

ING GROEP NV  
Form 6-K  
February 21, 2006

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

**FORM 6-K**  
**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16**  
**of the Securities Exchange Act of 1934**  
**For February 16, 2006**

**Commission File Number 1-14642**

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

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

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b)(1):

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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

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 February 16, 2006

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Amsterdam 16 February 2006

**ING Group net profit rises 25.3% to EUR 7,210 million in 2005**

***Delivering value for our shareholders through higher returns and profitable growth***

**Earnings per share increase 22.7% from EUR 2.71 to EUR 3.32 in 2005**

**Underlying profit before tax increases 19.4% to EUR 8,506 million**

**Strong top-line growth: underlying bank income +11.4%, life premiums +12.5%**

**Focus on value leads to higher returns: RAROC 18.8% after tax, IRR 13.2%**

**Embedded value of life business rises 22.9% to EUR 27,586 million**

**Efficiency improves due to sharpened focus on execution across the Group**

**Total dividend proposed at EUR 1.18 per share, up 10.3% from EUR 1.07 in 2004**

***Chairman's statement***

ING produced strong results in 2005, driven by double-digit top-line growth, higher returns, and an improvement in the efficiency ratios for both banking and insurance, said Michel Tilmant, Chairman of the Executive Board.

We have focused on creating value for shareholders through a stringent approach to capital allocation, investing for growth, improving execution and increasing returns at all of our businesses. Our results provide evidence that we are delivering on those objectives and that our strategy is paying off. Returns have increased in both banking and insurance, with all business lines performing above ING's hurdles. ING's three key growth engines – ING Direct, retirement services, and life insurance in developing markets – continued their strong performance, while the banking businesses in the Benelux also made a solid contribution to growth. We took important steps to improve efficiency going forward, and recurring expenses remained under control in 2005.

As a result of this strong performance and our confidence in the future, the Board proposes to increase the total dividend by 10.3% to EUR 1.18 per share.

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

Today we also announced some changes to the Executive Board. The current board has accomplished significant change at ING over the last two years. I would like to thank Fred Hubbell, Alexander Rinnooy Kan and Hans Verkoren for their teamwork and strong personal contributions, and I am happy that we were able to prepare for the future with them. The new board members – Dick Harryvan, Tom McInerney, Hans van der Noordaa and Jacques de Vacleroy – all come with strong experience within ING, proven track records and performance-driven management styles. I am fully confident that the new team has the capability and enthusiasm to lead ING to a successful future.

**Figures compare full-year 2005 with full-year 2004 unless otherwise stated. Figures for 2004 exclude IAS 32, 39 and IFRS 4.**

**Press conference:** 16 February, 9:30 am CET, ING House, Amsterdam. Presentation & webcast [www.ing.com](http://www.ing.com)

**Analyst presentation:** 16 February, 11:15 am CET, ING House, Amsterdam. Presentation & webcast [www.ing.com](http://www.ing.com)

**Analyst call:** 16 February, 4 pm CET. [Listen in:](#) +31 20 794 8504 +44 20 7190 1595 +1 480 629 9562

**Analyst presentation London:** 17 February, 11:15 UK time, 60 London Wall. Webcast [www.ing.com](http://www.ing.com)

**Analyst call on Embedded Value:** 17 February, 3 pm UK time. [Listen in:](#) +31 20 794 8504 +44 20 7190 1595 +1 480 629 9562

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## 1. ING Group Key Figures

Table 1. ING Group Key Figures

In EUR million	<i>Full Year</i>			<i>Fourth Quarter</i>		
	2005	2004	Change	2005	2004	Change
<b>Underlying profit before tax<sup>1</sup>:</b>						
- Insurance Europe	2,021	1,612	25.4%	561	365	53.7%
- Insurance Americas	1,979	1,601	23.6%	424	417	1.7%
- Insurance Asia/Pacific	447	475	-5.9%	112	120	-6.7%
- Other <sup>2</sup>	-472	-124		-75	-31	
<b>Underlying profit before tax from Insurance</b>	<b>3,975</b>	<b>3,564</b>	<b>11.5%</b>	<b>1,022</b>	<b>871</b>	<b>17.3%</b>
- Wholesale Banking	2,276	2,092	8.8%	502	537	-6.5%
- Retail Banking	1,815	1,168	55.4%	506	174	190.8%
- ING Direct	617	435	41.8%	184	118	55.9%
- Other <sup>3</sup>	-177	-134		-64	-3	
<b>Underlying profit before tax from Banking</b>	<b>4,531</b>	<b>3,561</b>	<b>27.2%</b>	<b>1,128</b>	<b>826</b>	<b>36.6%</b>
<b>Total underlying profit before tax</b>	<b>8,506</b>	<b>7,125</b>	<b>19.4%</b>	<b>2,150</b>	<b>1,697</b>	<b>26.7%</b>
Gains/losses on divestments	366	55		17	85	
Profit before tax from divested units	22	218		-8	42	
Special items		342			46	
<b>Total profit before tax</b>	<b>8,894</b>	<b>7,740</b>	<b>14.9%</b>	<b>2,159</b>	<b>1,870</b>	<b>15.5%</b>
Taxation	1,379	1,709	-19.3%	210	397	-47.1%

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Profit before third-party interests	7,515	6,031	24.6%	1,949	1,473	32.3%
Third-party interests	305	276	10.5%	109	65	67.7%
<b>Net profit (attributable to shareholders)</b>	<b>7,210</b>	<b>5,755</b>	<b>25.3%</b>	<b>1,840</b>	<b>1,408</b>	<b>30.7%</b>
Net profit from Insurance	3,268	3,349	-2.4%	861	875	-1.6%
Net profit from Banking	3,942	2,406	63.8%	979	533	83.7%
<b>Earnings per share (in EUR)</b>	<b>3.32</b>	<b>2.71</b>	<b>22.7%</b>	<b>0.85</b>	<b>0.65</b>	<b>30.8%</b>

**Key figures**

Net return on capital and reserves <sup>4</sup>	26.6%	25.4%				
Debt/equity ratio <sup>5</sup>	9.3%	11.9%				
Total staff (average FTEs)	115,300	113,000	2.0%			

- Underlying profit before tax is a non-GAAP measure for profit before tax excluding divestments and special items as specified in Appendix 2
- Other insurance results are mainly interest on core debt and gains on equity investments that are not allocated to the three business lines
- Other banking results consist mainly of interest expenses that are not allocated to the business lines
- 2004 figures are on Dutch GAAP basis; 2005 figures exclude revaluation reserves for available-for-sale securities
- Comparable figure is based on IFRS at 1 January 2005

**Full-year profit**

In 2005 ING Group continued to focus on delivering value to shareholders by increasing returns, investing for growth, and improving the execution of the business fundamentals. The emphasis on managing for value has resulted in a sharper attention to product pricing and a more stringent approach to capital allocation within the Group. As a result, returns have improved across the company, with net total return on capital & reserves increasing to 26.6%. ING has also been investing in future growth, by attributing capital to fast-growing businesses like ING Direct, retirement services, and the life insurance activities in developing markets. At the same time, ING has taken steps to improve execution throughout the company by focusing on the business fundamentals, including cost reduction and customer satisfaction, which has resulted in improvements in the efficiency ratios for both banking and insurance.

Total underlying profit before tax increased 19.4% to EUR 8,506 million in 2005. The increase was driven by strong growth from Retail Banking and ING Direct as well as the insurance activities in the Americas and Europe, supported by growth in retirement services and favourable results from non-life insurance. Including the impact of divestments and special items, total profit before tax increased 14.9% to EUR 8,894 million. Net profit rose 25.3% to EUR 7,210 million, due in part to a lower effective tax rate. Earnings per share rose to EUR 3.32 from EUR 2.71.

**Insurance**

ING's insurance operations continued to benefit from strong growth in retirement services and life insurance in developing markets, as well as strong investment results and an exceptionally favourable claims environment for non-life insurance. Underlying profit before tax from the insurance operations increased 11.5% to EUR 3,975 million. The life insurance activities posted a 7.4% increase in underlying profit before tax, driven by the U.S., Central Europe,

South Korea and the Netherlands, supported by higher sales, growth in assets under management, and investment gains. Life premium income rose 12.5% excluding divestments and reclassifications as a result of IFRS. The efficiency ratios for life and investment products both improved. The non-life insurance units continued to benefit from an exceptionally favourable claims environment, particularly in Canada, resulting in a 21.3% increase in underlying profit before tax from non-life. Continued emphasis on value creation has resulted in a 27.4% increase in the value of new life business, and a 22.9% increase in the embedded value of the life insurance business to EUR 27,586 million, driven by higher sales and improved margins. The internal rate of return on new life business increased to 13.2%.

Insurance Europe showed a 25.4% increase in underlying profit before tax to EUR 2,021 million, driven by a 48.3% increase in life results from Central Europe as well as strong underwriting results at the non-life businesses in Belgium and the Netherlands. Underlying life results in the Netherlands increased 20.0%, as a result of higher investment income, positive fair value changes under IFRS, and releases of disability provisions and employee benefit provisions triggered by changes in legislation in the Netherlands.

Insurance Americas posted a 23.6% increase in underlying profit before tax to EUR 1,979 million, driven by strong growth in the U.S. and Canada. Underlying profit from insurance in the U.S. increased 27.4%, led by higher results from retirement services and annuities due to growth in assets, improved investment performance, and higher margins as the company continued to focus on the most attractive market segments. The Canadian non-life business posted a 35.8% increase in underlying profit before tax, supported by a favourable claims environment and the acquisition of Allianz Canada. Growth was moderated by lower results from Latin America, due in part to an active hurricane season in Mexico in the second half of 2005.

Insurance Asia/Pacific posted a 5.9% decline in underlying profit before tax to EUR 447 million due to continued reserve strengthening in Taiwan. Excluding Taiwan, underlying profit before tax from the rest of Asia/Pacific increased 15.8%, led by South Korea. The value of new life business rose 16.2% to EUR 373 million driven by strong sales in South Korea. The internal rate of return increased to 15.0%.

Other Insurance results declined to EUR -472 million from EUR -124 million, mainly due to high realised gains on shares in 2004. Other results in 2004 included EUR 398 million in realised gains on equities, compared with EUR 190 million of realised gains in 2005. In addition, the buy-back of legacy debt in the U.S. in the fourth quarter of 2005 resulted in a pre-tax loss of EUR 102 million which was included under Other.

### **Banking**

ING's banking operations showed a strong profit increase in 2005, driven by solid growth at ING Direct and Retail Banking as well as historically low risk costs. Total underlying profit before tax from the banking operations increased 27.2% to EUR 4,531 million. Income rose 11.4% on an underlying basis, driven by growth at Retail Banking and ING Direct. Risk costs remained at historically low levels, supported by releases of provisions at Wholesale Banking, and total risk costs amounted to 3 basis points of average credit-risk-weighted assets. Continued attention on cost control as well as the strong growth in income resulted in an improvement in the cost/income ratio to 65.6% from 66.6% on an underlying basis, despite continued investments for growth at ING Direct and other units. The focus on value creation resulted in an increase in the underlying risk-adjusted return on capital after tax to 18.8% from 16.4%.

Wholesale Banking posted an 8.8% increase in underlying profit before tax to EUR 2,276 million supported by a release of risk costs and an improvement in the profitability of the international network outside the Benelux following a programme to realign the operating model and focus on key clients and products. Growth in underlying income was driven by Structured Finance, Leasing and ING Real Estate. Continued emphasis on managing for value resulted in an improvement in the underlying risk-adjusted return on capital after tax to 16.7%.

Retail Banking posted a 55.4% increase in underlying profit before tax to EUR 1,815 million, driven by strong growth, particularly in the home markets of the Benelux. Income increased 11.1% on a comparable basis, supported by growth in savings and mortgages, including higher prepayment penalties on mortgages in the Netherlands as clients refinanced to take advantage of low interest rates. Risk costs declined as a result of the benign credit environment as well as releases in Belgium and Poland as the quality of the credit portfolio improved. The cost/income ratio improved to 66.1%, supported in part by cost-containment measures, while continued focus on profitable growth led to a further



increase in the underlying risk-adjusted return on capital after tax to 34.1%.

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ING Direct posted a 41.8% increase in profit before tax to EUR 617 million as it continued to add new clients, grow funds entrusted and increase the mortgage portfolio. ING Direct added 3.2 million new customers in 2005 and welcomed the 15 millionth customer in January 2006. Funds entrusted increased 29.3% to EUR 188.0 billion. The mortgage portfolio grew 65.9% to EUR 54.9 billion. Strong profit growth was achieved despite the challenging interest rate environment. The interest margin narrowed to 0.86% from 0.98% in 2004; however it improved slightly to 0.89% in the fourth quarter of 2005. The impact of the narrower interest margin was offset by improvements in efficiency. The operational cost base (excluding marketing costs) improved to 0.40% of total assets from 0.44% in 2004.

***Divestments & special items***

Divestments resulted in a pre-tax gain of EUR 366 million in 2005 compared with EUR 55 million in 2004. Divested units contributed EUR 22 million to profit before tax in 2005, down from EUR 218 million a year earlier. Special items include a gain of EUR 287 million on the U.S. dollar hedge, a EUR 96 million gain on old reinsurance business and restructuring provisions of EUR 41 million at Wholesale Banking, all in 2004. Including the impact of divestments and special items, total profit before tax increased 14.9% to EUR 8,894 million. Special items also include releases of tax provisions in both years. Excluding divestments and special items after tax, net profit rose 24.9% to EUR 6,196 million from EUR 4,959 million. (See Appendix 2 for a full specification of gains and losses on divestments and special items.)

***Taxes & net profit***

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

***Currency impact***

Currency rate differences had a positive impact of EUR 81 million on net profit and EUR 116 million on total profit before tax, mainly due to strengthening of the Canadian and Australian dollars, Polish zloty and South Korean won.

***Impact of IFRS***

The application of IAS 32, 39 and IFRS 4 from 1 January 2005 had a positive impact on ING Group's results in 2005, however the change in accounting standards has led to increased volatility on a quarterly basis, mainly due to value adjustments on non-trading derivatives. In total, IAS 32, 39 and IFRS 4 had a positive impact of approximately EUR 455 million on total profit before tax, or EUR 392 million after tax. The estimated impact on the insurance operations was EUR 238 million before tax, mainly due to realised gains on the sale of bonds and the revaluation of embedded derivatives, which were offset by the absence of amortised income from gains on fixed interest securities, and negative valuation changes on fixed-income investment derivatives. The estimated impact on the banking operations was EUR 217 million before tax, mainly due to valuation adjustments on non-trading derivatives and prepayment penalties. On a quarterly basis, the accounting standards had a total positive impact of EUR 148 million before tax in the fourth quarter compared with a positive impact of EUR 242 million in the third quarter of 2005, a negative impact of EUR 24 million in the second quarter, and a positive impact of EUR 89 million in the first quarter.

***Compliance***

ING took several steps in 2005 to improve its compliance organisation and culture as part of the company's emphasis on improving execution. Compliance has been defined as one of ING Group's management priorities. A new compliance policy was approved in June 2005, and implementation of the policy is one of the performance targets for members of the ING Management Council for 2006. In the Netherlands the compliance departments were restructured and the headcount increased from 23 to 58 full-time positions.

***Fourth-quarter profit***

In the fourth quarter, underlying profit before tax increased 26.7% to EUR 2,150 million compared with EUR 1,697 million in the fourth quarter of 2004. The increase was driven by strong growth at Retail Banking and ING Direct, as well as Insurance Europe. Total underlying profit before tax from insurance rose 17.3% to EUR 1,022 million. Results were driven by Insurance Europe, which posted a 53.7% increase in underlying profit before tax, mainly due to strong results in the Netherlands supported by revaluation of derivatives, higher results on real

estate as well as the release of actuarial and employee benefit provisions. Insurance Americas posted an increase of 1.7% as higher non-life results in Canada and life

results in the U.S. were largely offset by lower results in Latin America, due in part to claims and expenses from hurricanes in Mexico. Underlying profit before tax from Insurance Asia/Pacific was 6.7% lower due to reserve strengthening in Taiwan, which offset strong results at other Asian life operations, particularly South Korea. Excluding Taiwan and a one-time release of provisions in the year-earlier period, profit in the fourth quarter from Asia/Pacific rose 41.8%. Underlying profit before tax from the banking operations rose 36.6% to EUR 1,128 million. Retail Banking rose to EUR 506 million from EUR 174 million, driven by higher income due to the growth of mortgages and savings, and lower risk costs and operating expenses. The Netherlands, Belgium and Poland contributed to the strong growth. ING Direct's profit rose 55.9%, driven by continued strong growth in both savings and mortgages. Wholesale Banking posted a 6.5% decline in underlying profit, mainly due to impairments on real estate. Divestments resulted in a gain of EUR 17 million in the fourth quarter of 2005 and a gain of EUR 85 million a year earlier. Divested units posted a loss of EUR 8 million compared with a profit of EUR 42 million in the fourth quarter of 2004. Special items include EUR 87 million from a gain on the U.S. dollar hedge and a EUR 41 million restructuring provision at Wholesale Banking, both in 2004. Including those items, total profit before tax increased 15.5% to EUR 2,159 million. The effective tax rate decreased to 9.7% from 21.2% in 2004, supported by releases of tax provisions and the creation of tax assets. Net profit rose 30.7% to EUR 1,840 million. Excluding divestments and special items after tax, the underlying net profit rose 29.2% to EUR 1,549 million from EUR 1,199 million. (See Appendix 3 for a specification of divestments and special items in the fourth quarter.)

***Fourth quarter vs. third quarter***

Profit in the fourth quarter was strong, though slightly lower than the very strong results in the third quarter. Underlying profit before tax declined 8.4% to EUR 2,150 million in the fourth quarter from EUR 2,348 million in the third quarter of 2005, primarily due to lower results from Insurance Americas and Wholesale Banking. Total underlying profit before tax from insurance fell 7.3% to EUR 1,022 million from EUR 1,103 million, due to a 25.5% decrease in underlying profit at Insurance Americas as a result of higher credit losses, lower investment income and a lower IFRS impact in the U.S. as well as hurricane claims and strengthening of provisions in the Mexican non-life operations. Insurance Europe posted an increase of 20.6% in underlying profit, driven by higher fair-value adjustments to real estate, some sizable releases from insurance provisions, and lower expenses. Underlying profit from Insurance Asia/Pacific was flat at EUR 112 million. Other insurance results declined to EUR -75 million from EUR -44 million, mainly due to the loss on the buy-back of legacy debt and lower results on derivatives, partially offset by higher realised gains on shares. Total underlying profit before tax from banking declined 9.4% to EUR 1,128 million, mainly caused by a decrease of the Wholesale Banking results. Underlying profit of Wholesale Banking declined 11.6%, mainly due to lower results from Financial Markets and higher operating expenses, which offset higher results from Structured Finance and Corporate Finance & Equity Markets. Retail Banking and ING Direct posted increases of 1.0% and 2.8% respectively. Other banking results were EUR -64 million compared with EUR -3 million in the third quarter, as a result of higher financing charges and non-allocated expenses as well as the implementation of the fair-value option under IFRS in the third quarter. Divestments resulted in a gain of EUR 17 million in the fourth quarter of 2005 and a gain of EUR 4 million in the third quarter. Divested units had a loss of EUR 8 million compared with a profit of EUR 1 million in the third quarter. Including those items, total profit before tax declined 8.2% to EUR 2,159 million. Net profit declined 2.0% to EUR 1,840 million from EUR 1,878 million, and earnings per share were EUR 0.85 compared with EUR 0.86 in the third quarter of 2005. Excluding divestments and special items after tax, underlying net profit declined 9.4% to EUR 1,549 million from EUR 1,709 million in the third quarter. (See Appendix 4 for an overview of quarterly profit developments including the impact of divestments and special items.)

**1.1 Balance Sheet and Capital & Reserves****Table 2. Key Balance Sheet Figures**

In EUR billion	<i>IFRS</i>		Change	<i>Excl. IAS 32, 39 &amp; IFRS 4</i>	
	31 December 2005	1 January 2005		31 December 2004	Change
<b>Capital &amp; reserves</b>	<b>36.7</b>	<b>28.2</b>	<b>30.4%</b>	<b>24.1</b>	<b>52.3%</b>
- insurance operations	20.6	15.3	34.6%	13.2	56.1%
- banking operations	20.9	17.2	21.5%	14.4	45.1%
- eliminations <sup>1</sup>	-4.8	-4.3		-3.5	
<b>Total assets</b>	<b>1,158.6</b>	<b>964.5</b>	<b>20.1%</b>	<b>876.4</b>	<b>32.2%</b>
<b>Net return on capital &amp; reserves<sup>2</sup></b>	<b>26.6%</b>	<b>25.4%</b>			
- insurance operations	21.1%	27.0%			
- banking operations	24.2%	15.8%			

1. Own shares, subordinated loans, third-party interests, debenture loans and other eliminations
2. The comparable figures shown under 1 January 2005 are FY 2004 figures based on net profit and average capital and reserves under Dutch GAAP

**Capital & Reserves**

Total capital & reserves of ING Group were further strengthened in 2005 with an increase of EUR 8.6 billion to EUR 36.7 billion on 31 December 2005, compared with EUR 28.2 billion on 1 January 2005. The increase resulted primarily from the strong growth in net profit to EUR 7.2 billion. Unrealised revaluations on investments added EUR 1.6 billion to capital & reserves, currency effects had a positive effect of EUR 2.1 billion, primarily due to the appreciation of the U.S., Canadian and Australian dollars against the euro, and a change in cash-flow/net investment hedge of EUR 0.8 billion. This increase was partially offset by capital gains released to the profit & loss account of EUR 0.7 billion and the total cash dividend payout of EUR 2.5 billion. The balance sheet per 1 January 2005 and 31 December 2004 have been restated due to changes in the impact of implementing IFRS. There was no material impact on capital & reserves.

**Capital Ratios**

The growth in capital & reserves further strengthened ING's solvency position, with all ratios in line with the Group's targets. ING calculates these ratios on the basis of adjusted capital, which differs from total capital & reserves in that it excludes unrealised gains on fixed-interest investments and includes hybrid capital. On this basis, the debt/equity ratio of ING Group improved to 9.3% compared with 11.9% at 1 January 2005, supported by growth in capital & reserves. The capital coverage ratio for ING Verzekeringen N.V. increased to 259% of E.U. regulatory requirements at the end of December, compared with 200% at 1 January 2005. The Tier-1 ratio of ING Bank N.V. stood at 7.32% at the end of 2005, up from 6.92% on 1 January 2005, as growth in capital was partially offset by strong growth in risk-weighted assets. The solvency ratio (BIS ratio) for the bank improved to 10.86% at the end of December from 10.46% on 1 January 2005. Total risk-weighted assets of the banking operations increased by EUR 45.6 billion, or 16.6%, to EUR 319.7 billion at the end of December, driven by growth in all three banking business lines.

**Credit Ratings**

Both ING Groep N.V. and ING Verzekeringen N.V. have an AA 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 upgraded in August 2005 and the ratings from Moody's were confirmed in May 2005. All ratings have a

stable outlook.

***Return on Capital & Reserves***

The net return on capital & reserves increased to 26.6% in 2005 from 25.4% in 2004. The insurance operations posted a 21.1% net return on capital & reserves in 2005, down from 27.0% in 2004, due to an increase in capital & reserves. The banking operations posted an increase to 24.2% from 15.8%. The 2004 figures for net return on capital & reserves are based on net profit and average capital & reserves under Dutch GAAP and the 2005 figures are based on IFRS.

**1.2 Dividend**

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

**2. Insurance operations****Table 3. ING Group: Insurance profit & loss account**

In EUR million	<i>Full Year</i>			<i>Fourth Quarter</i>		
	2005	2004	Change	2005	2004	Change
Life premium income	39,144	36,975	5.9%	10,189	9,408	8.3%
Non-life premium income	6,614	6,642	-0.4%	1,505	1,461	3.0%
<b>Total premium income</b>	<b>45,758</b>	<b>43,617</b>	<b>4.9%</b>	<b>11,694</b>	<b>10,869</b>	<b>7.6%</b>
Investment income	9,944	10,179	-2.3%	2,536	2,731	-7.1%
Commission income	1,346	1,198	12.4%	294	312	-5.8%
Other income	376	608	-38.2%	86	172	-50.0%
<b>Total income</b>	<b>57,424</b>	<b>55,602</b>	<b>3.3%</b>	<b>14,610</b>	<b>14,084</b>	<b>3.7%</b>
Underwriting expenditure	47,120	45,384	3.8%	11,893	11,216	6.0%
Other interest expenses	1,100	1,140	-3.5%	247	288	-14.2%
Operating expenses	5,195	4,746	9.5%	1,408	1,345	4.7%
Impairments/investment losses	31	10	210.0%	23		
<b>Total expenditure</b>	<b>53,446</b>	<b>51,280</b>	<b>4.2%</b>	<b>13,571</b>	<b>12,849</b>	<b>5.6%</b>
<b>Total profit before tax</b>	<b>3,978</b>	<b>4,322</b>	<b>-8.0%</b>	<b>1,039</b>	<b>1,235</b>	<b>-15.9%</b>
Taxation	455	850	-46.5%	97	318	-69.5%
Profit before third-party interests	3,523	3,472	1.5%	942	917	2.7%
Third-party interests	255	123	107.3%	81	42	92.9%
<b>Net profit (attributable to shareholders)</b>	<b>3,268</b>	<b>3,349</b>	<b>-2.4%</b>	<b>861</b>	<b>875</b>	<b>-1.6%</b>
<b>Underlying profit</b>						
<b>Total profit before tax</b>	<b>3,978</b>	<b>4,322</b>	<b>-8.0%</b>	<b>1,039</b>	<b>1,235</b>	<b>-15.9%</b>
Gains/losses on divestments	-13	221		17	254	
Profit before tax from divested units	16	151			45	
Special items		386			65	
<b>Underlying profit before tax</b>	<b>3,975</b>	<b>3,564</b>	<b>11.5%</b>	<b>1,022</b>	<b>871</b>	<b>17.3%</b>
Underlying profit before tax life insurance	2,682	2,498	7.4%	739	595	24.2%
Underlying profit before tax non-life insurance	1,293	1,066	21.3%	283	276	2.5%
<b>Key figures</b>						
Embedded value	27,586	22,451	22.9%			

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Value of new life business	805	632	27.4%
Internal rate of return	13.2%	12.1%	
Annual premium equivalent (APE)	6,312	4,969	27.0%
Combined ratio non-life business	95%	94%	
Net return on capital and reserves <sup>1</sup>	21.1%	27.0%	
Staff (average FTEs)	51,600	49,400	4.5%

1. 2004 figures are full-year on Dutch GAAP basis

**Full-year profit**

ING's insurance operations continued to benefit from strong growth in retirement services and life insurance in developing markets, higher investment results and a favourable claims environment for the non-life insurance businesses. Underlying profit before tax from insurance rose 11.5% to EUR 3,975 million. The non-life operations in the Netherlands, Belgium and Canada continued to benefit from a historically low claims ratio, which helped drive underlying profit before tax from non-life insurance up 21.3%. The life insurance activities in the Netherlands, U.S. and Central Europe showed strong profit growth, supported by increased sales, improved returns, growth in assets under management, and investment gains. Underlying profit before tax from life insurance increased 7.4%, as growth was somewhat tempered by continued reserve strengthening in Taiwan and lower capital gains on equities. Strong sales and a focus on cost control led to an improvement in the efficiency ratios for life and investment products. Continued focus on value creation resulted in a 27.4% increase in the value of new