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ING GROEP NV  
Form 6-K  
May 13, 2005

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

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

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

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This Report contains a copy of the following:

- (1) The Press Release issued on May 12, 2005

[ING LOGO]

Amsterdam o 12 May 2005

ING GROUP FIRST-QUARTER NET PROFIT RISES 72% TO EUR 1,941 MILLION  
ALL BUSINESS LINES CONTRIBUTE TO PROFIT GROWTH AND VALUE CREATION  
AS RETURNS INCREASE

- o NET PROFIT PER SHARE INCREASES TO EUR 0.89 FROM EUR 0.54 IN FIRST QUARTER 2004
- o PROFIT BEFORE TAX EXCLUDING IMPACT OF DIVESTMENTS RISES 28.9% TO EUR 2,185 MILLION
- o INSURANCE PROFIT BEFORE TAX EXCLUDING DIVESTMENTS RISES 44.5%, DRIVEN BY ALL REGIONS
- o BANKING PROFIT BEFORE TAX EXCLUDING DIVESTMENTS RISES 18.3%, LED BY ING DIRECT
- o RAROC BANKING RISES TO 19.8% EXCLUDING DIVESTMENTS, IRR INSURANCE RISES TO 12.6%
- o TOTAL OPERATING EXPENSES DECLINE EUR 398 MILLION COMPARED WITH FOURTH QUARTER
- o IMPACT FROM INTERNATIONAL FINANCIAL REPORTING STANDARDS IS LIMITED

#### CHAIRMAN'S STATEMENT

"ING Group made a strong start to the year. All six business lines contributed to the sharp increase in first-quarter net profit, which was supported by a lower tax rate due to tax-exempt gains on divestments and private equity," said Michel Tilmant, Chairman of the Executive Board. "We saw healthy progress at the Group's three growth engines. ING Direct added one million new customers and attracted more than EUR 15 billion in funds entrusted in the first quarter alone. The life insurance businesses in developing markets posted a 36% increase in the value of new business, and Asia/Pacific accounted for more than half of the Group's total. Assets in the pensions and retirement savings business also continued to grow."

"All three banking business lines performed above ING's target for risk-adjusted return on capital, and the life insurance businesses posted a 20% increase in the value of new business by focusing on the most profitable products and market segments."

"Our operating expenses declined from the level in the fourth quarter. However expenses remain a key point of attention for management, and we will continue to look for ways to reduce costs and improve efficiency to preserve our competitive position, particularly in mature markets. At Nationale-Nederlanden we plan to reduce the annual cost base by EUR 235 million by 2007 to bring efficiency into line with the industry benchmark. That will lead to a reduction of the workforce by 1,000 positions by the end of 2007 as well as a reduction in third-party staff as backlogs diminish."

"In the first quarter we continued to benefit from favourable market conditions. Risk costs in banking were historically low, partly due to releases of provisions in Wholesale Banking, supported by improvements in risk management as well as favourable market conditions. Our life insurance businesses were helped by investment gains, while the non-life insurance business continued to benefit from exceptionally low claims, particularly in Canada. Looking forward to the full year, we are confident about the year ahead, although market circumstances have started to deteriorate and have become more challenging recently."

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 ALL FIGURES COMPARE FIRST-QUARTER 2005 WITH FIRST-QUARTER 2004  
 UNLESS OTHERWISE STATED. COMPARABLE FIGURES FOR 2004 EXCLUDE IAS 32,  
 39 & IFRS 4. SEE APPENDIX 7 FOR ACCOUNTING CHANGES.  
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 PRESS CONFERENCE CALL: 12 May, 9:30 a.m. CET.  
 Listen only: NL +31 20 796 5001 UK +44 20 7154 2666

ANALYST PRESENTATION: 12 May, 11:15 a.m. CET at ING House, Amsterdam.  
 Presentation & webcast [www.ing.com](http://www.ing.com)

ANALYST CONFERENCE CALL: 12 May, 4 p.m. CET.  
 Listen only: NL +31 45 631 6910 UK +44 20 8400 6356 US +1 303 262 2130

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### 1.1 ING GROUP

TABLE 1. ING GROUP KEY FIGURES

In EUR million	2005	FIRST QUARTER 2004	Change
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Profit before tax excluding divestments:			
- Insurance Europe	505	352	43.5%
- Insurance Americas	444	335	32.5%
- Insurance Asia/Pacific	171	112	52.7%
- Other(1)	-127	-112	
	-----	-----	
INSURANCE PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	993	687	44.5%
- Wholesale Banking	725	661	9.7%
- Retail Banking	394	325	21.2%
- ING Direct	127	78	62.8%
- Other(2)	-54	-56	
	-----	-----	
BANKING PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	1,192	1,008	18.3%
TOTAL PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	2,185	1,695	28.9%
Gains/losses on divestments	376	-84	
Profit before tax from divested units	14	125	
	-----	-----	
TOTAL PROFIT BEFORE TAX	2,575	1,736	48.3%
Taxation	572	529	8.1%
Third-party interests	62	77	-19.5%
	-----	-----	
NET PROFIT	1,941	1,130	71.8%
- of which Insurance	730	467	56.3%
- of which Banking	1,211	663	82.7%

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NET PROFIT PER SHARE (in EUR)	0.89	0.54	64.8%
KEY FIGURES			
Net return on capital and reserves(3)	26.4%	25.4%	
Debt/equity ratio(4)	9.0%	10.9%	
Total staff (average FTEs)	114,700	113,100	1.4%

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### FIRST-QUARTER PROFIT

Net profit increased 71.8% to EUR 1,941 million in the first quarter of 2005, up from EUR 1,130 million in the same period last year, driven by strong growth across all business lines. Net profit from insurance rose 56.3% to EUR 730 million, driven by strong profit growth from the life insurance businesses in Asia, the U.S. and the Netherlands, as well as continued strong underwriting results from non-life insurance in Canada. Net profit from banking rose 82.7% to EUR 1,211 million, driven by the continued growth of ING Direct and lower risk costs particularly in Wholesale Banking, as well as realised gains on divestments in the first quarter of 2005. Net profit per share rose 64.8% to EUR 0.89 from EUR 0.54 in the first quarter of 2004.

Total profit before tax increased 48.3% to EUR 2,575 million. Realised gains on divestments added EUR 376 million to profit before tax in the first quarter of 2005 compared with a loss of EUR 84 million from divestments in the first quarter of 2004. The divested units contributed a total of EUR 125 million to profit before tax in the first quarter of 2004 and EUR 14 million in the first quarter this year. Excluding those impacts, profit before tax increased 28.9% to EUR 2,185 million. (See Appendix 2 for details of the impact from divestments.)

Insurance profit before tax excluding divestments rose 44.5% to EUR 993 million, with all three regions reporting strong increases. Insurance Europe posted an increase of 43.5% to EUR 505 million, lifted by higher investment gains in the Netherlands as well as continued growth in Central Europe. Insurance Americas posted a 32.5% increase to EUR 444 million, driven by continued strong underwriting results

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at the Canadian non-life insurance business as well as higher investment and fee income at the U.S. life business. Insurance Asia/Pacific posted a 52.7% increase, driven by strong growth from life insurance in Australia and South Korea.

Banking profit before tax excluding divestments increased 18.3% to EUR 1,192 million, bolstered by higher results from all three business lines. Wholesale Banking posted a 9.7% increase to EUR 725 million, due to the release of some debtor provisions. Retail Banking rose 21.2% to EUR 394 million, driven by higher results from the Netherlands and Belgium. ING Direct posted a 62.8% increase in profit before tax to EUR 127 million, lifted by strong growth in funds entrusted and mortgage lending.

### TAX RATE

The effective tax rate decreased to 22.2% in the first three months of 2005 from 30.5% in the first quarter of 2004, due to a lower nominal tax rate in the Netherlands as well as high tax-exempt realised gains on divestments and private equity. The effective tax rates for insurance and banking are both within the expected range for 2005 of 20% to 25%.

### CURRENCY IMPACT

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The decline of most currencies against the euro had a negative impact of EUR 11 million. Starting from 2005, ING no longer has hedges in place for the U.S. dollar. In the first quarter of 2004, the U.S. dollar hedge resulted in a net gain of EUR 52 million. Including the gain on the dollar hedge last year, the total negative currency impact on the comparison for first-quarter net profit was EUR 63 million.

### IMPACT OF IFRS

ING Group adopted International Financial Reporting Standards (IFRS) as endorsed by the European Union as of 2005. The 2004 comparatives have been restated to comply with IFRS. However, as permitted by IFRS 1, ING Group has not restated the 2004 comparatives for the impact of IAS 32, 39 and IFRS 4. Accordingly, comparative information with respect to financial instruments and insurance contracts is prepared under ING Group's previous accounting policies (ING GAAP). In the first quarter of 2005, IAS 32, 39, IFRS 4 and adjustments to the fair value of real estate had a positive impact on net profit of approximately EUR 90 million. For the insurance operations, the standards had a positive net impact of approximately EUR 60 million, mainly due to the revaluation of non-trading derivatives, adjustments to the fair value of real estate, prepayment penalties on mortgages, and realised gains on bonds. In the banking operations, the impact of IAS 32 and 39 was approximately EUR 30 million after tax, mainly due to the revaluation of non-trading derivatives, which was partly offset by amortised results on fixed-interest securities in 2004.

### FIRST QUARTER VS. FOURTH QUARTER

Compared with the fourth quarter of 2004, net profit increased 37.9% from EUR 1,408 million to EUR 1,941 million. Total operating expenses declined by a total of EUR 398 million in the first quarter from a peak in the fourth, with both banking and insurance showing improvements. Net profit from insurance declined 16.6% to EUR 730 million, due to gains on divestments in the fourth quarter of 2004. Insurance profit before tax excluding divestments rose 4.9% to EUR 993 million from EUR 947 million in the previous quarter, driven by higher life profits in the Netherlands, Central Europe and Asia. Net profit from banking more than doubled to EUR 1,211 million from EUR 533 million in the fourth quarter of 2004, partly due to gains on divestments in the first quarter and losses on divestments in the fourth quarter. Banking profit before tax excluding divestments rose 47.7% to EUR 1,192 million from EUR 807 million, due to higher income, particularly from ING Direct and financial markets, lower risk costs and a return to lower expenses after a peak in the fourth quarter of 2004.

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## 1.2 BALANCE SHEET & CAPITAL AND RESERVES

TABLE 2. KEY BALANCE SHEET FIGURES			
In EUR billion	31 March 2005	1 January 2005	Q1 Change
CAPITAL AND RESERVES	31.3	28.3	10.6%
- insurance operations	16.8	15.3	9.8%
- banking operations	18.4	17.2	7.0%
- eliminations(1)	-3.9	-4.2	
<b>TOTAL ASSETS</b>	<b>1,036.5</b>	<b>964.5</b>	<b>7.5%</b>
NET RETURN ON CAPITAL AND RESERVES (2)	26.4%	25.4%	
- insurance operations	21.0%	27.0%	

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- banking operations 23.9% 15.8%

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### CAPITAL AND RESERVES

On 31 March 2005, ING's capital and reserves amounted to EUR 31.3 billion, an increase of EUR 3.0 billion, or 10.6%, compared with 1 January 2005. Net profit from the first three months of 2005 added EUR 1.9 billion to capital and reserves, a transfer from insurance liabilities added EUR 0.3 billion as a result of deferred profit sharing, exchange rate differences added EUR 0.6 billion and other changes added EUR 0.4 billion. Unrealised revaluations on equities and debt securities had a negative impact of EUR 0.2 billion.

### CAPITAL RATIOS

The debt/equity ratio of ING Groep N.V. improved to 9.0% from 10.9% at 1 January 2005. The improvement was caused by a EUR 3.7 billion increase in the Group capital base, excluding third-party interests, due to retained earnings and revaluations as well as a EUR 0.3 billion decrease in core debt. The capital coverage ratio for ING's insurance operations increased to 208% of regulatory requirements at the end of March compared with 201% at 1 January 2005. The Tier-1 ratio of ING Bank N.V. stood at 7.21% on 31 March 2005, up from 7.00% on 1 January 2005. The solvency ratio (BIS ratio) for the bank improved to 10.76% from 10.59% on 1 January 2005. Compared with 1 January 2005, total risk-weighted assets rose by EUR 13.3 billion, or 4.9%, to EUR 287.4 billion, driven by growth in all three banking business lines.

### RETURN ON CAPITAL AND RESERVES

The net return on capital and reserves increased to 26.4% in the first three months of 2005 from 25.4% for full-year 2004. The net return on capital and reserves of the insurance operations was 21.0% in the first three months 2005 compared with 27.0% for full-year 2004, while the net return on capital and reserves from banking rose to 23.9% from 15.8%. The net return on capital and reserves for 2004 is based on net profit and average capital and reserves under Dutch GAAP, while the 2005 figures are based on IFRS.

### ASSETS UNDER MANAGEMENT

Assets under management increased 6.0% to EUR 470.1 billion in the first quarter from EUR 443.4 billion at the end of 2004, excluding the impact of divestments. The increase was driven by a net inflow of EUR 13.3 billion, the impact of a decline in the euro in the first quarter of EUR 12.1 billion, and higher stock markets, which added EUR 0.5 billion. Including the impact of divested units, which had a combined EUR 47.7 billion in funds under management, and a restatement due in part to IFRS, total assets under management decreased by 4.4%.

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### 1.3 INSURANCE OPERATIONS

TABLE 3. ING GROUP: INSURANCE PROFIT & LOSS ACCOUNT

In EUR million	2005	FIRST QUARTER 2004	Change
Life premium income	9,265	9,234	0.3%
Non-life premium income	1,898	2,132	-11.0%
TOTAL PREMIUM INCOME	11,163	11,366	-1.8%

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Income from investments	2,215	2,117	4.6%
Commission income	344	303	13.5%
Other income	278	146	90.4%
	-----	-----	
TOTAL INCOME	14,000	13,932	0.5%
Underwriting expenditure	11,508	11,786	-2.4%
Other interest expenses	270	285	-5.3%
Operating expenses	1,197	1,133	5.6%
Impairments/investment losses	3	12	-75.0%
	-----	-----	
TOTAL EXPENDITURE	12,978	13,216	-1.8%
TOTAL PROFIT BEFORE TAX	1,022	716	42.7%
- of which life insurance	692	474	46.0%
- of which non-life insurance	330	242	36.4%
Taxation	246	224	9.8%
Third-party interests	46	25	84.0%
	-----	-----	
NET PROFIT	730	467	56.3%
IMPACT FROM DIVESTMENTS			
Total profit before tax	1,022	716	42.7%
Gains/losses on divestments	29		
Profit before tax from divested units		29	
	-----	-----	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	993	687	44.5%
- of which life insurance	682	465	46.7%
- of which non-life insurance	311	222	40.1%
KEY FIGURES			
Value of new life business	188	157	19.7%
Internal rate of return	12.6%	11.7%	
Combined ratio non-life business	88%	89%	
Net return on capital and reserves(1)	21.0%	27.0%	
Staff (average FTEs)	51,100	49,600	3.0%

### FIRST-QUARTER PROFIT

Net profit from insurance increased 56.3% to EUR 730 million, supported by higher results from both life and non-life insurance. The life insurance activities in the U.S., Asia and Australia benefited from strong sales and asset growth, while the Dutch life business was bolstered by higher investment and other income, including realised gains on private equity. The non-life insurance activities continued to benefit from strong underwriting experience, particularly lower claims in Canada. The effective tax rate was reduced to 24.1% from 31.3% in the first quarter last year as a result of a decrease in the nominal tax rate and non-taxable gains on private equity in the Netherlands.

Total profit before tax rose 42.7% to EUR 1,022 million. Pre-tax profit in the first quarter of 2005 includes EUR 29 million in realised gains from the sale of shares in ING Canada and the sale of Freeler in the Netherlands. Divested insurance businesses contributed EUR 29 million to profit before tax in the first quarter last year. Excluding the impact of divestments, profit before tax from insurance increased 44.5% to EUR 993 million.

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Profit before tax excluding divestments from life insurance rose 46.7% to EUR 682 million, driven by strong results in the U.S., Asia/Pacific and the Netherlands. Life results in the U.S. were driven by higher assets under management, due to strong sales and positive equity market developments in 2004, while profit from the life businesses in Asia/Pacific continued to grow, particularly in Australia and South Korea, due to strong sales. In the Netherlands, life results increased mainly due to higher private equity results and adjustments to fair value of real estate and derivatives, despite higher costs.

Profit before tax excluding divestments from non-life insurance rose 40.1% to EUR 311 million, boosted by strong results in Canada and the Netherlands. ING Canada continued to benefit from a favourable claims environment as well as the consolidation of the portfolio acquired from Allianz Canada in 2004. The combined ratio of the non-life businesses improved to 88% in the first quarter of 2005 from 89% in the same period last year, due to a further improvement in the claims ratio while the expense ratio deteriorated.

Total premium income declined 1.8% to EUR 11,163 million, due to the impact of divestments. Divested units contributed EUR 213 million to premium income in the first quarter of 2004. Under IFRS 4 some products were reclassified from life insurance to investment contracts, notably in Australia, Belgium and the U.S. Excluding divestments, currency effects and reclassifications under IFRS, total premiums increased 8.6%, led by an 11.3% increase in life premiums. Non-life premiums declined 11.0% to EUR 1,898 million, mainly due to divestments in Australia and the Netherlands. Excluding divestments and currency effects, non-life premiums decreased 3.9%, due in part to a decline in Mexico.

Investment income increased 4.6%, due in part to an adjustment to the fair value of real estate as well as an increase in interest income in the U.S. Other income rose sharply primarily because of higher profits from associates and gains on private equity. Impairments/investment losses amounted to just EUR 3 million in the first quarter of 2005, compared with EUR 12 million in the first quarter of 2004.

Operating expenses from the insurance operations increased 5.6% to EUR 1,197 million. Excluding the impact of divestments, operating expenses increased 7.7%, due to higher costs in all business lines, but particularly in the Netherlands. Operating expenses in the Americas increased due to the integration of Allianz Canada, while operating expenses in Asia/Pacific increased due to higher sales volumes and customer service improvements. Expenses as a percentage of assets under management for investment products deteriorated to 91 basis points from 88 basis points in the first quarter last year. Expenses as a percentage of premiums for life products increased from 12.01% to 12.51% in the first quarter 2005. The expense ratio for non-life insurance was 25%, up from 22% in the first quarter last year.

TABLE 4. NEW LIFE INSURANCE PRODUCTION AND VALUE BY REGION

In EUR million

	NEW PRODUCTION 1Q 2005			IRR	NEW PRODUCTION	
	Annual premium	Single Premium	Value of New Business		Annual Premium	Single Premium
Insurance Europe	134	743	46	12.9%	91	719
Insurance Americas	403	3,237	43	10.5%	485	4,560
Insurance Asia/Pacific	308	1,637	99	15.2%	299	606
<b>TOTAL</b>	<b>845</b>	<b>5,617</b>	<b>188</b>	<b>12.6%</b>	<b>875</b>	<b>5,885</b>



VALUE OF NEW BUSINESS

The value of new life insurance business written by the insurance operations increased 19.7% to EUR 188 million in the first quarter of 2005, up from EUR 157 million in the same period last year, driven by strong sales, particularly in Asia and Central Europe. Developing markets world-wide contributed a total of EUR 76 million to the value of new business, up 35.7% from the first quarter last year. The value of new business written by Insurance Asia/Pacific rose 37.5% to EUR 99 million, accounting for more than

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half of the total new business value. Insurance Europe posted a 7.0% increase to EUR 46 million, lifted by higher sales in the Netherlands and Central Europe. The value of new business written by Insurance Americas increased to EUR 43 million from EUR 42 million, as the impact of margin increases was partially offset by a lower U.S. dollar, the decision to exit the individual life reinsurance business, and lower sales in Latin America. The internal rate of return on new business production increased to 12.6% from 11.7%, lifted by improvements in the Americas and Asia/Pacific due to pricing discipline. IRRs are adjusted to reflect expected currency movements relative to the euro.

1.4 BANKING OPERATIONS

TABLE 5. ING GROUP: BANKING PROFIT & LOSS ACCOUNT

In EUR million	2005	FIRST QUARTER 2004	Change
Interest result	2,163	2,134	1.4%
Investment income	499	84	494.0%
Commission income	596	710	-16.1%
Other income	420	354	18.6%
TOTAL INCOME	3,678	3,282	12.1%
OPERATING EXPENSES	2,129	2,125	0.2%
Gross result	1,549	1,157	33.9%
Addition to provisions for loan losses	- 4	137	-102.9%
TOTAL PROFIT BEFORE TAX	1,553	1,020	52.3%
Taxation	326	305	6.9%
Third-party interests	16	52	-69.2%
NET PROFIT	1,211	663	82.7%
IMPACT FROM DIVESTMENTS			
Total profit before tax	1,553	1,020	52.3%
Gains/losses on divestments	347	-84	
Profit before tax from divested units	14	96	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	1,192	1,008	18.3%
KEY FIGURES			
Cost/income ratio	57.9%	64.7%	
RAROC (pre-tax)	30.2%	25.9%	

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RAROC (after tax)	23.9%	18.2%	
Total risk-weighted assets(1) (in EUR billion)	287.4	274.1	4.9%
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	-1	22	
Staff (average FTEs)	63,600	63,500	0.2%

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 1. 31 March 2005 compared with year-end 2004

### FIRST QUARTER PROFIT

Net profit from banking rose 82.7% to EUR 1,211 million, driven by higher income, a sharp decline in risk costs, and gains on divestments. The effective tax rate of the banking operations declined to 21.0% from 29.9% in the first quarter of 2004, mainly due to non-taxable gains on divestments. Total profit before tax rose 52.3% to EUR 1,553 million, including EUR 347 million in gains on the sale of Baring Asset Management and the sale of a 12.77% stake in ING Bank Slaski, as well as EUR 14 million in profit from divested units. The first quarter of 2004 included a loss before tax of EUR 84 million on the sale of the Asian cash equities business, as well as EUR 96 million in profit before tax from divested units. Excluding divestments, profit before tax rose 18.3% to EUR 1,192 million from EUR 1,008 million. All three banking business lines contributed to the increase.

Total income from banking rose 12.1% to EUR 3,678 million, while excluding divestments income rose 6.2%. The interest result, excluding the impact of divestments, increased 5.2% to EUR 2,158 million, driven by a higher average balance sheet total, mainly due to the continued strong growth of ING Direct. The implementation of IAS 32 and 39 from 2005 had a negative impact of approx. EUR 60 million on the interest result in the first quarter. IFRS also resulted in an increase of the balance sheet total by approximately EUR 85 billion due to limited netting possibilities and derivatives being taken onto the

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balance sheet. The combined impact resulted in a total interest margin of 1.19%, substantially lower than the 1.56% published in the first quarter of 2004. About 29 basis points of this reduction can be attributed to the impact of IFRS. Loans and advances to customers of the banking operations increased by EUR 19.6 billion, or 5.5%, from 1 January 2005 to EUR 378.4 billion at the end of March 2005. Corporate lending rose by EUR 12.0 billion, of which EUR 8.9 billion was from outside the Netherlands. Personal lending increased by EUR 7.5 billion. The growth in personal lending was almost entirely due to a EUR 6.7 billion increase in residential mortgages, of which EUR 4.3 billion was from ING Direct. (See Appendix 5.5) Customer deposits and other funds on deposits of the banking operations increased by EUR 26.1 billion, or 6.6%, to EUR 424.7 billion, to a large extent caused by the continued strong growth of ING Direct.

Investment income increased from EUR 84 million to EUR 499 million, including the gains on Baring Asset Management and ING Bank Slaski shares. Excluding divestments, investment income rose 35.7%, or EUR 40 million, to EUR 152 million, mainly due to realised gains on equities in the Netherlands and Belgium. (See Appendix 5.6)

Commission income declined 16.1% to EUR 596 million, or decreased 8.3% excluding divestments, mainly caused by lower funds-transfer commission in the Netherlands, lower commissions from the securities business and lower Other commissions. This was compensated in part by higher management fees from ING Real Estate and ING Belgium. (See Appendix 5.7)

Other income increased 18.6% to EUR 420 million. Excluding the impact of divestments, Other income rose 28.7%, or EUR 93 million, to EUR 417 million. The

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implementation of IAS 32 and 39 had a positive impact of approximately EUR 60 million due to a positive valuation result on non-trading derivatives. The remaining increase was mainly due to the proportional (50%) consolidation of Postkantoren BV (EUR 37 million), which was partially offset by lower results from the trading portfolio, notably in Belgium and the Americas. The first quarter of 2004 included a loss of EUR 48 million on Postbank's unit-linked mortgage product 'MeerWaardehypotheek'. (See Appendix 5.8)

Total operating expenses increased 0.2% to EUR 2,129 million as higher costs were offset by the impact of divestments. Excluding divestments, operating expenses increased 7.7%, or by EUR 148 million, of which EUR 50 million was due to the continued growth of ING Direct and EUR 37 million was due to the consolidation of Postkantoren BV. The remaining increase was caused mainly by higher IT expenses, provisions taken at ING Belgium and higher personnel expenses. The cost/income ratio of the banking activities improved to 57.9% from 64.7% in the first quarter of 2004. However, excluding the gains/losses on divestments, the cost/income ratio deteriorated to 63.9% from 62.7%. The average number of staff increased to 63,600 from 63,500 in the first quarter of 2004.

Additions to provisions for loan losses reached an historic low, supported by releases of some provisions. ING released EUR 4 million from the provision for loan losses in the first quarter of 2005, compared with an addition to the provision for loan losses of EUR 137 million in the same quarter last year. The negative risk costs were possible due to an improvement of the credit portfolio, the release of some provisions previously taken, notably in Wholesale Banking, the absence of new large defaults, and improvements in risk management. The addition equalled an annualised -1 basis point of average credit-risk-weighted assets, compared with 22 basis points in the first quarter of 2004 and 18 basis points for the full-year 2004.

### RAROC

The after-tax Risk-Adjusted Return on Capital (RAROC) of ING's banking operations improved to 23.9% in the first quarter of 2005 from 18.2% in the same quarter last year. Excluding the gains on divestments, the after-tax RAROC was 19.8%. All three business lines produced returns above ING's

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target of 12.0% after tax. Retail Banking posted a return of 34.8% excluding the gain on ING Bank Slaski shares. Wholesale Banking's RAROC after tax improved to 19.7% (excluding gains on divestments) from 17.9%. ING Direct's RAROC after tax improved sharply from 9.5% to 13.2%, surpassing ING's target. In the RAROC calculation, the actual credit risk provisioning is replaced by statistically expected losses reflecting average credit losses over the entire economic cycle.

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### 2.1 INSURANCE EUROPE PROFIT RISES 43.5% TO EUR 505 MILLION

- o PROFIT IN THE NETHERLANDS RISES 52.1% DUE TO PRIVATE EQUITY GAINS & IFRS IMPACT
- o INTERNAL RATE OF RETURN IN THE NETHERLANDS IMPROVES TO 12.9%
- o VALUE OF NEW BUSINESS LIFTED BY LAUNCH OF NEW PENSION FUND IN SLOVAKIA

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TABLE 6. INSURANCE EUROPE PROFIT & LOSS ACCOUNT

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In EUR million	2005	FIRST QUARTER 2004	Change
Life premium income	2,212	2,534	-12.7%
Non-life premium income	940	1,008	-6.7%
TOTAL PREMIUM INCOME	3,152	3,542	-11.0%
Income from investments	1,041	954	9.1%
Commission and other income	298	152	96.1%
	-----	-----	
TOTAL INCOME	4,491	4,648	-3.4%
Underwriting expenditure	3,401	3,788	-10.2%
Other interest expenses	118	97	21.6%
Operating expenses	454	400	13.5%
Impairments/investment losses	3	11	-72.7%
	-----	-----	
TOTAL EXPENDITURE	3,976	4,296	-7.4%
TOTAL PROFIT BEFORE TAX	515	352	46.3%
- of which life insurance	406	268	51.5%
- of which non-life insurance	109	84	29.8%
Gains/losses on divestments	10		
Profit before tax from divested units			
	-----	-----	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	505	352	43.5%
- of which life insurance	396	268	47.8%
- of which non-life insurance	109	84	29.8%
KEY FIGURES			
Value of new life business	46	43	7.0%
Internal rate of return	12.9%	14.7%	
Assets under management (1)	149,300	144,900	3.0%
Staff (average FTEs)	16,400	15,900	3.1%

### FIRST-QUARTER PROFIT

Profit before tax excluding divestments at Insurance Europe increased 43.5% to EUR 505 million in the first quarter of 2005, up from EUR 352 million in the first quarter last year. The increase was driven by a 47.8% increase in life results due to higher investment income in the Netherlands and continued growth in Central Europe. Profit before tax from the non-life insurance businesses rose 29.8%, led by growth in the Netherlands. Including the impact of the sales of Freeler in the first quarter of 2005, total profit before tax from Insurance Europe rose 46.3% to EUR 515 million.

Total premium income decreased 11.0% to EUR 3,152 million, due in part to the sale of the Dutch health insurance portfolio in 2004 and rate adjustments to improve profitability. Excluding those impacts, total premium income declined 1.7%. Life premium income fell 12.7% to EUR 2,212 million due to the reclassification of some products in Belgium from life insurance to investment contracts under IFRS, as well as rate adjustments in the Netherlands. Excluding the impact of the reclassification of products and currency impacts, life premium income declined 4.4%. Non-life premiums declined 6.7% to EUR 940 million, due to the sale of the Dutch health portfolio. Excluding that sale and currency effects, non-life premiums increased 5.9%.

Investment income increased 9.1% to EUR 1,041 million, lifted by adjustments to

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the fair value of real estate, the revaluation of non-trading derivatives, and higher realised gains on bonds and equities.

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Commission and Other income increased to EUR 298 million from EUR 152 million, due to higher profits from associates and higher realised gains on private equity.

Operating expenses increased 13.5% to EUR 454 million, and rose 14.6% adjusted for the impact of divestments. The increase was driven by higher external staff expenses and investments in new IT systems in the Netherlands as well as higher expenses in Belgium. The average number of staff at Insurance Europe increased 3.1% to 16,400 employees as an increase in the Netherlands was partially offset by a decrease in Belgium.

### GEOGRAPHICAL BREAKDOWN INSURANCE EUROPE

TABLE 7. INSURANCE EUROPE PROFIT BEFORE TAX

In EUR million	FIRST QUARTER		Change
	2005	2004	
Netherlands	406	267	52.1%
- of which life	310	194	59.8%
- of which non-life	96	73	31.5%
Belgium	40	37	8.1%
- of which life	29	28	3.6%
- of which non-life	11	9	22.2%
Central Europe(1) & Spain	59	48	22.9%
	---	---	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	505	352	43.5%

In the Netherlands, profit before tax excluding the sale of Freeler increased 52.1% to EUR 406 million, driven by strong increases from both life and non-life insurance, due to higher gains on private equity as well as the impact of IFRS. The implementation of IAS 32, 39 and IFRS 4, and adjustments to the fair value of real estate had a total positive impact of approximately EUR 90 million in the first quarter of 2005. Life insurance profit before tax rose 59.8% to EUR 310 million, driven by an increase in investment and other income as a result of high gains on private equity and positive revaluations to the fair value of real estate and (embedded) derivatives. Life premium income declined 8.2%, due in part to rate adjustments to increase profitability. Profit before tax from the Dutch non-life insurance business improved 31.5% to EUR 96 million due to better results in Fire, Health and Loss of income/disability insurance as a result of continued good claim experience. Premium income from non-life insurance decreased 7.7% to EUR 823 million, due to the sale of the health portfolio in 2004. Excluding that sale, non-life premium income rose 6.7%. Operating expenses increased 15.4% due to higher external staff expenses to improve the service level and reduce backlogs as well as higher IT expenses at Nationale-Nederlanden. However costs declined 19.2% from the fourth quarter.

In order to improve efficiency at Nationale-Nederlanden and bring costs into line with the industry benchmark, the company plans to reduce the annual cost base by EUR 235 million by 2007, or 20% compared with 2004. That will result in a reduction of the workforce by 1,000 positions over three years out of 6,200

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full-time positions at Nationale-Nederlanden. About EUR 75 million in severance costs are expected over three years. The number of external advisors and temporary staff will also be reduced over the same period as backlogs diminish. However, Nationale-Nederlanden will continue to invest in IT systems and process innovation to improve productivity and efficiency in order to further improve customer service and the competitiveness of its products.

In Belgium, profit before tax from the insurance operations rose 8.1% to EUR 40 million. Life results (including Luxembourg) showed a moderate increase of 3.6% to EUR 29 million, despite a 42.9% drop in life premium income caused by the reclassification of some life products as investment contracts under IFRS, as well as lower sales through the bank channel. Non-life results increased 22.2% to EUR 11 million, due to higher results from Fire and Loss of income/Accident. Non-life premiums increased 0.8% to EUR 104 million.

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In Central Europe & Spain, profit before tax increased 22.9% to EUR 59 million, due to better life results in Poland and Hungary driven by a higher investment income and a slight decrease of operating expenses. Premium income rose 17.4% to EUR 378 million, driven by an 18.1% increase in life premiums to EUR 366 million.

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TABLE 8. INSURANCE EUROPE PREMIUM INCOME

In EUR million	FIRST QUARTER		
	2005	2004	Change
Netherlands	2,349	2,555	-8.1%
- of which life	1,526	1,663	-8.2%
- of which non-life	823	892	-7.7%
Belgium	425	665	-36.1%
- of which life	321	562	-42.9%
- of which non-life	104	103	1.0%
Central Europe(1) & Spain	378	322	17.4%
	---	---	
TOTAL	3,152	3,542	-11.0%

### VALUE OF NEW LIFE BUSINESS

The value of new business written by Insurance Europe increased to EUR 46 million from EUR 43 million in the first quarter last year, driven by an increase in the Netherlands as well as the launch of a new pension fund in Slovakia, which added EUR 7 million to the value of new business. That was partially offset by a decline in Belgium due to lower sales. The overall internal rate of return expected on the new production is 12.9%, down from 14.7% in the first quarter 2004. The deterioration of the internal rate of return was caused by a decrease in margins in Belgium, which countered an improvement of the internal rate of return in the Netherlands and Central Europe.

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TABLE 9. INSURANCE EUROPE NEW LIFE INSURANCE PRODUCTION

NEW PRODUCTION 1Q 2005  
Value of

NEW PRODUCTION  
V

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In EUR million	Annual premium	Single Premium	New Business	IRR	Annual Premium	Single Premium
Netherlands(1)	40	390	21	12.9%	36	280
Belgium	13	289	7	16.8%	7	399
Central Europe & Spain	81	64	18	12.1%	48	40
TOTAL	134	743	46	12.9%	91	719

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2.2 INSURANCE AMERICAS PROFIT INCREASES 32.5% TO EUR 444 MILLION

- o PROFIT FROM CANADA CLIMBS TO EUR 130 MILLION DRIVEN BY STRONG UNDERWRITING RESULTS
- o U.S. PROFIT RISES 25.5% DUE TO STRONG GROWTH IN ASSETS UNDER MANAGEMENT
- o INTERNAL RATE OF RETURN FOR U.S. BUSINESS IMPROVES TO 10.7%

TABLE 10. INSURANCE AMERICAS PROFIT & LOSS ACCOUNT

In EUR million	2005	FIRST QUARTER	
		2004	Change
Life premium income	4,250	4,718	-9.9%
Non-life premium income	947	1,026	-7.7%
TOTAL PREMIUM INCOME	5,197	5,744	-9.5%
Income from investments	1,031	1,006	2.5%
Commission and other income	272	194	40.2%
TOTAL INCOME	6,500	6,944	-6.4%
Underwriting expenditure	5,412	6,041	-10.4%
Other interest expenses	73	26	180.8%
Operating expenses	552	531	4.0%
Impairments/investment losses		2	
TOTAL EXPENDITURE	6,037	6,600	-8.5%
TOTAL PROFIT BEFORE TAX	463	344	34.6%
- of which life insurance	262	221	18.6%
- of which non-life insurance	201	123	63.4%
Gains/losses on divestments	19		
Profit before tax from divested units		9	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	444	335	32.5%
- of which life insurance	262	212	23.6%
- of which non-life insurance	182	123	48.0%
KEY FIGURES			
Value of new life business	43	42	2.4%
Internal rate of return	10.5%	9.7%	
Assets under management(1)	169,300	160,900	5.2%
Staff (average FTEs)	26,200	25,400	3.1%

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1. 2004 figures are year-end

### FIRST-QUARTER PROFIT

Profit before tax excluding divestments at Insurance Americas increased 32.5% to EUR 444 million in the first quarter of 2005. The increase was driven by continued strong underwriting results at the Canadian non-life insurance business as well as higher investment and fee income at the U.S. life business due to continued growth in assets under management. Profit growth was partially offset by the weakening of the U.S. dollar and the Mexican peso against the euro, which had a negative impact of EUR 16 million on first-quarter profit. Including the income from the individual life reinsurance business in 2004 and a gain in the first quarter of 2005 from the over-allotment of shares from the ING Canada IPO, total profit before tax from Insurance Americas increased 34.6% to EUR 463 million.

Premium income declined 9.5% to EUR 5,197 million. The weakening of the U.S. dollar and Mexican peso against the euro had a negative impact of EUR 316 million, accounting for more than half of the decline. Premium income in the U.S. was lower due to a change under IFRS in the accounting for investment contracts, and a decline in the retirement services business because of a continued focus on higher margins and not simply volume. The decline was partially offset by higher sales of variable annuities. Premium income from Mexico was also lower as a result of the non-renewal of a few large commercial non-life policies as the company focuses on the more profitable market segments.

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Investment income increased 2.5% to EUR 1,031 million, due largely to higher asset levels and higher income as a result of short-term interest rate developments in the United States, as well as the gain on the over-allotment of ING Canada shares. Commission and Other income increased to EUR 272 million from EUR 194 million.

Operating expenses increased 4.0% driven by higher expenses in Canada related to the acquisition of Allianz Canada, and increased expenses in the United States due to business growth. The decline of the U.S. dollar and Mexican peso against the euro reduced expenses in Insurance Americas by EUR 26 million.

### GEOGRAPHICAL BREAKDOWN INSURANCE AMERICAS

TABLE 11. INSURANCE AMERICAS PROFIT BEFORE TAX

In EUR million	FIRST QUARTER		
	2005	2004	Change
United States	261	208	25.5%
Canada	130	64	103.1%
Latin America	53	63	-15.9%
- of which Mexico	40	46	-13.0%
- of which South America(1)	13	17	-23.5%
	---	---	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	444	335	32.5%

In the United States, profit before tax excluding divestments increased 25.5% to EUR 261 million led by higher investment income due to the strong growth in



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asset levels over the past year as well as higher fee income related to sales of variable annuities and higher equity markets. The composite margin after credit-related gains and losses improved to 154 basis points from 134 basis points in the first quarter of 2004. The decline of the U.S. dollar against the euro had a negative impact of EUR 13 million on profit before tax. Premium income declined 10.8% to EUR 4,234 million in the first quarter of 2005 due in part to a change in accounting treatment for investment contracts and a decline in sales. Premium income from variable annuities increased, driven by higher sales of products with living benefit features. The decline of the U.S. dollar against the euro had a negative impact of EUR 292 million, accounting for more than half the reduction in premium income in the U.S. Operating expenses declined 3.2% to EUR 344 million, including the impact of currencies which accounted for EUR 21 million of the positive comparison, as well as EUR 9 million from the individual life reinsurance business in the first quarter of 2004.

In Canada, profit before tax from the non-life insurance activities increased strongly to EUR 130 million from EUR 64 million in the first quarter of 2004, driven by strong underwriting results and the purchase of Allianz Canada in the fourth quarter of 2004. The business continued to benefit from lower claims frequency and severity, particularly in personal motor insurance. The loss ratio improved to 58.7%, compared with 66.3% in the first quarter of 2004. The expense ratio increased as a result of higher operating expenses related to the integration of the Allianz Canada business, which is progressing according to plan. A lower level of net written premium due to the termination of an assumed reinsurance treaty in the first quarter of 2004 also contributed to the increase in the expense ratio. The combined ratio increased to 95.6% from 91.9% in the first quarter of 2004. Premium income rose 14.4% to EUR 509 million as the purchase of Allianz Canada more than offset the decrease in premium rates as a result of regulatory changes.

In Mexico, profit before tax declined 13.0% to EUR 40 million in the first quarter of 2005 because of higher claims in the automobile line, which was partially offset by improved performance in other non-life insurance lines. Premiums declined 28.3% to EUR 307 million, largely due to the non-renewal of a few

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large contracts in the commercial non-life business. Operating expenses fell 7.4% to EUR 75 million. The decline of the peso against the euro had a negative impact of EUR 5 million on operating expenses.

In South America, profit before tax from Chile, Brazil, Peru and Argentina declined 23.5% to EUR 13 million, because of weaker results in Chile due to lower investment yields. Results were also lower in Brazil as a result of higher claims in property & casualty insurance. Premiums increased 20.5% driven by higher annuity sales in Chile. Operating expenses rose EUR 8 million or 43.3% due to expenses related to the pending sale of the non-life business in Chile as well as higher marketing expenses in Peru, and accrual releases in the first quarter of 2004.

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 TABLE 12. INSURANCE AMERICAS PREMIUM INCOME

In EUR million	FIRST QUARTER		
	2005	2004	Change
United States	4,234	4,749	-10.8%
Canada	509	445	14.4%

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Latin America	454	550	-17.5%
- of which Mexico	307	428	-28.3%
- of which South America(1)	147	122	20.5%
	---	---	
TOTAL PREMIUM INCOME	5,197	5,744	-9.5%

### VALUE OF NEW LIFE BUSINESS

The value of new life insurance business written by Insurance Americas increased 2.4% to EUR 43 million, driven by stronger results in the United States from higher sales of variable annuities and higher margins. That was partially offset by a decline in new business value in Mexico due to competitive pressure in the market for pension products as well as the exclusion of the U.S individual life reinsurance business. The decline of the U.S. dollar against the euro had a negative impact of EUR 3 million on the value of new business. The overall internal rate of return for the first quarter of 2005 was 10.5%, up from 9.7% in the first quarter of 2004, as improvements in the U.S. more than offset the decline in Mexico. The internal rate of return for the U.S. business in U.S. dollars increased to 11.1%.

TABLE 13. INSURANCE AMERICAS NEW LIFE INSURANCE PRODUCTION

In EUR million	NEW PRODUCTION 1Q 2005				NEW PRODUCTION 1Q 2004		
	Annual premium	Single Premium	Value of New Business	IRR	Annual Premium	Single Premium	Value of New Business
United States	366	3,178	41	10.7%	439	4,530	41
Mexico	17	5	0	7.7%	30	1	0
South America	20	54	2	9.1%	16	29	2
TOTAL	403	3,237	43	10.5%	485	4,560	43

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### 2.3 INSURANCE ASIA/PACIFIC PROFIT RISES 52.7% TO EUR 171 MILLION

- LIFE PREMIUM INCOME INCREASES 41.4% TO EUR 2,800 MILLION LED BY JAPAN AND KOREA
- VALUE OF NEW LIFE BUSINESS RISES TO EUR 99 MILLION, ACCOUNTING FOR 53% OF ING'S TOTAL
- INTERNAL RATE OF RETURN INCREASES TO 15.2% FROM 14.0% A YEAR EARLIER

TABLE 14. INSURANCE ASIA/PACIFIC PROFIT & LOSS ACCOUNT

In EUR million	FIRST QUARTER		
	2005	2004	Change
Life premium income	2,800	1,980	41.4%
Non-life premium income	10	96	-89.6%

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TOTAL PREMIUM INCOME	2,810	2,076	35.4%
Income from investments	194	164	18.3%
Commission and other income	46	23	100.0%
	-----	-----	
TOTAL INCOME	3,050	2,263	34.8%
Underwriting expenditure	2,697	1,955	38.0%
Other interest expenses	1	4	-75.0%
Operating expenses	181	173	4.6%
Impairments/investment losses		-1	
	-----	-----	
TOTAL EXPENDITURE	2,879	2,131	35.1%
TOTAL PROFIT BEFORE TAX	171	132	29.5%
- of which life	170	111	53.2%
- of which non-life	1	21	-95.2%
Gains/losses on divestments			
Profit before tax from divested units		20	
	-----	-----	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	171	112	52.7%
- of which life insurance	170	111	53.2%
- of which non-life insurance	1	1	
KEY FIGURES			
Value of new life business	99	72	37.5%
Internal rate of return	15.2%	14.0%	
Assets under management (1)	63,700	56,700	12.3%
Staff (average FTEs)	8,500	8,300	2.4%
	-----	-----	

### FIRST QUARTER PROFIT

Profit before tax excluding divestments at Insurance Asia/Pacific increased 52.7% to EUR 171 million in the first quarter of 2005, led by strong results from the Australian life and wealth businesses and the life insurance businesses in South Korea. Including the results of the Australian non-life joint venture, which was sold in the second quarter of 2004, total profit before tax from Insurance Asia/Pacific rose 29.5% from EUR 132 million in the first quarter of 2004 to EUR 171 million in the same period this year.

Premium income rose 35.4% to EUR 2,810 million, driven by higher life insurance sales. Life premium income increased 41.4% to EUR 2,800 million, led by a sharp increase in sales of single-premium variable annuities in Japan and unit-linked products in South Korea. That more than offset the impact of a reclassification of the majority of products in Australia from life insurance to investment products under IFRS. Excluding currency impacts, life premiums increased 43.2%. Double-digit growth rates were recorded in Japan (138.3%), South Korea (33.6%), Thailand (53.0%), India (57.6%), China (15.8%) and Malaysia (14.4%). Non-life premium income fell 89.6%, reflecting the sale of the Australian non-life business in the second quarter of 2004.

Investment income increased 18.3% to EUR 194 million due to the continuing growth in business and assets under management throughout the region. Commission and Other income rose to EUR 46 million from EUR 23 million, driven by higher fee income on investment products primarily as a result of the reclassification of most products in Australia under IFRS.

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Operating expenses rose 4.6% to EUR 181 million, reflecting the continuing growth of businesses across the region. Excluding the effects of currencies and the divestment of the Australian non-life operation in 2004, operating expenses increased 13.8%, driven by investments to open new branches in China, India, and South Korea, increases of staff numbers in the wealth management and life insurance businesses to support a broader product range, customer service and IT improvements, as well as higher premium taxes as a result of increased volumes in Japan and Taiwan. The average number of full-time staff increased 2.4% in the first quarter to 8,500 mainly due to increases in South Korea, India and China.

### GEOGRAPHICAL BREAKDOWN INSURANCE ASIA/PACIFIC

TABLE 15. INSURANCE ASIA/PACIFIC PROFIT BEFORE TAX

In EUR million	FIRST QUARTER		
	2005	2004	Change
Australia	47	35	34.3%
South Korea	40	29	37.9%
Taiwan	59	26	126.9%
Japan	22	26	-15.4%
Rest of Asia(1)	3	-4	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	171	112	52.7%

In Australia, profit before tax from the life and wealth businesses increased 34.3% to EUR 47 million in the first quarter, driven by stronger underwriting results at the life insurance business and an increase in investment income due to higher asset levels and higher fee income from favourable market developments. Life premium income declined to EUR 29 million from EUR 281 million, due to the reclassification of the majority of products from life insurance to investment products under IFRS.

In South Korea, profit before tax rose 37.9% to EUR 40 million, driven by continued strong growth in premium income due to high persistency, steady sales through the tied agency network and the contribution of sales from the new bancassurance joint venture with Kookmin Bank called KB Life. Premium income rose 44.2% to EUR 489 million.

In Taiwan, profit before tax increased to EUR 59 million from EUR 26 million in the first quarter of 2004. ING has discontinued the EUR 25 million quarterly reserve-strengthening programme for Taiwan based on the current overall adequacy level of reserves for the region and the Group.

In Japan, profit before tax declined to EUR 22 million from EUR 26 million in the same period last year, when the claims experience for corporate-owned life insurance was exceptionally favourable. Total premium income rose to EUR 1,589 million from EUR 696 million. Income from single-premium variable annuities increased to EUR 1.2 billion from EUR 331 million, while premiums for corporate-owned life insurance were stable.

In the Rest of Asia, profit before tax rose to EUR 3 million from a loss of EUR 4 million in 2004. In China, new insurance sales suffered from soft markets. However, ING's 30% owned mutual fund joint venture, China Merchant Funds Management Company Ltd., raised more than EUR 1.5 billion from the launch of its Cash Plus Fund and made a positive contribution to profit before tax. The increase also reflects improvements in results from Malaysia, which were

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partially offset by lower results in Hong Kong.

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In EUR million	FIRST QUARTER		
	2005	2004	Change
Australia	29	281	-89.7%
South Korea	489	339	44.2%
Taiwan	541	515	5.0%
Japan	1,589	696	128.3%
Rest of Asia(1)	162	159	1.9%
	-----	-----	
PREMIUM INCOME EXCLUDING DIVESTMENTS	2,810	1,990	41.2%
Divested units	0	86	
	-	--	
	-----	-----	
TOTAL	2,810	2,076	35.4%

VALUE OF NEW LIFE BUSINESS

The value of new life insurance business written by Insurance Asia/Pacific was EUR 99 million, up 37.5% compared with the first quarter of 2004, and accounting for more than half of ING Group's total. Most units contributed to this growth in new business value, in particular Japan, South Korea and Australia, due to strong sales and changes in the product mix. ING invested EUR 121 million to write new life insurance business in the region in 2005, and the overall internal rate of return expected on this investment is 15.2% compared with a 14.0% rate of return in the first quarter of 2004.

In EUR million	NEW PRODUCTION 1Q 2005				NEW PRODUCTION 1Q 2004		
	Annual premium	Single Premium	Value of New Business	IRR	Annual Premium	Single Premium	Value of New Business
Australia	15	234	5	18.1%	19	188	5
South Korea	123	54	30	33.0%	93	38	30
Taiwan	51	55	27	16.1%	61	25	27
Japan	91	1,281	36	12.6%	102	334	36
Rest of Asia/Pacific	28	13	1	7.3%	24	21	1
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TOTAL	308	1,637	99	15.2%	299	606	99

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2.4 WHOLESALE BANKING PROFIT INCREASES 9.7% TO EUR 725 MILLION

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- o INCLUDING THE IMPACT OF DIVESTMENTS, PROFIT BEFORE TAX RISES 53.3%
- o PROFIT LIFTED BY THE RELEASE OF LOAN LOSS PROVISIONS AS CREDIT ENVIRONMENT IMPROVES
- o ING REAL ESTATE PROFIT BEFORE TAX INCREASES 34.1% TO EUR 98 MILLION

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 TABLE 18. WHOLESAL BANKING PROFIT & LOSS ACCOUNT  
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In EUR million	FIRST QUARTER		
	2005	2004	Change
-----			
Interest result	701	846	-17.1%
Commission	302	402	-24.9%
Other income	787	428	83.9%
	-----	-----	
TOTAL INCOME	1,790	1,676	6.8%
OPERATING EXPENSES	848	937	-9.5%
	-----	-----	
Gross result	942	739	27.5%
Addition to provisions for loan losses	-82	71	
	-----	-----	
PROFIT BEFORE TAX	1,024	668	53.3%
Gains/losses on divestments	285	-84	
Profit before tax from divested units	14	91	
	-----	-----	
TOTAL PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	725	661	9.7%
 KEY FIGURES			
Cost/income ratio	47.4%	55.9%	
RAROC pre-tax	28.8%	24.9%	
RAROC after tax	25.0%	17.9%	
Total risk-weighted assets (in EUR billion)	153.3	147.5	3.9%
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	-22	19	
Staff (average FTEs)	21,900	24,100	-9.1%
-----			

### FIRST QUARTER PROFIT

Profit before tax excluding divestments at Wholesale Banking increased 9.7% to EUR 725 million, lifted by the release of loan loss provisions as the credit environment continued to improve. Including the impact of divestments, total profit before tax from Wholesale Banking increased 53.3% to EUR 1,024 million. ING realised a gain of EUR 255 million on the sale of Baring Asset Management in the first quarter of 2005, and EUR 30 million of the gain on the sale of 12.77% in ING Bank Slaski shares was reported under Wholesale Banking. The first quarter of 2004 included a loss of EUR 84 million on the sale of the Asian cash equities business.

Total income rose 6.8% to EUR 1,790 million, including the gains on the sales of Baring Asset Management and part of ING's stake in ING Bank Slaski in Poland. Excluding the impact of divestments, income declined 3.4% to EUR 1,444 million, mainly due to lower Financial Markets trading results in Belgium, the U.K. and the Americas compared with very strong results in the first quarter of 2004.

Operating expenses declined 9.5% to EUR 848 million, driven entirely by the divestments of the Asian cash equities business, CenE Bankiers and parts of ING BHF-Bank in 2004. Excluding divestments, operating expenses increased 5.1% to

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EUR 801 million, mainly due to a provision taken in Belgium as well as higher expenses at ING Lease and ING Real Estate to support the growth of the business. The cost/income ratio improved to 47.4% from 55.9% in the first quarter of 2004 including the results from divestments. Excluding gains and losses on divestments, the cost/income ratio deteriorated to 56.3% from 52.1%. The average number of wholesale staff declined 9.1% compared with a year earlier, mainly due to the sales of CenE Bankiers, the Asian cash equities business and parts of ING BHF-Bank.

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The addition to the provision for loan losses improved sharply from EUR 71 million in the first quarter of 2004 to a release of EUR 82 million in the first quarter this year, due to the continued improvement of the credit environment and the absence of substantial new problem loans. The release was equal to -22 basis points of average credit-risk-weighted assets, compared with an addition to provisions of 19 basis points in the first quarter of 2004.

### GEOGRAPHICAL BREAKDOWN WHOLESAL BANKING

TABLE 19. WHOLESAL BANKING PROFIT BEFORE TAX

In EUR million	FIRST QUARTER		
	2005	2004	Change
Netherlands	260	223	16.6%
Belgium	225	276	-18.5%
Rest of world	175	96	82.3%
Other	-31	-5	
	---	--	
SUBTOTAL WHOLESAL BANKING	629	590	6.6%
Asset management (1)	96	71	35.2%
	--	--	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	725	661	9.7%

In the Netherlands, profit before tax excluding divestments rose 16.6% to EUR 260 million driven by higher income and the release of some debtor provisions. Total income excluding divestments was up 6.9%, driven by a gain on the sale of convertible bonds and higher income from Structured Finance and leasing. That was partially offset by lower commissions on funds transfer and syndication fees. Operating expenses increased 7.2%, mainly due to growth in leasing activities and higher personnel expenses. Risk costs declined sharply due to the release of some debtor provisions. In the first quarter of 2005, risk costs were annualised -13 basis points of average credit-risk-weighted assets, compared with 4 basis points in the same quarter last year.

In Belgium, profit before tax excluding divestments declined 18.5% to EUR 225 million. Total income fell 14.3% as the Financial Markets activities could not match the record-high trading income level reported in the first quarter of 2004. Operating expenses rose 12.6%, due to EUR 31 million in provisions mainly related to Williams de Broe. Risk costs declined sharply from 11 basis points in the first quarter of 2004 to -35 basis points in the first quarter this year as a result of releases.

In Rest of the world, including the remaining German Wholesale Banking activities, profit before tax excluding divestments rose 82.3% to EUR 175

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million, driven by releases of debtor provisions. Risk costs were EUR 82 million lower, with releases equal to an annualised -29 basis points of average credit-risk-weighted assets, compared with an addition of 45 basis points in the first quarter of 2004. Total income excluding divestments decreased 3.8%, while operating expenses were down 4.9%.

The asset management activities of Wholesale Banking posted a 35.2% increase in profit before tax excluding divestments to EUR 96 million. ING Real Estate's profit before tax rose 34.1% to EUR 98 million, driven by higher profits from the finance and investment management activities, partly offset by lower results from development. Baring Asset Management was sold to Mass Mutual Financial Group and Northern Trust Corporation as of 31 March 2005, and has been excluded from these figures.

### RAROC

The after-tax Risk-Adjusted Return on Capital for the Wholesale Banking operations improved to 25.0%, compared with 17.9% in the first quarter of 2004, lifted by gains on the sale of Baring Asset Management and the ING Bank Slaski shares. Excluding those gains the after-tax RAROC improved to 19.7%. The Wholesale Banking activities in the Netherlands and Belgium are showing strong pre-tax RAROCs. Within the Rest of World, the performance of Asia and Germany are still below ING's target. The pre-tax RAROC of ING Real Estate improved to 42.8% from 28.2% in the first quarter of 2004.

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	RAROC % (pre-tax)			ECONOMIC CAPITAL (	
	Q1 2005	Q1 2004	FY 2004	Q1 2005	Q1 2004
-----					
TABLE 20. WHOLESAL BANKING RISK-ADJUSTED RETURN ON CAPITAL					
Netherlands	30.1	28.2	25.5	2.6	
Belgium	29.2	34.3	22.2	2.3	
Rest of world	18.5	14.4	-1.6	2.6	
Other	-72.3	-29.8	-43.6	0.2	
				---	
SUBTOTAL WHOLESAL BANKING	23.5	23.9	13.6	7.7	
Asset management (1)	73.1	36.4	39.5	0.9	
				---	
TOTAL PRE-TAX	28.8	24.9	16.0	8.6	1
TOTAL AFTER TAX	25.0	17.9	12.2		
-----					

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### 2.5 RETAIL BANKING PROFIT RISES 21.2% TO EUR 394 MILLION

- o INCOME EXCLUDING GAINS ON DIVESTMENTS INCREASES 14.1%



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- o COST/INCOME RATIO CONTINUES TO IMPROVE TO 65.1%
- o RAROC AFTER TAX REMAINS HIGH AT 34.8% EXCLUDING DIVESTMENTS

-----  
 TABLE 21. RETAIL BANKING PROFIT & LOSS ACCOUNT

In EUR million	2005	FIRST QUARTER 2004	Change
-----			
Interest result	1,045	953	9.7%
Commission	272	281	-3.2%
Other income	107	-19	
	-----	-----	
TOTAL INCOME	1,424	1,215	17.2%
OPERATING EXPENSES	927	840	10.4%
	-----	-----	
Gross result	497	375	32.5%
Addition to provisions for loan losses	41	45	-8.9%
	-----	-----	
PROFIT BEFORE TAX	456	330	38.2%
Gains/losses on divestments	62		
Profit before tax from divested units		5	
	-----	-----	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	394	325	21.2%
KEY FIGURES			
Cost/income ratio	65.1%	69.1%	
RAROC pre-tax	52.8%	52.1%	
RAROC after tax	38.5%	35.2%	
Total risk-weighted assets (in EUR billion)	79.2	76.5	3.5%
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	21	25	
Staff (average FTEs)	35,600	34,500	3.2%
-----			

### FIRST QUARTER PROFIT

Profit before tax excluding divestments at Retail Banking increased 21.2% to EUR 394 million, lifted by higher results from Belgium as well as the Netherlands, where profit in the first quarter last year was impacted by a loss taken by Postbank on a unit-linked mortgage product. Including a gain of EUR 62 million on the sale of shares in ING Bank Slaski and the profit from the divested retail banking activities of ING BHF-Bank, total profit before tax from Retail Banking increased 38.2% to EUR 456 million.

Total income rose 17.2% to EUR 1,424 million, including the gain on the sale of shares in ING Bank Slaski. Excluding that gain and the impact of divestments, total income rose 14.1%, to EUR 1,362 million. Income was lifted by the proportional (50%) consolidation of Postkantoren BV in the Netherlands (which had no impact on total profit), and the acquisition of Mercator Bank in Belgium.

Operating expenses increased 10.4% to EUR 927 million, due in part to the consolidation of Postkantoren BV and Mercator Bank. Excluding that impact, operating expenses rose 6.8%, mainly due to wage increases and higher IT-expenses. The cost/income ratio improved to 65.1% from 69.1% in the first quarter of 2004. Excluding the gain on shares in ING Bank Slaski, the cost/income ratio improved to 68.1%. The average number of retail staff increased 3.2% to 35,600 due to the consolidation of Postkantoren BV and Mercator Bank.

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The addition to the provision for loan losses declined to EUR 41 million from EUR 45 million. Lower risk costs in Belgium and Poland were partially offset by higher risk costs in the Netherlands. The total addition was equal to an annualised 21 basis points of average credit-risk-weighted assets compared with 25 basis points in the first quarter of 2004.

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### GEOGRAPHICAL BREAKDOWN RETAIL BANKING

In EUR million	FIRST QUARTER		Change
	2005	2004	
Netherlands	290	252	15.1%
Belgium	87	55	58.2%
Poland	5	3	66.7%
Other retail(1)	12	15	-20.0%
	---	---	
PROFIT BEFORE TAX EXCLUDING DIVESTMENTS	394	325	21.2%

In the Netherlands, profit before tax from retail banking rose 15.1% to EUR 290 million. Total income increased 13.6%, driven by the consolidation of Postkantoren BV as well as the inclusion of a EUR 48 million loss in the first quarter of 2004 on Postbank's unit-linked mortgage product. Excluding both impacts, total income rose 2.7%, lifted by increased mortgage lending and savings. The residential mortgage portfolio in the Netherlands increased by EUR 2.1 billion, or 2.6%, to EUR 84.3 billion at the end of March. Operating expenses increased 11.9%, mainly due to the consolidation of Postkantoren BV. Excluding that impact, operating expenses increased 4.7% due to higher wages and costs to upgrade systems. Risk costs rose to 25 basis points of average credit-risk-weighted assets from 22 basis points in the first quarter of 2004.

In Belgium, profit before tax from retail banking increased 58.2% to EUR 87 million, driven by growth in income and the release of some loan loss provisions. Total income increased 15.1%, mainly due to the strong growth of savings and current accounts and the successful sales of structured notes. Operating expenses were 10.9% higher due to increased expenses for IT, marketing and the branch network. The impact of the acquisition of Mercator Bank on income and expense growth was 2.9%-points and 4.0%-points respectively. Risk costs were negative EUR 2 million due to releases compared with an addition of EUR 10 million in the first quarter of 2004.

In Poland, profit before tax from the retail banking activities of ING Bank Slaski (excluding the gain on the sale of shares) rose to EUR 5 million from EUR 3 million in the first quarter of 2004, fully due to lower risk costs. The level of loan loss provisioning is now an annualised 50 basis points of average credit-risk-weighted assets.

Other retail banking activities posted a profit before tax excluding divestments of EUR 12 million, down from EUR 15 million in the first quarter last year, fully caused by higher risk costs. The gross result (profit before risk costs) increased by EUR 2 million, notably due to ING Vysya Bank.

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### RAROC

The after-tax Risk-Adjusted Return on Capital for the business line Retail Banking improved to 38.5% from 35.2% in the first quarter of 2004. Excluding the gain on the sale of ING Bank Slaski shares the after-tax RAROC is 34.8%, well above ING's target of 12.0%. The low pre-tax RAROC in Other retail can be mainly attributed to the inclusion of ING Vysya Bank in the RAROC calculations as of the second half of 2004. On a like-for-like basis, excluding divestments, ING Vysya Bank and changes to the model for market risk, the RAROC after tax increased to 36.8% from 32.1%.

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TABLE 23. RETAIL BANKING RISK-ADJUSTED RETURN ON CAPITAL

	RAROC % (pre-tax)			ECONOMIC CAPITAL (in EUR million)	
	Q1 2005	Q1 2004	FY 2004	Q1 2005	Q1 2004
Netherlands	64.5	63.1	68.0	1.8	1.6
Belgium	57.8	56.3	17.8	0.5	0.4
Poland	70.7	25.4	20.5	0.1	0.1
Other retail(1)	4.1	12.9	-3.1	0.6	0.5
				---	---
TOTAL PRE-TAX	52.8	52.1	43.1	3.0	2.6
TOTAL AFTER TAX	38.5	35.2	29.1		

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### 2.6 ING DIRECT PROFIT RISES TO EUR 127 MILLION FROM EUR 78 MILLION

- EUR 15.4 BILLION ADDED TO FUNDS ENTRUSTED IN FIRST QUARTER, 1 MILLION CUSTOMERS ADDED
- MORTGAGE PORTFOLIO GROWS BY EUR 4.4 BILLION TO EUR 37.5 BILLION
- RISK-ADJUSTED RETURN ON CAPITAL AFTER TAX INCREASES TO 13.2%, SURPASSING TARGET

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TABLE 24. ING DIRECT(1) PROFIT & LOSS ACCOUNT

In EUR million	2005	FIRST QUARTER 2004	Change

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Interest result	452	351	28.8%
Commission	22	18	22.2%
Other income	13	3	333.3%
	---	---	
TOTAL INCOME	487	372	30.9%
OPERATING EXPENSES	323	273	18.3%
	---	---	
Gross result	164	99	65.7%
Addition to provisions for loan losses	37	21	76.2%
	---	---	
PROFIT BEFORE TAX	127	78	62.8%
KEY FIGURES			
Cost/income ratio	66.3%	73.4%	
RAROC pre-tax	22.8%	17.7%	
RAROC after tax	13.2%	9.5%	
Total risk-weighted assets (in EUR billion)	54.9	50.1	9.6%
Addition to provisions for loan losses in basis points of average credit-risk-weighted assets	27	26	
Staff (average FTEs)	6,100	4,900	24.5%

### FIRST QUARTER PROFIT

Profit before tax from ING Direct (including ING Card) rose to EUR 127 million in the first quarter of 2005 compared with EUR 78 million in the first quarter of 2004 as it continued to attract new customers and benefited from further growth in business volumes from new and existing customers. Of the eight country units, ING Direct is already profitable in seven.

Total income increased 30.9% to EUR 487 million, driven mainly by a 28.8% increase in the interest result due to continued growth in both funds entrusted and mortgages. Since year-end 2004, total funds entrusted grew by EUR 15.4 billion, or 10.6%, to EUR 160.8 billion. Compared with a year ago, funds entrusted are up 38.6%. At the end of March 2005, ING Direct had a total mortgage loan portfolio of EUR 37.5 billion, an increase of EUR 4.4 billion, or 13.6%, from year-end 2004. Compared with the end of March 2004, mortgage lending rose 56.3%, driven by strong growth in the U.S., Germany and Australia. The total interest margin of the ING Direct operations narrowed to 0.91% from 1.03% during the first quarter of 2004, mainly due to a flattening of the yield curve in the non-euro countries.

Operating expenses increased 18.3% to EUR 323 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. At the end of March 2005, ING Direct had 12.5 million customers, an increase of 3.1 million, or 32.4%, compared with a year ago. In the first quarter of 2005, ING Direct added 1.0 million new customers. The cost/income ratio of ING Direct improved to 66.3% from 73.4% in the first quarter of 2004. The average number of full-time employees at ING Direct increased by 1,200 to 6,100 in the first quarter of 2005 compared with a year ago, mainly due to expansion in Germany, the U.S. and the U.K.

The addition to the provision for loan losses increased to EUR 37 million from EUR 21 million. Risk costs equalled an annualised 27 basis points of average credit-risk-weighted assets, compared with 26 basis points in the first quarter of 2004.

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RAROC

The after-tax Risk-Adjusted Return on Capital for ING Direct improved from 9.5% in the first quarter of 2004 to 13.2%, and is now above ING's target of 12.0%. The increase was due entirely to higher economic returns as the units continued to grow business volumes much faster than expenses. In line with the strong growth of the business, economic capital increased to EUR 2.6 billion from EUR 2.1 billion in first quarter of 2004.

GEOGRAPHICAL BREAKDOWN ING DIRECT

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TABLE 25. ING DIRECT PROFIT BEFORE TAX (including ING Card)  
FIRST QUARTER

In EUR million	2005	2004	Change
Canada	14	15	-6.7%
Spain	14	11	27.3%
Australia	15	17	-11.8%
France	3	0	
United States	53	25	112.0%
Italy	2	-4	
United Kingdom	-8	-11	
Germany(1)	40	27	48.1%
	---	---	
SUBTOTAL ING DIRECT	133	80	66.3%
ING Card	-6	-2	
	---	---	
TOTAL	127	78	62.8%

-----

Seven of the eight ING Direct units posted a profit before tax in the first quarter of 2005. Only the U.K., which started operations in May 2003, is still loss making. Canada, Spain, Australia, the U.S. and Germany are already performing above ING's target for risk-adjusted return on capital.

The U.S. and Germany posted the strongest profit increases, driven by the continued growth of funds entrusted, mortgages and the number of clients. Despite the flattening of the yield curve in the non-euro countries, the profit development of ING Direct in Canada, Australia, the U.S. and the U.K. was still very satisfactory. ING Card showed a loss of EUR 6 million in the first quarter of 2005, partly caused by higher risk costs to bring provisions fully into line with IFRS.

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TABLE 26. ING DIRECT CLIENTS AND FUNDS ENTRUSTED

	NUMBER OF CLIENTS (x 1,000)		FUNDS ENTRUSTED (in EUR billion)	
	31 March 2005	31 Dec. 2004	31 March 2004	31 March 2005
Canada	1,170	1,121	959	9.7
Spain	1,047	975	799	11.3

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Australia	1,063	996	777	9.2	
France	448	413	354	9.9	
United States	2,551	2,226	1,649	24.7	2
Italy	547	485	433	12.4	1
United Kingdom	836	762	471	30.0	2
Germany(1)	4,810	4,511	3,978	53.6	4
	-----	-----	-----	-----	-----
TOTAL	12,472	11,489	9,420	160.8	14

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3. ASSETS UNDER MANAGEMENT INCREASE 6.0% TO EUR 470.1 BILLION

- o INCLUDING THE IMPACT OF DIVESTMENTS, ASSETS UNDER MANAGEMENT DECLINE 4.4%
- o FUND INFLOW OF EUR 13.3 BILLION DRIVEN BY INSURANCE ASIA/PACIFIC
- o ING REAL ESTATE'S PORTFOLIO GROWS 6.8% TO EUR 53.5 BILLION

Assets under management increased 6.0% to EUR 470.1 billion in the first quarter from EUR 443.4 billion at the end of 2004, excluding the impact of divestments. The increase was driven by a net inflow of EUR 13.3 billion, the impact of a decline in the euro in the first quarter of EUR 12.1 billion, and higher stock markets, which added EUR 0.5 billion. Including the impact of divested units, which had a combined EUR 47.7 billion in funds under management, and a restatement of EUR 0.8 billion due in part to IFRS, total assets under management decreased by 4.4%.

FUND INFLOW

The net inflow of EUR 13.3 billion was mainly realised by Insurance Asia/Pacific, Insurance Europe and ING Real Estate. Insurance Asia/Pacific reported a net inflow of EUR 4.7 billion, lifted by the successful launch of the China Merchant Cash Fund with EUR 1.5 billion net new sales. ING Real Estate realised an inflow of EUR 2.4 billion, due in part to EUR 1.1 billion in new mandates won by ING Clarion in the U.S.

TABLE 27. ASSETS MANAGED BY BUSINESS LINE

In EUR billion	31 March 2005	31 December 2004	Change
Insurance Europe	149.3	144.9	3.0%
Insurance Americas	169.3	160.9	5.2%
Insurance Asia/Pacific	63.7	56.7	12.3%
Retail Banking	45.1	42.5	6.1%
Wholesale Banking	39.6	35.8	10.6%
ING Direct	3.1	2.6	19.2%
	---	---	
ASSETS MANAGED EXCLUDING DIVESTED UNITS	470.1	443.4	6.0%
Divestments & restatements	-----	48.5	
		-----	
TOTAL	470.1	491.9	-4.4%

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TABLE 28. ASSETS ORIGINATED BY BUSINESS LINE

In EUR billion	31 March 2005	31 December 2004	Change
Insurance Europe	49.2	47.3	4.0%
Insurance Americas	101.5	98.0	3.6%
Insurance Asia/Pacific	32.3	28.2	14.5%
Retail Banking	86.2	82.9	4.0%
Wholesale Banking	29.5	26.0	13.5%
ING Direct	3.1	2.6	19.2%
	-----	----	
TOTAL THIRD PARTIES	301.8	285.0	5.9%
Proprietary assets	168.3	158.4	6.3%
	-----	----	
ASSETS MANAGED EXCLUDING DIVESTED UNITS	470.1	443.4	6.0%
Divestments & restatements		48.5	
	-----	----	
TOTAL	470.1	491.9	-4.4%

DISTRIBUTION CHANNELS

Excluding the impact of divestments, all distribution channels showed higher assets under management. The business line Insurance Asia/Pacific posted a record growth of EUR 14.5%, driven by a strong inflow of EUR 4.7 billion. Divestments primarily impacted Retail Banking, due to the sale of the retail activities of ING BHF-Bank with EUR 15.3 billion in managed assets, and Wholesale Banking, due to the sale of Baring Asset Management with EUR 30.1 billion in assets.

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FUND INVESTMENT PERFORMANCE

The investment performance statistics of the ING Mutual Funds continue to improve. Notably, ING has a good track record for fixed income and balanced strategies, while equity is returning to higher scores. Measured as a percentage of assets, more than half of ING funds performed above their benchmarks and peers over 1-year, 3-year and 5-year periods, while 68% of assets were in the first or second quartile on a five-year basis.

TABLE 29. ASSETS UNDER MANAGEMENT BY ASSET CLASS

In EUR billion		31 March 2005		31 December 2004	
Equities	141.3	30%	160.2	32%	
Fixed income	255.4	54%	258.3	53%	
Real Estate(1)	37.3	8%	33.8	7%	
Cash	36.1	8%	39.6	8%	
	-----	----	-----	----	
TOTAL	470.1	100%	491.9	100%	

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TABLE 30. ASSETS UNDER MANAGEMENT BY CLIENT CATEGORY

In EUR billion	31 March 2005	31 December 2004	1Q Change
Private clients	202.8	215.2	-5.8%
Institutional clients	99.0	119.6	-17.2%
	----	----	
Total third parties	301.8	334.8	-9.9%
Proprietary assets	168.3	157.1	7.1%
	----	----	
<b>TOTAL</b>	<b>470.1</b>	<b>491.9</b>	<b>-4.4%</b>
Share of third parties	64.2%	68.1%	

### ING INVESTMENT MANAGEMENT

ING Investment Management continues to leverage the global scale of its operations and asset management skills to develop global strategies and cross-sell successful strategies into other regions. Total cross-regional assets under management amounted to EUR 9.5 billion. ING IM Americas accounted for EUR 6.7 billion of cross-regional products, while Europe accounted for EUR 1.9 billion and Asia/Pacific accounted for EUR 0.9 billion. In March, ING launched a new closed-end fund ING Global Equity Dividend and Premium Opportunity Fund, which leveraged the product development skills of ING IM Americas and the investment expertise of ING IM Europe. The fund raised EUR 1.3 billion through ING Funds' U.S. distribution channel, becoming the eighth largest fund to trade on the New York Stock Exchange.

### ING REAL ESTATE

ING Real Estate's total portfolio, including the real estate finance portfolio, increased to EUR 53.5 billion at the end of March from EUR 50.1 billion at year-end 2004, driven mainly by growth of the real estate investment management activities. The real estate investment management portfolio increased by EUR 3.5 billion, or 11.3%, to EUR 34.4 billion, driven by a net inflow of EUR 2.4 billion. In the U.S., the Lion Industrial Trust also acquired a USD 440 million portfolio in the Atlanta area. ING Real Estate also launched the Global REIT Open Mother Fund in February, designed for Japanese investors. The real estate development portfolio and the finance portfolio were unchanged at EUR 2.1 billion and EUR 17.0 billion respectively.

### PROFIT CONTRIBUTION

The asset management profit share climbed from 7% to 8% of total Group profit before tax excluding divestments. Including the gain on the sale of Baring Asset Management, asset management accounted for 17% of the total profit before tax

### APPENDICES

1. Key figures
2. Consolidated profit and loss account (Insurance/Banking) first quarter, gains & losses on divestments, and profit before tax from divested units
3. Consolidated balance sheet and changes in capital and reserves
4. Condensed consolidated statement of cash flows
5. Additional information: quarterly results, insurance profit & loss by life/non-life, insurance and banking income information, loans and advances to customers of the banking operations
6. Value of new business statistics



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- 7. Accounting changes and impact of IFRS
- 8. Information for shareholders

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The accounting principles applied in this document for the 2005 figures are in accordance with International Financial Reporting Standards as endorsed by the European Union ("EU"). A brief summary of these accounting principles is included in Attachment 7 Accounting changes and impact of IFRS. A more detailed explanation can be found on the ING Group web site. The applied accounting principles differ from the published 2004 annual accounts as explained in attachment 7. We have, however, adjusted the comparative 2004 figures to reflect the impacts of IFRS except for those arising from IAS32/39 and IFRS 4 as also explained in attachment 7.

All figures in this document are unaudited.

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

APPENDIX 1.

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 1. KEY FIGURES

	IFRS			DUTC
	1Q 2005	1Q 2004	FY 2004	FY 2003
-----				
BALANCE SHEET (EUR x billion)				
Total assets(1)	1,037	964	866	779
Capital and reserves(1)	31	28	26	21

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ASSETS UNDER MANAGEMENT (EUR x billion)	470	488	492	463
MARKET CAPITALISATION (EUR x billion)	51	38	49	39
INCOME (EUR x million)				
Insurance operations	14,000	13,932	55,398	53,233
Banking operations	3,678	3,282	12,537	11,680
OPERATING EXPENSES (EUR x million)				
Insurance operations	1,197	1,133	4,837	4,897
Banking operations	2,129	2,125	8,658	8,184
IMPAIRMENTS/ADDITIONS TO THE PROVISION FOR LOAN LOSSES (EUR x million)				
	-1	149	497	1,288
PROFIT (EUR x million)				
Insurance operations	1,022	716	4,005	3,486
Banking operations	1,553	1,020	3,414	2,371
	-----	-----	-----	-----
Profit before tax	2,575	1,736	7,419	5,857
Operating net profit			5,389	4,053
Capital gains/neg. value adjustment shares			579	-10
Non-operating net profit			-----	-----
Net profit	1,941	1,130	5,968	4,043
Distributable net profit	1,941	1,130	5,968	4,043
FIGURES PER ORDINARY SHARE OF EUR 0.24 NOMINAL VALUE				
Operating net profit			2.53	2.00
Net profit			0.89	0.54
Distributable net profit			0.89	0.54
Dividend			1.07	0.97
Capital and reserves(1)			14.39	13.00
RATIOS (in %)				
ING Group				
(Operating) return on equity (ROE)			26.4	25.4
(Operating) net profit growth			72	n/a
Insurance operations				
Combined ratio			88	89
Capital coverage ratio(1)			208	201
Banking operations				
BIS ratio ING Bank(1)			10.76	10.59
Tier-1 ratio ING Bank(1)			7.21	7.00
Cost/income ratio			57.9	64.7
EMPLOYEES (average FTEs)			114,700	113,100
			113,000	115,200

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APPENDIX 2. FIRST QUARTER PROFIT & LOSS ACCOUNT

2.1 ING GROUP FULL-YEAR CONSOLIDATED PROFIT & LOSS ACCOUNT

INSURANCE

BANKING

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In EUR million	1Q 2005	1Q 2004	1Q 2005	1Q 2004	1Q 2005
Premium income	11,163	11,366			11,163
Income from investments	2,215	2,117	499	84	2,706
Interest result banking operations			2,163	2,134	2,163
Commission income	344	303	596	710	943
Other income	278	146	420	354	698
<b>TOTAL INCOME</b>	<b>14,000</b>	<b>13,932</b>	<b>3,678</b>	<b>3,282</b>	<b>17,663</b>
Underwriting expenditure	11,508	11,786			11,508
Other interest expenses	270	285			270
Operating expenses	1,197	1,133	2,129	2,125	3,326
Impairments/additions to the provision for loan losses	3	12	-4	137	148
<b>TOTAL EXPENDITURE</b>	<b>12,978</b>	<b>13,216</b>	<b>2,125</b>	<b>2,262</b>	<b>15,013</b>
<b>PROFIT BEFORE TAX</b>	<b>1,022</b>	<b>716</b>	<b>1,553</b>	<b>1,020</b>	<b>2,650</b>
Taxation	246	224	326	305	501
Third-party interests	46	25	16	52	139
<b>NET PROFIT</b>	<b>730</b>	<b>467</b>	<b>1,211</b>	<b>663</b>	<b>1,978</b>

2.2 REALISED GAINS/LOSSES ON DIVESTMENTS BEFORE TAX

In EUR million	INSURANCE		BANKING	
	1Q 2005	1Q 2004	1Q 2005	1Q 2004
- sale of Freeler	10			
INSURANCE EUROPE	10			
- over-allotment ING Canada IPO	19			
INSURANCE AMERICAS	19			
- sale of Baring Asset Management			255	
- sale of ING Bank Slaski shares (part)			30	
- sale Asian cash equity business				-84
WHOLESALE BANKING			285	-84
- sale of ING Bank Slaski shares (part)			62	
RETAIL BANKING			62	
<b>TOTAL REALISED GAIN/LOSSES</b>	<b>29</b>		<b>347</b>	<b>-84</b>

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2.3 PROFIT BEFORE TAX FROM DIVESTED UNITS				
In EUR million	INSURANCE		BANKING	
	1Q 2005	1Q 2004	1Q 2005	1Q 2004
Insurance Europe				
Insurance Americas		9		
Insurance Asia/Pacific		20		
Wholesale Banking			14	91
Retail Banking				5
ING Direct				
TOTAL PROFIT BEFORE TAX FROM DIVESTED UNITS		29	14	96

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APPENDIX 3.

3.1 ING GROEP N.V. CONSOLIDATED BALANCE SHEET				
In EUR million	31 March 2005	1 January 2005		Ch
<b>ASSETS</b>				
Cash and balances with central banks	10,475	9,805		
Amounts due from banks	62,134	51,721		2
Non-trading derivatives	8,512	9,127		-
Financial assets marked-to-market	200,218	182,819		
Investments	288,545	265,597		
Loans and advances to customers	410,362	390,846		
Reinsurance contracts	7,064	6,818		
Property and equipment	5,620	5,805		-
Other assets	43,605	41,945		
TOTAL ASSETS	1,036,535	964,483		
<b>EQUITY AND LIABILITIES</b>				
Capital and reserves	31,275	28,286		1
Third-party interests	1,458	2,096		-3
TOTAL EQUITY	32,733	30,382		

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LIABILITIES

Preference shares	296	296	
Subordinated loans	4,178	4,157	
Insurance and investment contracts	228,398	218,551	
Amounts due to banks	111,178	95,621	
Customer deposits and other funds on deposit	421,793	395,699	
Debt securities in issue/other borrowed funds	107,813	107,155	
Non-trading derivatives	7,781	8,647	-1
Other liabilities	122,365	103,975	1
	-----	-----	
TOTAL LIABILITIES	1,003,802	934,101	
TOTAL EQUITY AND LIABILITIES	1,036,535	964,483	

3.2 CHANGES IN CAPITAL AND RESERVES

In EUR million

CAPITAL AND RESERVES AS OF 31 DECEMBER 2004 (ING GAAP)

Adjustments to IFRS

CAPITAL AND RESERVES AS OF 1 JANUARY 2005 (IFRS)

Net profit	1,941
Unrealised revaluations equities (after tax)	425
Unrealised revaluations debt securities (after tax)	-641
Transfer to insurance liabilities (shadow accounting)	283
Realised capital gains equities released to profit & loss account	-37
Realised capital gains debt securities released to profit & loss account	-45
Exchange rate differences	620
Other	443

Total changes first three months 2005

CAPITAL AND RESERVES AS OF 31 MARCH 2005

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APPENDIX 4.

4. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

In EUR million

1Q 2005

1Q 200

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NET CASH FLOW FROM OPERATING ACTIVITIES	10,349	23,23
Investments and advances:		
- associated undertakings	-114	
- available-for-sale investment securities	-59,268	
- held-to-maturity investment securities	1,029	
- investment properties	-59	
- property and equipment	-175	
- assets subject to operating leases	-205	
- investments for the risk of policyholders	-10,399	
- other investments	-2	
Disposals and redemptions:		
- associated undertakings	761	
- available-for-sale investment securities	44,957	
- held-to-maturity investment securities	105	
- investment property	48	
- property and equipment	285	
- assets subject to operating leases	0	
- investments for the risk of policyholders	8,494	
- other investments	3	
NET CASH FLOW FROM INVESTING ACTIVITIES	-16,598	-27,39
Proceeds from insurance of subordinated loans	0	
Repayments of subordinated loans	0	
Proceeds from borrowed funds and debt securities	2,947	
Repayment from borrowed funds and debt securities	-3,341	
Deposits by reinsurers	78	
Issuance of ordinary shares	102	
Purchase of treasury shares	0	
Sale of treasury shares	0	
Dividends paid	0	
NET CASH FLOW FROM FINANCING ACTIVITIES	-214	66
	-----	
NET CASH FLOW	-6,463	-3,49
Cash and equivalents at beginning of year	12,266	7,33
Effect of exchange-rate changes on cash and cash equivalents	297	27
	-----	-----
CASH AND EQUIVALENTS AT END OF PERIOD	6,100	4,12

-----

In this summary, cash comprises the following items:

Treasury bills and other eligible bills	12,266	8,5
Loans and advances to banks	-16,641	-13,1
Cash and bank balances and call money of the insurance operations	10,475	8,7
	-----	-----
CASH AND EQUIVALENTS AT END OF PERIOD	6,100	4,1

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### APPENDIX 5. ADDITIONAL INFORMATION

#### 5.1 QUARTERLY RESULTS

1Q                      4Q                      3Q                      2Q

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In EUR million	2005	2004	2004	2004	2004
-----					
Profit before tax					
- Insurance Europe	515	365	397	509	
- Insurance Americas	463	711	164	473	
- Insurance Asia/Pacific	171	125	94	405	
- Other	-127	34	320	9	
	-----	-----	-----	-----	-----
INSURANCE PROFIT BEFORE TAX	1,022	1,235	975	1,396	
- Wholesale Banking	1,024	323	528	426	
- Retail Banking	456	175	352	318	
- ING Direct	127	118	114	125	
- Other	-54	19	-85	-15	
	-----	-----	-----	-----	-----
BANKING PROFIT BEFORE TAX	1,553	635	909	854	1,553
PROFIT BEFORE TAX	2,575	1,870	1,884	2,250	1,884
NET PROFIT	1,941	1,408	1,554	1,663	1,554
- of which Insurance operations	730	875	931	1,076	1,076
- of which Banking operations	1,211	533	623	587	587
In EUR					
NET PROFIT PER ORDINARY SHARE	0.89	0.65	0.73	0.78	0.73
-----					

5.2 INSURANCE PROFIT FROM LIFE AND NON-LIFE

In EUR million	FIRST QUARTER 2005			FIRST QUARTER 2004	
	Life	Non-life	Total	Life	Non-life
-----					
Premium income	9,265	1,898	11,163	9,234	2,427
Income from investments	1,988	227	2,215	1,942	2,427
Commission and other income	631	-9	622	447	2,427
	-----	-----	-----	-----	-----
TOTAL INCOME	11,884	2,116	14,000	11,623	2,427
Underwriting expenditure	10,020	1,488	11,508	9,997	1,488
Other interest expenses	270		270	285	
Operating expenses	899	298	1,197	855	298
Impairments/investment losses	3		3	12	
	-----	-----	-----	-----	-----
TOTAL EXPENDITURE	11,192	1,786	12,978	11,149	1,786
PROFIT BEFORE TAX	692	330	1,022	474	641
-----					

5.3 INSURANCE INVESTMENT INCOME

In EUR million	2005	FIRST QUARTER	
		2004	Change
-----			
Income from debt securities	1,317	1,498	-12.1%
Realised gains/losses on bonds(1)	74	--	

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Other fixed-interest securities	814	899	-9.5%
Income investment property	52	72	-27.8%
Change in fair value real estate	36	10	260.0%
Dividend income	49	46	6.5%
Realised gains/losses on equities	45	20	125.0%
Other	199	-20	
Eliminations	-371	-408	
	-----	-----	
TOTAL	2,215	2,117	4.6%

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### 5.4 INSURANCE OTHER INCOME

In EUR million	2005	FIRST QUARTER	
		2004	Change
Valuation results non-trading derivatives	81	--	
Share of profit associates	169	48	252.2%
Other	28	98	-71.4%
	---	---	
TOTAL	278	146	90.4%

### 5.5 LOANS AND ADVANCES TO CUSTOMERS OF THE BANKING OPERATIONS

In EUR billion	31 March	1 January	Change
	2005	2005	
- Public authorities	20.7	16.9	22.5%
- Other corporate	208.5	200.3	4.1%
	-----	-----	
TOTAL CORPORATE	229.2	217.2	5.5%
- Mortgages	133.0	126.3	5.3%
- Other personal	20.0	19.2	4.2%
	-----	-----	
TOTAL PERSONAL	153.0	145.5	5.2%
Provisions for bank lending	-3.8	-3.9	
TOTAL BANK LENDING	378.4	358.8	5.5%

### 5.6 BANKING INVESTMENT INCOME

In EUR million	2005	FIRST QUARTER	
		2004	Change
Change in fair value real estate	2	2	0.0%
Realised gains/losses on equities	41	27	51.9%
Realised gains/losses on bonds	0	0	
Gains/losses on divestments	347	-42	
Other investment income	109	97	12.4%
	---	---	
TOTAL	499	84	494.0%



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### 5.7 BANKING COMMISSION INCOME

In EUR million	FIRST QUARTER		
	2005	2004	Change
Funds transfer	124	149	-16.8%
Securities business	150	219	-31.5%
Insurance broking	38	42	-9.5%
Management fees	189	185	2.2%
Brokerage and advisory fees	28	27	3.7%
Other	67	88	-23.9%
	---	---	
<b>TOTAL</b>	<b>596</b>	<b>710</b>	<b>-16.1%</b>

### 5.8 BANKING OTHER INCOME

In EUR million	FIRST QUARTER		
	2005	2004	Change
Valuation results non-trading derivatives	86	--	
Share of profit associates	9	5	80.0%
Result of trading portfolio	203	247	-17.8%
Other	122	102	19.6%
	---	---	
<b>TOTAL</b>	<b>420</b>	<b>354</b>	<b>18.6%</b>

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## APPENDIX 6. VALUE OF NEW BUSINESS STATISTICS

The internal rates of return have been adjusted to be consistent with a 7.5% discount rate in the Netherlands to reflect expected currency movements relative to the euro. 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. Starting in 2005, new business statistics are converted at the average exchange rate instead of the closing exchange rate of the reporting period. In compliance with the European Embedded Value Principles, statistics are included for Value of New Business divided by the present value of premiums in Table 6.1. ING continues to focus primarily on the value of new business and the internal rate of return as key value drivers.

### 6.1 VALUE OF NEW LIFE BUSINESS STATISTICS

In EUR million	NEW PRODUCTION 1Q 2005			NEW PRODUCTION	
	Value of New Business	PV of premiums	VNB/PV premiums	Value of New Business	Premiums
Netherlands	21	704	3.0%	58	3
Belgium	7	389	1.8%	42	1
Central Europe & Spain	18	459	3.9%	38	1
	---	---		---	---
<b>INSURANCE EUROPE</b>	<b>46</b>	<b>1,552</b>	<b>3.0%</b>	<b>138</b>	<b>6</b>
U.S. (2)	41	4,743	0.9%	138	16
Latin America	2	120	1.7%	35	1
	---	---		---	---
<b>INSURANCE AMERICAS (2)</b>	<b>43</b>	<b>4,863</b>	<b>0.9%</b>	<b>173</b>	<b>16</b>

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INSURANCE ASIA/PACIFIC	99	2,179	4.5%	321	6
	---	-----		---	---
TOTAL	188	8,594	2.2%	632	30

6.2 INVESTMENT IN NEW LIFE BUSINESS & ACQUISITION EXPENSE OVERRUNS  
In EUR million

	NEW PRODUCTION 1Q 2005		IRR	NEW PRODUCTION 1Q 2005	
	Investment in new business	Acquisition expense overruns		Investment in new business	Acquisition expense overruns
Netherlands	35	1		31	8
Belgium	9	0		8	23
Central Europe & Spain	40	8		23	---
	---	---		---	---
INSURANCE EUROPE	84	9		62	295
U.S.	213	5		295	15
Latin America	19	4		15	---
	---	---		---	---
INSURANCE AMERICAS	232	9		310	90
INSURANCE ASIA/PACIFIC	121	-1		90	---
	---	---		---	---
TOTAL	437	17		462	---

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6.3 NEW BUSINESS PRODUCTION AND VALUE IN DEVELOPING MARKETS(1) BY REGION  
In EUR million

	NEW PRODUCTION 1Q 2005				IRR	NEW PRODUCTION 1Q 2005	
	Annual premium	Single Premium	Value of New Business	Annual Premium		Single Premium	
Europe	64	20	16	12.3%	35	3	
Americas	36	59	2	8.8%	46	29	
Asia/Pacific	202	123	58	18.4%	178	84	
	---	---	---	---	---	---	
TOTAL	302	202	76	14.9%	259	116	

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APPENDIX 7. ACCOUNTING CHANGES AND IMPACT OF IFRS

7.1 BASIS OF PRESENTATION

ING Group applies International Financial Reporting Standards as endorsed by the European Union ("EU"). IFRS as endorsed by the EU differs from full IFRS as promulgated by the International Accounting Standards Board ("IASB") only in respect of IAS 39 (Financial instruments) in the following areas:

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- elimination of the option to measure non-trading financial liabilities at fair value;
- elimination of certain restrictions concerning hedge accounting for portfolio hedges of core deposits.

Application of IFRS as endorsed by the EU is optional for ING Group. ING Group has adopted IFRS as endorsed by the EU as its accounting framework because it believes (together with several other European banks) that it enables a better reflection of the way in which European banks undertake asset/liability management, particularly in a fixed interest rate environment.

ING Group has early adopted ED 7 (regarding presentation and disclosure of financial instruments) as it is expected that this will be a final standard in 2005. During 2005, new IFRS requirements and/or interpretations may be issued. As a result, the accounting principles set out below may differ from the final accounting principles that will be applied in the 2005 annual accounts.

### 7.2 CHANGES IN ACCOUNTING PRINCIPLES

ING Group adopted IFRS as endorsed by the EU ("IFRS") as of 2005. The 2004 comparatives have been restated to comply with IFRS. However, as permitted by IFRS 1, ING Group has not restated the 2004 comparatives for the impact of IAS 32, IAS 39 and IFRS 4. Accordingly, comparative information with respect to financial instruments and insurance contracts is prepared under ING Group's previous accounting policies (ING GAAP). ING Group has implemented IFRS retrospectively, using the following transitional provisions:

- Goodwill is only capitalised on acquisitions after 1 January 2004. Accounting for acquisitions before that date has not been restated; goodwill on those acquisitions was charged directly to shareholders' equity.
- Hedge accounting is applied to all hedge relationships that were accounted for as a hedge under ING GAAP and meet the IAS 39 criteria for hedge accounting as of 1 January 2005.
- Unrecognised actuarial losses on employee benefit plans were recognised directly in equity at 1 January 2004.
- The cumulative translation differences reserve in equity was reset to nil at 1 January 2004.
- IFRS 2 (share based payments) is applied for unvested awards that were issued after 7 November 2002.

ING Group's accounting principles under IFRS and its decision on the options available are set out in the "Principles of valuation and determination of results" which is available at [www.ing.com/group](http://www.ing.com/group).

### 7.3 EXPLANATION OF DIFFERENCES BETWEEN IFRS AND ING GAAP

The explanation of differences in accounting principles between IFRS (applied as of 2005) and the accounting principles applied by ING Group in the 2004 annual accounts (ING GAAP) is presented below in two sections:

- differences between ING GAAP and IFRS excluding IAS 32/39 and IFRS 4, which are implemented in the restated 2004 comparatives as of 1 January 2004;
- differences due to the impact of IAS 32/39 and IFRS 4 which are implemented as of 1 January 2005.

#### DIFFERENCES BETWEEN ING GAAP AND IFRS EXCLUDING IAS 32/39 AND IFRS 4

Goodwill: Under ING GAAP, goodwill was charged to equity. Under IFRS, all goodwill arising after 1 January 2004 is capitalised and subject to an annual impairment review. Goodwill charged to equity prior to 1 January 2004 is not restated.

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**Real Estate - Investment Property:** Under IFRS, investment property is reported at fair value, with changes in fair value reported in the profit and loss account. Under ING GAAP, investment property was reported at fair value, with changes in fair value reported in a revaluation reserve in equity; at disposal, the accumulated revaluation was recognised in the profit and loss account under ING GAAP.

**Real Estate - Property in Own Use:** Both under IFRS and ING GAAP, property in own use is reported at fair value, with changes in fair value reported in a revaluation reserve in equity. However, under IFRS a depreciation charge is recognised in the profit and loss account. At disposal, the accumulated revaluation was recognised in the profit and loss account under ING GAAP. Under IFRS, no result is recognised on disposal. Furthermore, under IFRS individually negative revaluation reserves on a property-by-property basis are charged to the profit and loss account; under ING GAAP negative revaluation reserves were offset against positive revaluation reserves.

**Real Estate - Property under Development for Third Parties:** Under IFRS, real estate in the course of construction is reported under the percentage of completion method (pro rata profit recognition). Under ING GAAP profit was recognised on completion. In addition, IFRS is more restrictive on the overhead expenses that may be capitalised.

**Employee Benefits:** Accounting for pension liabilities under ING GAAP was similar to IFRS; however, at transition to IFRS all unrecognised actuarial gains and losses were charged to shareholders' equity. Under IFRS additional provisions for certain employee benefits are required.

**Employee Benefits - Share-based Payments:** Under IFRS, the fair value of shares and options granted to employees is recognised in the profit and loss account over the vesting period of the award. Under ING GAAP the intrinsic value was recognised in the profit and loss account.

**Leases:** Under ING GAAP, leases where ING is the lessor were presented as Lending. Under IFRS, these are presented as fixed assets, with depreciation recognised in the profit and loss account on a straight-line basis. Certain bonuses/discounts are amortised over the lease term under IFRS whilst under ING GAAP they were reported in income immediately.

**Foreign Currency Translation:** Under ING GAAP, translation differences on insurance liabilities and related investments were recorded in equity. Under IFRS, both are recognised in the profit and loss account. Both under IFRS and ING GAAP translation differences on foreign operations are reported in a translation reserve in equity; however, at transition to IFRS the translation differences reserve was reset to nil.

**Result on the Sale of Consolidated Subsidiaries:** The result on sale under IFRS is different from ING GAAP as the book value at the time of disposal under IFRS differs from ING GAAP. This specifically relates to a negative revaluation on property in own use that under IFRS was charged to the profit and loss account in 2004, whereas it was included in the result on disposal under ING GAAP (also in 2004). There is no net effect on 2004 net income.

**Dividend income on Equity Securities:** Under ING GAAP, dividend income was accrued over the year whereas under IFRS dividend income is recognised when declared.

**Taxation:** Deferred taxation was adjusted for the (deferred) tax effect of the above differences between ING GAAP and IFRS.

DIFFERENCES FROM IMPLEMENTING IAS 32/39 AND IFRS 4 AS OF 1 JANUARY 2005

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**Available-for-Sale Debt Securities:** Under IFRS, quoted debt securities (non-trading) other than those designated as being held-to-maturity are reported at fair value, with changes in fair value recognised in a revaluation reserve in equity; realised results are recognised directly in the profit and loss account. Under ING GAAP, debt securities were reported at amortised cost; realised results were deferred and amortised over the remaining term.

**Insurance Provisions:** Under IFRS certain contracts that do not contain significant insurance risk are presented as investment contracts and measured either at amortised cost or at fair value.

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For insurance contracts with discretionary participation features, a deferred profit sharing liability is recorded under IFRS for the full amount of unrealised results on allocated investments. In addition, a deferred profit sharing liability is recorded for the policyholders' share in other differences between ING GAAP and IFRS as at 1 January 2005. Insurance liabilities are adjusted to compensate for the impact of the transition to IFRS on reserve inadequacy.

**Derivatives and Embedded Derivatives:** Under IFRS, all derivatives (including embedded derivatives that are not closely related to the host contract) are reported at fair value. Under ING GAAP, non-trading derivatives were valued similar to the item being hedged (mainly at cost).

**Hedge Accounting:** Under IFRS, for derivatives qualifying as cash flow hedges and net investment hedges, the fair value movements are initially deferred in equity and subsequently released to the income statement in the same period in which the hedged item affects profit and loss. For fair value hedges, the valuation of the hedged item is adjusted to reflect the hedged risk; this fair value adjustment on the hedged item is reported in the profit and loss account and (partly) offsets the fair value impact on the derivative that is also reported in the profit and loss account. Under ING GAAP, non-trading derivatives used for risk management purposes were valued similar to the item being hedged (mainly at cost). As an alternative for hedge accounting under IFRS, financial assets may be designated at fair value through profit or loss, which implies that these are presented at fair value, with all changes in fair value recognised directly in the profit and loss account.

**Loans:** Under both ING GAAP and IFRS loans are measured at amortised cost. Under IFRS, certain fees/costs are capitalised and amortised whilst under ING GAAP they were expensed immediately (e.g. mortgage broker fees). The amortisation of premiums, discounts and fees under IFRS is based on effective yield whereas under ING GAAP these were amortised on a straight-line basis. Under IFRS, realised results are reported in net income. Under ING GAAP these were amortised over the remaining term (e.g. prepayment penalties on mortgages).

**Loan Loss Provisions:** Under IFRS loan loss provisions for portfolios of individually smaller loans are calculated based on a more prescriptive methodology. Furthermore, under IFRS no unallocated provisions are allowed.

**Equity Securities:** Under ING GAAP, negative revaluations on equity securities were only charged to the income statement as impairment when triggered by the financial condition of the issuer. Under IFRS, impairment is also triggered by a prolonged decline of the market value below cost.

**Classification of Equity Instruments:** Under ING GAAP, preference shares and trust preferred securities were -- in accordance with the legal form --

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classified as equity. Under IFRS, the conditions of ING Group's preference shares and trust preferred securities require classification as liabilities.

Venture Capital Investments: Under ING GAAP, venture capital investments were reported at the lower of cost or fair value. Under IFRS, investments in which ING has no significant influence are reported at fair value with changes in fair value reported in a revaluation reserve in equity. Investments in which ING has significant influence are reported at fair value, with changes in fair value reported in the profit and loss account.

Taxation: Deferred taxation was adjusted for the (deferred) tax effect of the above differences between ING GAAP and IFRS.

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### APPENDIX 8. INFORMATION FOR SHAREHOLDERS

#### SHARES AND WARRANTS

The average number of shares used for the calculation of net profit per share for the first three months of 2005, was 2,174.3 million (2,087.7 million for the first three months of 2004). The number of (depository receipts for) ordinary shares of EUR 0.24 nominal value outstanding at the end of March 2005 was 2,204.8 million (including 31.9 million own shares to cover outstanding options for ING personnel). The number of (depository receipts for) "A" preference shares of EUR 1.20 nominal value outstanding at the end of March 2005 was 87.1 million. The dividend percentage for the "A" shares for the period from 1 January, 2004 to 1 January 2014 has been set at 4.65%. This dividend will amount to EUR 0.1582 per year until 1 January 2014. This dividend will be paid for the first time in 2005.

On 5 January 1998, 17.2 million ING Group warrants B were issued. With an additional payment of the exercise price of EUR 49.92 one warrant B entitles the holder to two ING Group depository receipts up to 5 January 2008. The number of warrants B outstanding at the end of March 2005 was 17.2 million.

In the first three months of 2005, the turnover of (depository receipts for) ordinary shares on the Euronext Amsterdam Stock Market was 500.2 million (purchases and sales). The highest closing price was EUR 23.96, the lowest EUR 21.75; the closing price at the end of March 2005 was EUR 23.30.

#### LISTING

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

#### RATING

Both ING Groep N.V. and ING Verzekeringen N.V. have an A+ rating from Standard & Poor's and an Aa3 rating from Moody's. ING Bank N.V. has an Aa2 rating from Moody's and an AA- from Standard & Poor's. All ratings from S&P were confirmed in 2004 and the ratings from Moody's were confirmed in May 2005. 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(1)

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

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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

1. All dates shown are provisional.

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### 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  
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H. van Barneveld  
General Manager Corporate Control & Finance

By: /s/C. Blokbergen  
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C. Blokbergen  
Corporate Legal, Compliance & Security Department  
Head Legal Department

Dated: May 12, 2005

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