBTOTAL WHOLESALE BANKING	13.6	12.6	8.8	9.7
Asset management*	39.5	44.0	0.8	0.4
TOTAL PRE-TAX	16.0	13.9	9.6	10.1
TOTAL AFTER TAX	12.2	10.3		

2.5 RETAIL BANKING OPERATING PROFIT BEFORE TAX RISES 10.6%

- INCOME INCREASES 5.5%, DRIVEN BY MORTGAGE LENDING IN THE NETHERLANDS
- COST/INCOME RATIO CONTINUES TO IMPROVE
- RISK-ADJUSTED RETURN ON CAPITAL AFTER TAX REMAINS HIGH AT 29.1%

TABLE 17. RETAIL BANKING PROFIT & LOSS ACCOUNT

	FULL YEAR			FOURT
In EUR million	2004	2003	%	2004
Interest result	3,928	3,630	8.2	995
Commission	1,137	1,056	7.7	260
Other income	-30	87		10
TOTAL OPERATING INCOME	5,035	4,773	5.5	1,265
OPERATING EXPENSES	3,681	3,526	4.4	1,039
Gross result	1,354	1,247	8.6	226
Addition to provisions for loan losses	184	189	-2.6	64
OPERATING PROFIT BEFORE TAX	1,170	1,058	10.6	162
KEY FIGURES				
Cost/income ratio	73.1%	73.9%		82.1%
RAROC pre-tax	43.1%	43.4%		
RAROC after tax	29.1%	29.3%		
Total risk-weighted assets (in EUR billion)	76.5	69.9	9.4	
Addition to provisions for loan losses in				

basis points of average credit-risk-weighted assets	25	27	
Staff (average FTEs)	34,300	35,200	-2.6

FULL-YEAR PROFIT
Operating profit before tax from Retail Banking rose 10.6% to EUR 1,170 million, driven by solid income growth and slightly lower risk costs. Results were bolstered by higher profit in the Netherlands, driven by increased mortgage lending and savings, and in Poland, which benefited from lower risk costs. Profit from Belgium declined, due to non-recurring expenses and risk costs which resulted in a loss in the fourth quarter, despite a 12.1% increase in operating income for full-year 2004.

Total operating income rose 5.5% to EUR 5,035 million in 2004. Interest income increased 8.2% due to higher mortgage lending and increased savings, while interest margins narrowed slightly. Commission income rose 7.7%, mainly driven by higher securities-related commissions. Other income declined sharply, due in part to a EUR 48 million loss taken by Postbank in the first quarter of 2004 to compensate customers for a disappointing return on investments related to the unit-linked mortgage product `MeerWaardehypotheek'. Excluding that loss, total income increased 6.5%.

Operating expenses from Retail Banking increased 4.4% to EUR 3,681 million mainly due to the impact of the collective labour agreement in the Netherlands which came into effect in May 2003, higher business volumes, the acceleration of IT-projects and provisions for some litigation issues, particularly in the fourth quarter. However, income growth exceeded expense growth in 2004, and the cost/income ratio improved to 73.1% from 73.9% in 2003, including the negative impact of some non-recurring expenses in the fourth quarter. The average number of retail staff was 2.6% lower than in 2003. At the end of 2004, retail staff numbers were 3.6% lower than at year-end 2003, mainly due to the sale of ING BHF-Bank activities and lower staff numbers in Belgium, India and the Netherlands.

The addition to the provision for loan losses declined 2.6% to EUR 184 million from EUR 189 million in 2003. Lower risk costs in the Netherlands and Poland were largely offset by higher risk costs in Belgium. The total addition in 2004 was equal to 25 basis points of average credit-risk-weighted assets compared with 27 basis points for the full-year 2003.

GEOGRAPHICAL BREAKDOWN RETAIL BANKING

TABLE 18. RETAIL BANKING OPERATING PROFIT BEFORE TAX

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
Netherlands	1,066	917	16.2	222	219	1.4
Belgium	72	105	-31.4	-60	65	
Poland	19	7	171.4	6	11	-45.5
Other retail*	13	29	-55.2	-6	45	
TOTAL	1,170	1,058	10.6	162	340	-52.4

* mainly ING Vysya Bank, the retail activities of ING BHF-Bank, Private Banking rest of world, Kookmin Bank stake

In the Netherlands, operating profit before tax from retail banking rose 16.2% to EUR 1,066 million. Total income increased 3.1%, driven by higher interest results due to increased mortgage lending and savings, which were partly offset by lower interest margins. The residential mortgage portfolio in the Netherlands increased by EUR 8.3 billion, or 11.2%, to EUR 82.2 billion at the end of 2004. The higher interest result more than offset the EUR 48 million loss taken by Postbank for the unit-linked mortgage product in the first quarter of 2004. Excluding that loss, total income increased 4.6%. Operating expenses were 1.3% lower. Risk costs fell to 21 basis points of average credit-risk-weighted assets from 26 basis points in 2003.

In Belgium operating profit before tax from retail banking declined 31.4% to EUR 72 million, due to non-recurring expenses and higher risk costs, which resulted in a pre-tax loss of EUR 60 million in the fourth quarter of 2004. The loss was mainly caused by the acceleration of IT-projects, restructuring costs, provisions for litigation issues and a change in legislation that resulted in higher risk costs. Operating income was also lower than in the previous quarters of 2004, in part due to the success of the new product `structured notes', which reduced the sales of mutual funds. As a result, immediate fees were replaced by fee income which is amortised. In the first nine months of 2004, the fees on structured notes were not amortised. Compared with 2003, total income rose 12.1%, mainly driven by higher interest results due to higher lending and savings volumes. Operating expenses increased 14.4%, mainly due to non-recurring items. Excluding those items, operating expenses were almost flat. Risk costs increased to 34 basis points of average credit-risk-weighted assets from 12 basis points in 2003. In the fourth quarter of 2004, risk costs were EUR 20 million, mainly due to a change in legislation, compared with EUR 1 million in the third.

In Poland, operating profit before tax from the retail banking activities of ING Bank Slaski rose to EUR 19 million from EUR 7 million in 2003, almost fully due to a 50.0% decline in risk costs. The level of loan loss provisioning, however, remains high at 227 basis points of average credit-risk-weighted assets.

Other retail banking activities posted an operating profit before tax of EUR 13 million, down from EUR 29 million in 2003, mainly due to a litigation issue at ING Trust and the absence of dividend income on ING's stake in Kookmin Bank. ING Vysya Bank turned to profit after a loss in 2003, when a trading portfolio was reclassified into an investment portfolio to bring ING Vysya Bank into line with ING's accounting principles.

RAROC

The after-tax Risk-Adjusted Return on Capital for the business line Retail Banking decreased slightly to 29.1% from 29.3% last year, but remained well above ING's target of 12.0%. The already strong pre-tax RAROC in the Netherlands improved further. The negative pre-tax RAROC in Other retail can be mainly attributed to ING Vysya Bank.

TABLE 19. RETAIL BANKING RISK-ADJUSTED RETURN ON CAPITAL

	RAROC % (pre-tax)		ECONOMIC CAPITAL (in EUR billion)	
	FY 2004	FY 2003	FY 2004	FY 2003
Netherlands	68.0	62.2	1.6	1.5
Belgium	17.8	18.3	0.4	0.5
Poland	20.5	19.5	0.1	0.1
Other retail*	-3.1	5.4	0.6	0.4
TOTAL PRE-TAX	43.1	43.4	2.7	2.5

TOTAL AFTER TAX	29.1	29.3

* mainly ING Vysya Bank, the retail activities of ING BHF-Bank, Private Banking rest of world, Kookmin Bank stake

2.6 ING DIRECT PROFIT RISES TO EUR 432 MILLION FROM EUR 151 MILLION

- o FUNDS ENTRUSTED INCREASE 46.3% TO EUR 145.4 BILLION AT END OF 2004
- o ABOUT 3 MILLION NEW CUSTOMERS ADDED IN 2004, BRINGING TOTAL TO 11.5 MILLION
- o MORTGAGE LENDING PORTFOLIO INCREASES 57.6% TO EUR 33.1 BILLION

TABLE 20. ING DIRECT* PROFIT & LOSS ACCOUNT

	FULL YEAR				FOURTH
In EUR million	2004	2003	%	2004	
Interest result	1,608	992	62.1	431	
Commission	82	39	110.3	22	
Other income	15	14	7.1	6	
TOTAL OPERATING INCOME	1,705	1,045	63.2	459	
OPERATING EXPENSES	1,184	829	42.8	331	
Gross result	521	216	141.2	128	
Addition to provisions for loan losses	89	65	36.9	16	
OPERATING PROFIT BEFORE TAX	432	151	186.1	112	
KEY FIGURES					
Cost/income ratio	69.4%	79.3%		72.1%	7
RAROC pre-tax	19.9%	12.5%			
RAROC after tax	11.3%	6.1%			
Total risk-weighted assets (in EUR billion)	50.1	28.5	75.8		
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	22	26			
Staff (average in FTE)	5,300	4,000	32.5		

FULL-YEAR PROFIT

Operating profit before tax from ING Direct increased to EUR 432 million in 2004 compared with EUR 151 million in 2003 as it continued to attract new customers and gain critical mass in the markets where it operates. Of the eight countries in which ING Direct is active, it is profitable in seven.

Operating income increased 63.2% to EUR 1,705 million, driven mainly by a 62.1%

increase in the interest result, driven by the continued growth in funds entrusted. Total funds entrusted grew by EUR 46.0 billion, or 46.3%, to EUR 145.4 billion at the end of December. In the fourth quarter, funds entrusted increased by EUR 5.7 billion, despite negative currency effects of EUR 3.3 billion. Growth in mortgage lending also boosted income. At year-end 2004, ING Direct had a total mortgage portfolio of EUR 33.1 billion, an increase of EUR 12.1 billion from the end of 2003, driven by growth in Germany and the U.S.

Operating expenses at ING Direct increased 42.8% to EUR 1,184 million as a result of higher marketing costs and higher expenses to handle the continued growth of the business, notably the strong increase in mortgage distribution. Since year-end 2003, the number of customers increased by nearly 3 million, or 34.6%, reaching 11.5 million at the end of December. The cost/income ratio of ING Direct improved to 69.4% from 79.3% in 2003. The average number of full-time employees at ING Direct increased by 1,300 to 5,300 in 2004, mainly due to expansion in Germany, the U.S. and the U.K.

The addition to the provision for loan losses increased 36.9% to EUR 89 million in 2004 from EUR 65 million in 2003, in pace with the strong growth of the business. Risk costs equalled 22 basis points of average credit-risk-weighted assets, compared with 26 basis points in the full-year 2003.

RAROC
The after-tax Risk-Adjusted Return on Capital for ING Direct improved from 6.1% in 2003 to 11.3%, slightly below ING's target of 12.0%. The increase was due entirely to higher economic returns as the

business units reach critical mass. In line with the strong growth of the business, economic capital increased to EUR 2.4 billion from EUR 1.7 billion in 2003.

GEOGRAPHICAL BREAKDOWN ING DIRECT

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

	FULL YEAR			FOURTH QUARTER		
In EUR million	2004	2003	%	2004	2003	%
Canada	66	56	17.9	17	17	0.0
Spain	32	18	77.8	4	7	-42.9
Australia	60	52	15.4	16	15	6.7
France	5	-26		1	-5	
United States	173	58	198.3	50	14	257.1
Italy	9	-27		3	-6	
United Kingdom	-54	-44		-24	-13	
Germany*	147	64	129.7	51	29	75.9
SUBTOTAL ING DIRECT	438	151	190.1	118	58	103.4
ING Card	-6	0		-6	0	
TOTAL	432	151	186.1	112	58	93.1

* Including Austria

Of the eight ING Direct operations, seven posted a profit before tax in 2004. France and Italy both turned to profit in the course of 2004. Only the U.K., which started operations in May 2003, is still loss making. Canada, Australia, the U.S. and Germany are performing above ING's target for risk-adjusted return on capital, while Spain is close. The performance of the other operations (including ING Card) is still below the target.

The U.S. and Germany posted the strongest profit increases, driven by the continued growth of funds entrusted, mortgages and the number of clients. Although developments in the U.K. have been much better than planned, with higher-than-expected funds entrusted and client numbers, the loss in the fourth quarter of 2004 increased both compared to previous quarter and the same quarter last year, mainly due to higher marketing costs and low interest results due to a flat yield-curve. ING Card showed a loss of EUR 6 million in 2004, entirely caused by higher operating expenses in the fourth quarter due to the intensified marketing campaigns and the start of some new projects. The loss, however, was lower than expected.

TABLE 22. ING DIRECT CLIENTS AND FUNDS ENTRUSTED

	NUMBER OF CLIENTS (x 1,000)			FUNDS ENTRUSTED (in EUR billion)		
	31 Dec. 2004	30 Sept. 2004	31 Dec. 2003	31 Dec. 2004	30 Sept. 2004	31 Dec. 2003
Canada	1,121	1,070	905	9.0	9.1	7.0
Spain	975	896	753	10.2	9.8	7.9
Australia	996	915	719	8.5	7.9	6.9
France	413	382	339	9.2	9.0	7.6
United States	2,226	2,048	1,399	21.2	21.3	12.8
Italy	485	461	379	10.6	10.0	7.6
United Kingdom	762	689	305	27.9	26.1	11.5
Germany*	4,511	4,262	3,735	48.8	46.5	38.1
TOTAL	11,489	10,723	8,534	145.4	139.7	99.4

3. ASSETS UNDER MANAGEMENT INCREASE 6.3% TO EUR 491.9 BILLION

- NET INFLOW OF EUR 26.5 BILLION, DRIVEN BY INSURANCE ASIA/PACIFIC, PRIVATE BANKING
- THIRD-PARTY ASSETS UNDER MANAGEMENT INCREASE 6.8% TO EUR 334.8 BILLION
- ING REAL ESTATE PORTFOLIO INCREASES TO EUR 50.1 BILLION INCLUDING REAL ESTATE FINANCE

Total assets under management increased EUR 29.2 billion, or 6.3%, in 2004 to EUR 491.9 billion. The increase resulted from a net inflow (EUR 26.5 billion) and higher stock markets (EUR 25.3 billion), which were partially offset by the decline of most currencies against the euro (-EUR 16.1 billion) and divestments (-EUR 6.5 billion), mainly due to the sales of Delta Asset Management, CenE Bankiers, Baring Private Equity Partners, and the exit of the U.S. individual reinsurance business. The mutual funds sold by ING Direct were included for the first time and amounted to EUR 2.6 billion.

FUND INFLOW
The net inflow of EUR 26.5 billion was mainly realised by Insurance Asia/Pacific, Private Banking and ING Real Estate. Insurance Asia/Pacific reported an inflow of EUR 9.4 billion, as a result of good sales of Money Market Funds and structured products at KB Asset Management in Korea and good life

premium growth in Taiwan and Korea. ING Private Banking, which is consolidated under Retail Banking, had an inflow of EUR 6.2 billion, driven mainly by Belgium. ING Real Estate realised an inflow of EUR 5.6 billion, which is included below under Wholesale Banking.

TABLE 23. ASSETS MANAGED BY BUSINESS LINE

In EUR billion	31 December 2004	31 December 2003	FY % Change	30 September 2004	4Q % Change
Insurance Europe	153.1	139.6	9.7	147.4	3.8
Insurance Americas	163.2	167.0	-2.3	174.3	-6.8
Insurance Asia/Pacific	56.7	43.1	31.6	53.8	5.0
Retail Banking	55.1	52.2	5.6	55.6	-0.9
Wholesale Banking	61.2	60.8	0.7	61.9	-1.1
ING Direct	2.6	0.0	-	0.0	-
TOTAL	491.9	462.7	6.3	493.0	-0.2

TABLE 24. ASSETS ORIGINATED BY BUSINESS LINE

In EUR billion	31 December 2004	31 December 2003	FY % Change	30 September 2004	4Q % Change
Insurance Europe	47.3	41.0	15.4	45.4	4.2
Insurance Americas	98.0	99.9	-1.8	103.1	-5.0
Insurance Asia/Pacific	28.2	22.4	25.7	26.8	5.1
Retail Banking	102.6	94.5	8.6	102.8	-0.1
Wholesale Banking	56.1	55.7	0.6	56.3	-0.4
ING Direct	2.6	0.0	-	0.0	-
TOTAL THIRD PARTIES	334.8	313.5	6.8	334.4	0.1
Proprietary assets	157.1	149.2	5.3	158.6	-1.0
TOTAL	491.9	462.7	6.3	493.0	-0.2

DISTRIBUTION CHANNELS

Total assets managed on behalf of third-parties increased 6.8% to EUR 334.8 billion. All business lines contributed to that growth with the exception of Insurance Americas, which was impacted by the decline of the U.S. dollar against the euro. Correcting for currency effects, third-party assets under management originated by Insurance Americas increased 5.3%. Insurance Asia/Pacific and Insurance Europe both realised record growth in 2004, with assets increasing by 25.7% and 15.4%, respectively. Of the total third-party assets managed by ING, 14.1% are originated by Insurance Europe, 29.3% by Insurance Americas, 8.4% by Insurance Asia/Pacific, 30.6% by Retail Banking, 16.8% by Wholesale Banking, and 0.8% by ING Direct.

FUND INVESTMENT PERFORMANCE

The investment performance statistics of the ING Mutual Funds were, in general, improving. Notably ING has a good track record for fixed income and balanced strategies.

TABLE 25. ASSETS UNDER MANAGEMENT BY ASSET CLASS

In EUR billion	31 December 2004		30 September 2004		31 December 2003	
Equities	160.2	32%	159.1	32%	161.0	35%
Fixed income	258.3	53%	259.2	53%	236.6	51%
Real Estate*	33.8	7%	33.4	7%	28.9	6%
Cash	39.6	8%	41.3	8%	36.2	8%
TOTAL	491.9	100.0%	493.0	100%	462.7	100%

TABLE 26. ASSETS UNDER MANAGEMENT BY CLIENT CATEGORY

In EUR billion	31 December 2004	31 December 2003	FY % Change	30 September 2004	4Q% Change
Private clients	215.2	187.9	14.6	201.0	7.1
Institutional clients	119.6	125.6	-4.8	133.4	-10.3
Total third parties	334.8	313.5	6.8	334.4	0.1
Proprietary assets	157.1	149.2	5.3	158.6	-1.0
TOTAL	491.9	462.7	6.3	493.0	-0.2
Share of third parties	68.1%	67.8%		67.8%	

ING INVESTMENT MANAGEMENT

ING Investment Management seeks to use its global scale and broad asset management skills to help ING's local business units to deploy global asset management strategies. Some of ING IM-Europe's investment strategies were exported to other markets: the "protected mix" was introduced in Korea, the "global brands equity strategy" was marketed by ING Antai in Taiwan, and a dividend fund was recently introduced by ING Funds in the U.S. ING IM-Americas achieved success with its fixed income strategies, with funds attracting total inflows of EUR 4.1 billion in 2004. In the fourth quarter, institutional fixed income sales reached EUR 800 million, including a EUR 400 million mandate from a U.S. Transportation agency. The Senior Income Fund received the third largest flows in its fund category with EUR 1.2 billion of sales in 2004. Third-party assets under management of ING IM-Asia/Pacific increased 40.5% as a result of increased distribution in the region and advanced product offerings.

ING REAL ESTATE

ING Real Estate's total portfolio, including the real estate finance portfolio, increased by EUR 7.9 billion to EUR 50.1 billion, compared with year-end 2003. The increase was driven mainly by strong organic growth in real estate finance and investment management. The real estate investment management portfolio increased by EUR 4.6 billion to EUR 30.9 billion, mainly due to the introduction of ten new investment funds. ING Clarion Global Real Estate Income Fund (U.S.), a listed fund which had EUR 2.2 billion in assets under management by year-end, was the largest-ever initial public offering of a real estate fund in history. The acquisition of Rodamco Asia also added EUR 800 million to property assets under management. The real estate finance portfolio increased to EUR 17.1 billion from EUR 13.8 billion at year-end 2003. Roughly two-thirds of the increase stemmed from new business won in an extremely competitive environment, while the remaining third was the result of internal transfers. The real estate development portfolio was stable at EUR 2.1 billion. Development activities returned to a more normalised level. Prominent real estate projects were delivered in Belgium, Czech Republic, Italy and the U.S. Sales proceeds of completed projects amounted to approximately EUR 900 million, which were re-invested in new projects.

PROFIT CONTRIBUTION

The functional operating profit before tax from asset management (which is derived from figures included in the insurance and banking results) increased 14% to EUR 484 million in 2004. This growth was mainly realised by the institutional asset management businesses of ING Real Estate and Baring Asset Management, as well as ING Investment Management and private banking. Asset management activities accounted for 7% of ING Group's total operating profit before tax.

APPENDICES

1. Key figures
2. Consolidated profit and loss account (Insurance/Banking) full-year, one-off items
3. Consolidated profit and loss account (Insurance/Banking) fourth quarter, one-off items
4. Consolidated balance sheet and changes in shareholders' equity
5. Condensed consolidated statement of cash flows
6. Additional information: quarterly results, specification of realised capital gains on real estate and equities from insurance, insurance profit & loss by life/non-life, bank lending, bank commission income, banking other income
7. Embedded value
8. Information for shareholders

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

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

This release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the common shares of ING Canada Inc. in any jurisdiction in which such offer, solicitation or sale would be unlawful. Such shares have not been and will not be registered under the U.S. Securities Act of 1933, and may not be offered or sold in the United States except pursuant to an exception from the registration requirements of such Securities Act.

APPENDIX 1.

1. KEY FIGURES	FY 2004	FY 2003	FY 2002	FY 2001
BALANCE SHEET (EUR x billion)				
Total assets	866	779	716	705
Shareholders' equity	26	21	18	22
ASSETS UNDER MANAGEMENT (EUR x billion)	492	463	449	513
MARKET CAPITALISATION (EUR x billion)	49	39	32	57
OPERATING INCOME (EUR x million)				
Insurance operations	55,398	53,233	59,449	55,274
Banking operations	12,537	11,680	11,201	11,111
OPERATING EXPENSES (EUR x million)				
Insurance operations	4,837	4,897	5,203	5,583
Banking operations	8,658	8,184	8,298	8,186
ADDITIONS TO THE PROVISION FOR LOAN/INVESTMENT LOSSES (EUR x million)	497	1,288	2,099	907
PROFIT (EUR x million)				
Insurance operations	4,005	3,486	3,170	2,792
Banking operations	3,414	2,371	1,468	2,170
Operating profit before tax	7,419	5,857	4,638	4,962
Operating net profit	5,389	4,053	3,433	3,539
Capital gains/neg. value adjustment shares	579	-10	820	713
Non-operating net profit			247	325
Net profit	5,968	4,043	4,500	4,577
Distributable net profit	5,968	4,043	4,253	4,252
FIGURES PER ORDINARY SHARE OF EUR 0.24 NOMINAL VALUE				
Operating net profit	2.53	2.00	1.77	1.83
Net profit	2.80	2.00	2.32	2.37

Distributable net profit	2.80	2.00	2.20	2.20
Dividend	1.07	0.97	0.97	0.97
Shareholders' equity	11.76	10.08	9.14	11.03
RATIOS (in %)				
ING Group				
Operating return on equity (ROE)	22.9	21.5	17.4	15.3
Operating net profit growth	33	18	-3	4
Insurance operations				
Combined ratio	94	98	102	103
Capital coverage ratio	210	180	169	180
Banking operations				
BIS ratio ING Bank	11.47	11.34	10.98	10.57
Tier-1 ratio ING Bank	7.71	7.59	7.31	7.03
Cost/income ratio	69.1	70.1	74.1	73.7
EMPLOYEES (average FTEs)	113,000	115,200	113,060	112,000

APPENDIX 2. FULL-YEAR PROFIT & LOSS ACCOUNT

2.1 ING GROUP FULL-YEAR CONSOLIDATED PROFIT & LOSS ACCOUNT

	INSURANCE		BANKING		
In EUR million	FY 2004	FY 2003	FY 2004	FY 2003	FY 20
Premium income	43,617	41,192			43,6
Income from investments of the insurance operations	9,944	9,721			9,7
Interest result banking operations			8,808	8,115	8,8
Commission	1,201	1,313	2,581	2,464	3,7
Other income	636	1,007	1,148	1,101	1,7
TOTAL OPERATING INCOME	55,398	53,233	12,537	11,680	67,8
Underwriting expenditure	45,384	43,396			45,3
Other interest expenses	1,140	1,291			1,0
Operating expenses	4,837	4,897	8,658	8,184	13,4
Additions to the provision for loan losses/investment losses	32	163	465	1,125	4
TOTAL OPERATING EXPENDITURE	51,393	49,747	9,123	9,309	60,3
OPERATING PROFIT BEFORE TAX	4,005	3,486	3,414	2,371	7,4
Taxation	901	861	857	599	1,7
Third-party interests	119	117	153	227	2
OPERATING NET PROFIT	2,985	2,508	2,404	1,545	5,3
Capital gains/losses on shares	579	-10			5
NET PROFIT	3,564	2,498	2,404	1,545	5,9

2.2 ONE-OFF ITEMS BEFORE TAX

In EUR million	INSURANCE 2004	INSURANCE 2003	BANKING 2004	BANKING 2003	20
OPERATING PROFIT BEFORE TAX	4,005	3,486	3,414	2,371	7,4
- gain Australia non-life	219				2
- losses related to exit ING Re	-219				-2
- costs from pending LOG divestment	-28				-
- initial public offer Canada	249				2
- gain old reinsurance business	96	303			
- release catastrophe provision		88			
- gain joint venture Bital/Italy		115			
- loss Asian equities business			-84		-
- loss BHF-Bank			-210		-2
- gain CenE Bankiers			87		
- restructuring provisions			-101	-82	-1
Total one-off items	317	506	-308	-82	
OPERATING PROFIT BEFORE TAX EXCLUDING ONE-OFF ITEMS	3,688	2,980	3,722	2,453	7,4

2.3 ONE-OFF ITEMS AFTER TAX

In EUR million	INSURANCE 2004	INSURANCE 2003	BANKING 2004	BANKING 2003	20
OPERATING NET PROFIT	2,985	2,508	2,404	1,545	5,3
- gain Australia non-life	166				1
- losses related to exit ING Re	-217				-2
- costs from pending LOG divestment	-18				-
- initial public offer Canada	249				2
- gain old reinsurance business	92	247			
- release catastrophe provision		57			
- gain joint venture Bital/Italy		107			
- loss of Asian equities business			-54		-
- loss BHF-Bank			-139		-1
- gain CenE Bankiers			87		
- restructuring provisions			-64	-65	-
- release redundant tax provisions	125		112		2
Total one-off items	397	411	-58	-65	3
OPERATING NET PROFIT EXCLUDING ONE-OFF ITEMS	2,588	2,097	2,462	1,610	5,0

APPENDIX 3. FOURTH QUARTER PROFIT & LOSS ACCOUNT

3.1 ING GROUP FOURTH QUARTER CONSOLIDATED PROFIT & LOSS ACCOUNT

In EUR million	INSURANCE 4Q 2004	INSURANCE 4Q 2003	BANKING 4Q 2004	BANKING 4Q 2003	4Q 20
Premium income	10,869	10,605			10,8
Income from investments of the insurance operations	2,799	2,589			2,7
Interest result banking operations			2,246	2,056	2,2
Commission	309	335	590	654	8
Other income	130	297	145	274	2
TOTAL OPERATING INCOME	14,107	13,826	2,981	2,984	17,0
Underwriting expenditure	11,217	11,129			11,2
Other interest expenses	288	340			2
Operating expenses	1,366	1,339	2,327	2,192	3,6
Additions to the provision for loan losses/investment losses	-32	8	99	270	
TOTAL OPERATING EXPENDITURE	12,839	12,816	2,426	2,462	15,2
OPERATING PROFIT BEFORE TAX	1,268	1,010	555	522	1,8
Taxation	324	277	56	102	3
Third-party interests	39	35	23	77	
OPERATING NET PROFIT	905	698	476	343	1,3
Capital gains/losses on shares	150	-5			1
NET PROFIT	1,055	693	476	343	1,5

3.2 ONE-OFF ITEMS BEFORE TAX

In EUR million	INSURANCE Q4 2004	INSURANCE Q4 2003	BANKING Q4 2004	BANKING Q4 2003	Q4 20
OPERATING PROFIT BEFORE TAX	1,268	1,010	555	522	1,8
- losses related to exit ING Re	33				
- costs from pending LOG divestment	-28				-
- initial public offer Canada	249				2
- release catastrophe provision		88			
- gain joint venture Bital/Italy		115			
- loss BHF-Bank			-210		-2
- restructuring provisions			-41		-
Total one-off items	254	203	-251	0	
OPERATING PROFIT BEFORE TAX EXCLUDING ONE-OFF ITEMS	1,014	807	806	522	1,8

3.3 ONE-OFF ITEMS AFTER TAX

In EUR million	INSURANCE Q4 2004	INSURANCE Q4 2003	BANKING Q4 2004	BANKING Q4 2003	Q4 20

OPERATING NET PROFIT	905	698	476	343	1,3
- gain Australia non-life	20				
- losses related to exit ING Re	-53				-
- costs from pending LOG divestment	-18				-
- initial public offer Canada	249				2
- release catastrophe provision		57			
- gain joint venture Bital/Italy		107			
- loss BHF-Bank			-139		-1
- restructuring provisions			-28		-
- release redundant tax provisions	-17		112		
Total one-off items	181	164	-55	0	1
OPERATING NET PROFIT EXCLUDING ONE-OFF ITEMS	724	534	531	343	1,2

Page 37 of 46

APPENDIX 4.

4.1 ING GROEP N.V. CONSOLIDATED BALANCE SHEET

In EUR million	31 December 2004	31 December 2003	FY % Change	30 Septembe 200
ASSETS				
Tangible fixed assets	1,252	1,311	-4.5	1,
Participating interests	3,303	3,167	4.3	3,
Investments	398,014	335,003	18.8	392,
Lending	317,466	292,556	8.5	316,
Banks	57,300	61,060	-6.2	59,
Cash	8,807	11,738	-25.0	4,
Other assets	58,801	53,473	9.9	64,
Accrued assets	21,149	20,463	3.4	21,
TOTAL	866,092	778,771	11.2	865,
EQUITY AND LIABILITIES				
Shareholders' equity	25,866	21,331	21.2	24,
Preference shares of Group companies	1,283	1,783	-28.0	1,
Third-party interests	2,212	1,730	27.9	1,
Group equity	29,361	24,844	18.2	27,
Subordinated loan	4,109	3,252	26.4	4,
Group capital base	33,470	28,096	19.1	32,
General provisions	2,893	2,740	5.5	2,
Insurance provisions	210,107	198,035	6.1	212,
Funds entrusted to and debt securities of the banking operations	435,907	377,824	15.4	426,

Banks	112,797	102,115	10.5	118,
Other liabilities	62,173	61,123	1.7	65,
Accrued liabilities	8,745	8,838	-1.0	7,
TOTAL	866,092	778,771	11.2	865,

4.2 CHANGES IN SHAREHOLDERS' EQUITY

In EUR million

SHAREHOLDERS' EQUITY AS PER 31 DECEMBER 2003 / 2002	21,331
Net profit	5,968
Revaluations (after tax)	1,063
Realised capital gains released to P&L account	-932
Write-off of goodwill	-119
Exchange rate differences	-966
Issue of shares	1,694
Changes in ING Groep N.V. shares held by Group companies	-25
Dividend paid	-2,093
Other	-55
SHAREHOLDERS' EQUITY AS PER 31 DECEMBER 2004 / 2003	25,866

APPENDIX 5.

5. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR million	FY 2004	FY 2003*
NET CASH FLOW FROM OPERATING ACTIVITIES	76,082	64,705
Investments and advances:		
- participating interests	-2,688	-658
- investments in shares and property	-6,323	-6,599
- investments in fixed-interest securities	-279,265	-326,438
- other investments	-266	-507
Disposals and redemptions:		
- participating interests	1,641	911
- investments in shares and property	6,936	8,377
- investments in fixed-interest securities	213,246	273,769
- other investments	406	158
Net investment for risk of policyholders	-7,291	-14,571
NET CASH FLOW FROM INVESTING ACTIVITIES	-73,604	-65,558

Subordinated loans of ING Groep N.V. companies	1,000	1,181
Bonds, loans taken up and deposits by reinsurers	807	-221
Private placements of ordinary shares	554	44
Private placement of preference shares of group companies	-410	0
Issue of shares	483	901
Changes in shares ING Groep N.V.	-34	-5
Cash dividends	-882	-927
NET CASH FLOW FROM FINANCING ACTIVITIES	1,518	973
Net cash flow	3,996	120
Cash at beginning of year	7,338	7,830
Exchange rate differences	-43	-612
CASH AT END OF PERIOD	11,291	7,338

In this summary, cash comprises the following items:

Short-dated government paper	12,382	6,521
Banks, available on demand	-9,898	-10,921
Cash and bank balances and call money of the insurance operations	8,807	11,738
CASH AT END OF PERIOD	11,291	7,338

* Restated

APPENDIX 6. ADDITIONAL INFORMATION

6.1 QUARTERLY RESULTS

In EUR million	4Q 2004	3Q 2004	2Q 2004	1Q 2004	4Q 2003
Operating profit before tax					
- Insurance Europe	522	437	365	409	556
- Insurance Americas	699	170	460	340	362
- Insurance Asia/Pacific	120	104	405	122	107
- Other	-73	-32	39	-82	-15
INSURANCE OPERATING PROFIT BEFORE TAX	1,268	679	1,269	789	1,010
- Wholesale Banking	243	519	511	659	146
- Retail Banking	162	330	351	327	340
- ING Direct	112	117	128	75	58
- Other	38	-87	-21	-50	-22
BANKING OPERATING PROFIT BEFORE TAX	555	879	969	1,011	522

OPERATING PROFIT BEFORE TAX	1,823	1,558	2,238	1,800	1,532
OPERATING NET PROFIT	1,381	1,212	1,605	1,191	1,041
- of which Insurance operations	905	611	935	534	698
- of which Banking operations	476	601	670	657	343
NET PROFIT	1,531	1,594	1,641	1,202	1,036
In EUR					
Operating net profit per ordinary share	0.63	0.57	0.76	0.57	0.50
NET PROFIT PER ORDINARY SHARE	0.70	0.74	0.79	0.57	0.50

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

	FULL YEAR BEFORE TAX			FULL Y
In EUR million	2004	2003	%	2004
REAL ESTATE				
- life	459	454	1.1	
- non-life	26	23	13.0	
Total	485	477	1.7	300
EQUITIES	590	20		579

6.3 INSURANCE PROFIT FROM LIFE AND NON-LIFE

	FULL-YEAR 2004			FULL	
In EUR million	Life	Non-life	Total	Life	Non
Premium income	36,975	6,642	43,617	33,904	
Income from investments	8,712	1,232	9,944	8,802	
Commission and other income	1,810	27	1,837	2,311	
TOTAL OPERATING INCOME	47,497	7,901	55,398	45,017	
Underwriting expenditure	40,284	5,100	45,384	37,347	
Other interest expenses	1,140		1,140	1,291	
Operating expenses	3,645	1,192	4,837	3,738	
Investment losses	32		32	163	
TOTAL OPERATING EXPENDITURE	45,101	6,292	51,393	42,539	
OPERATING PROFIT BEFORE TAX	2,396	1,609	4,005	2,478	

6.4 BANK LENDING

In EUR billion	31 December 2004	31 December 2003	FY % Change	30 Septembe 200
- Public authorities	12.9	14.9	-13.4	14.
- Other corporate	164.7	160.7	2.5	167.
TOTAL CORPORATE	177.6	175.6	1.1	182.
- Mortgages	126.2	104.2	21.1	120.
- Other personal	17.9	17.4	2.9	18.
TOTAL PERSONAL	144.1	121.6	18.5	139.
Provisions for bank lending	-4.2	-4.6		-4.
TOTAL BANK LENDING	317.5	292.6	8.5	316.

6.5 BANKING COMMISSION INCOME

	FULL YEAR			FOURTH
In EUR million	2004	2003	%	2004
Funds transfer	575	587	-2.0	131
Securities business	665	665	0.0	146
Insurance broking	136	115	18.3	29
Management fees	766	594	29.0	188
Brokerage and advisory fees	139	146	-4.8	54
Other	300	357	-16.0	42
TOTAL	2,581	2,464	4.7	590

6.6 BANKING OTHER INCOME

	FULL YEAR			FOURTH
In EUR million	2004	2003	%	2004
Income from securities and participating interests	47	154	-69.5	-135
Results from financial transactions	596	562	6.0	126
Other results	505	385	31.2	154
TOTAL	1,148	1,101	4.3	145

APPENDIX 7. EMBEDDED VALUE

7.1 NEW BUSINESS PRODUCTION AND VALUE BY REGION

The value of new life business written in 2004 was EUR 632 million, up 43.6% from EUR 440 million in 2003. The increase is due to improved pricing margins, higher sales, and further investment in new business. During 2004 ING invested EUR 1,607 million to write new life insurance business. The overall rate of return expected on this investment is 12.1%. That compares to an overall return of 10.9% in 2003. All reported internal rates of return reflect the 7.5% discount rate in the Netherlands, adjusting for differences in interest rates from different countries to make the reported IRRs comparable. The value of new business fully reflects acquisition expense overruns, which represent excess cost for acquiring new business over and above the expense allowances provided for in the product pricing. Such overruns may exist while new operations are achieving scale, while several businesses are being integrated into one, or during a year where sales are lower than anticipated. During 2004, after-tax acquisition expense overruns were EUR 73 million, compared with EUR 78 million in 2003. The overall internal rate of return for ING's life business is 12.9% excluding acquisition expense overruns.

7.2 BUSINESS PRODUCTION AND VALUE BY REGION

	NEW PRODUCTION 2004				NEW PRODUC	
In EUR million	Annual premium	Single Premium	Value of New Business	IRR in %	Annual Premium	Single Premium
INSURANCE EUROPE	432	3,508	138	12.4	341	3,114
- Netherlands	178	1,709	58	10.5	161	1,220
- Belgium	51	1,583	42	22.8	29	1,752
- Rest of Europe	202	216	38	12.6	151	142
INSURANCE AMERICAS	1,409	13,917	173	10.7	1,632	14,622
- United States	1,194	13,726	138	10.3	1,583	14,545
- Mexico	138	14	25	26.3	33	8
- South America	77	177	10	10.0	16	69
INSURANCE ASIA/PACIFIC	1,086	2,996	321	13.6	985	1,588
- Australia	66	681	8	11.2	35	601
- Japan	303	1,941	112	15.0	269	845
- Korea	384	201	97	26.7	329	61
- Taiwan	221	131	97	11.0	248	48
- Rest of Asia/Pacific	112	42	7	9.4	104	33
TOTAL	2,926	20,421	632	12.1	2,958	19,325

The expected internal rate of return in developing markets is 13.5% compared with 15.3% for 2003.

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

	NEW PRODUCTION 2004				NEW PRODUC	
In EUR million	Annual premium	Single Premium	Value of New Business	IRR in %	Annual Premium	Single Premium

Europe	138	81	33	14.2	107	53
Americas	215	191	35	14.7	49	77
Asia/Pacific	717	374	201	13.2	682	142
TOTAL	1,070	646	269	13.5	838	272

7.4 EMBEDDED VALUE

The European Embedded Value (EEV) Principles were published in May 2004 by the CFO Forum, a group representing the Chief Financial Officers of major European insurers. The Principles and associated guidance provide a framework for calculating and reporting supplementary embedded value information. ING has adopted the EEV Principles in respect of ING's year-end 2004 results.

7.5. MOVEMENT IN EMBEDDED VALUE OF THE LIFE OPERATIONS

In EUR million	2004	2003
Free surplus	599	2,500
Value of in-force business	21,853	19,223
EMBEDDED VALUE	22,451	21,724

7.6. EMBEDDED VALUE PER BUSINESS LINE - LIFE OPERATIONS

In EUR million	2004	2003
INSURANCE EUROPE	12,257	11,503
- Netherlands	9,223	9,003
- Belgium/Luxembourg	871	756
-Other Europe	2,163	1,744
INSURANCE AMERICAS	8,118	8,305
- U.S.	7,271	7,933
- Latin America	847	372
ASIA/PACIFIC	2,076	1,917
TOTAL EMBEDDED VALUE LIFE BUSINESS	22,451	21,724

The embedded value for the life insurance operations increased by EUR 727 million in 2004 (EUR 1,776 million before dividends). Aside from the normal additions to value attributable to new business and unwind of the discount rate (required return), positive variances from the assumptions, changes to the economic assumptions, discount rates and model changes in some business units also increased embedded value. Changes to the capital model, currency movements, the deduction of an explicit value related to options and guarantees from the reported results, and revisions to non-economic assumptions partially offset the gains.

7.7. MOVEMENT ANALYSIS

In EUR million	
REPORTED EMBEDDED VALUE 2003	21,724

Investment return on free surplus	96
Value of new business	632
Required return	1,560
Financial variances	431
Operational variances	145
Discount rate changes	102
Assumption changes	314
Currency effects	-529
Change to capital model	-744
Addition of financial options and guarantees	-616
Dividends and capital injections	-1,049
Other	385
ENDING EMBEDDED VALUE 2004	22,451

The major factors for each of these changes in 2004 are as follows:

- Investment income on free surplus was EUR 96 million.
- New sales in 2004 contributed EUR 632 million to the embedded value.
- The required return of EUR 1,560 million is the rollup of the discount rate on the beginning value of in-force business and on the value of new business.

- Financial variances in 2004 totalled EUR 431 million. Favourable investment experience across the businesses as well as favourable fund returns on separate accounts in the U.S. were the drivers of this increase.
- Operational variances increased embedded value by EUR 145 million over 2004, primarily reflecting positive mortality and morbidity experience in Asia/Pacific.
- Assumption changes increased value by EUR 314 million, reflecting offsetting items. An increase in the assumed long term interest rate in Taiwan, a reduction in the corporate tax rate in the Netherlands and changes to lapse, mortality, and morbidity assumptions in Asia/Pacific were partially offset by an increase in expenses included in Nationale-Nederlanden's projections.
- Currency impacts had a negative effect of EUR 529 million, primarily reflecting the effects of a declining U.S. dollar compared with the euro.
- Changes to the ING capital model reduced the embedded value by EUR 744 million and impacted all business lines. The change increased the embedded value for all business lines except Latin America and Asia/Pacific. The latter of which showed a significant increase in capital.
- The expense associated with financial options and guarantees were incorporated into the embedded value results for 2004, decreasing the value by EUR 616 million. The impact was reflected primarily in the Netherlands and the U.S. results.
- The embedded value was reduced by EUR 1,049 million due to dividends from the life operations paid to ING Group.
- Other amounts contributed EUR 385 million.

7.8 INDEPENDENT OPINION

Watson Wyatt, an international actuarial consultancy firm, has reviewed the methodology and assumptions used by ING in the calculation of the embedded value of the life insurance business at 31 December 2004 and the value of new business written during 2004. All material business units in the Americas, Asia Pacific and Europe were covered by the review.

Watson Wyatt has concluded that the methodology adopted is appropriate and that the assumptions used are reasonable. In addition Watson Wyatt has concluded that the methodology and assumptions used in the calculation of the embedded value at 31 December 2004 comply with the European Embedded Value Principles and Guidance.

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

APPENDIX 8. INFORMATION FOR SHAREHOLDERS

SHARES AND WARRANTS

The average number of shares used for the calculation of net profit per share for 2004, was 2,125.3 million (2,014.4 million for 2003). The number of (depositary receipts for) ordinary shares of EUR 0.24 nominal value outstanding at the end of December 2004 was 2,204.7 million (including 29.5 million own shares to cover outstanding options for ING personnel). The number of (depositary receipts for) "A" preference shares of EUR 1.20 nominal value outstanding at the end of December 2004 was 87.1 million. The dividend percentage for the "A" shares for the period from 1 January, 2004 to 1 January 2014 has been set at 4.65%. This dividend will amount to EUR 0.1582 per year until 1 January 2014. This dividend will be paid for the first time in 2005.

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

In 2004, the turnover of (depositary receipts for) ordinary shares on the Euronext Amsterdam Stock Market was 2,403.5 million (purchases and sales). The highest closing price was EUR 22.28, the lowest EUR 16.73; the closing price at the end of December 2004 was EUR 22.26.

LISTING

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

RATING

Both ING Groep N.V. and ING Verzekeringen N.V. have an A+ rating from Standard & Poor's and an Aa3 rating from Moody's. ING Bank N.V. has an Aa2 rating from Moody's and an AA- from Standard & Poor's. All ratings were confirmed in 2004. The ratings from Moody's have a stable outlook, and the ratings from S&P all have a positive outlook.

IMPORTANT DATES IN 2005 AND 2006*

26 April 2005	Annual general meeting of shareholders
28 April 2005	ING share quoted ex-final dividend
4 May 2005	Payment date final dividend 2004
12 May 2005	Publication of first-quarter results
11 August 2005	Publication of first-half results
12 August 2005	ING share quoted ex-interim dividend
10 November 2005	Publication of results first nine months
16 February 2006	Publication of annual results 2005

25 April 2006	Annual general meeting of shareholders
27 April 2006	ING share quoted ex-final dividend

* All dates shown are provisional.

SIGNATURE

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

ING Groep N.V.
(Registrant)

By: /s/H. van Barneveld

H. van Barneveld
General Manager Corporate Control & Finance

By: /s/C. Blokbergen

C. Blokbergen
Head Legal Department

Dated: February 17, 2005