ING GROEP NV
Form 6-K
August 09, 2007

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SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
For August 8, 2007
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 þ Form 40-F o

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): ___________

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T rule 101(b)(7): ___________

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 o No þ

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

THIS REPORT ON FORM 6-K SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THE REGISTRATION STATEMENT ON FORM F-3 (FILE NO. 333-130040) OF ING GROEP N.V. AND TO BE A PART THEREOF FROM THE DATE ON WHICH THIS REPORT IS FURNISHED, TO THE EXTENT NOT SUPERSEDED BY DOCUMENTS OR REPORTS SUBSEQUENTLY FILED OR FURNISHED.

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This Report contains a copy of the following:
(1) The Press Release issued on August 8, 2007.

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PRESS RELEASE

Amsterdam 8 August 2007

ING posts record second-quarter results: underlying net profit up 36.7%

Underlying net profit up 36.7% to EUR 2,747 million on business and investment gains

- **Profit includes a EUR 573 million net gain on the sale of part of ING s stake in ABN Amro**
- **Underlying net profit increased 8.2% to a record EUR 2,174 million excluding that gain**
- **Strong volume growth in banking helps offset continued pressure from flat yield curves**
- **Expenses remain under control: up 4.2% including investments to support fast-growing businesses**
- **Net profit up 27.1% to EUR 2,559 million (EPS: EUR 1.18) after EUR 188 million for combining ING Bank and Postbank**
- **ING to pay interim dividend of EUR 0.66 per share, up 11.9% and equal to half of the total dividend paid over 2006**

Commercial momentum remains strong across our businesses

- **Single-premium sales up 22.8% from 1Q as ING capitalises on global shift to wealth accumulation products**
- **Total value of new business up 23.2% from 1Q on strong SPVA sales in Japan and U.S. individual life reserves**
- **ING Direct adds record EUR 7.0 billion in own-originated mortgages in the second quarter**
- **Retail Banking shows solid volume growth in current accounts and mortgages in the Benelux and Poland**

ING continues to invest to accelerate the growth of its businesses

- **Acquisitions of Oyak Bank in Turkey, Latin American pension business, Korean fund manager support growth**
- **ING to launch retail bank in Ukraine in 2008 as next step in eastward expansion strategy**
- **Single-premium variable annuity launched in Hungary in July as European roll-out continues**
- **Additional investments planned to boost growth at ING Direct in the second half of 2007**

Chairman s Statement

ING posted strong results in the second quarter as the business continued to benefit from solid economic and market conditions. Results benefited from a gain on the sale of part of ING s stake in ABN Amro, however this was a record quarter on an underlying basis without those proceeds, said Michel Tilmant, Chairman of ING Group.

At the banking business, volume growth in mortgages and current accounts continued to help offset pressure from flat yield curves and the interest margin stabilised in the second quarter from the first. Risk costs remained low, and there is no sign of a deterioration in the credit portfolio.

The life insurance businesses benefited from growth in assets under management and higher investment gains as stock markets rallied. ING is capitalising on a global shift from traditional life insurance to wealth accumulation products, reflected in a 22.8% increase in single-premium sales in the second quarter from the first. Strong sales of a new single-premium variable annuity product in Japan, as well as the execution of our strategy to address redundant regulatory reserves in the U.S. life business, resulted in a 23.2% improvement in the value of new life business in the second quarter from the first.

Operating expenses for the Group remained under control, with underlying expenses up 4.2% including additional expenses to grow the business.

ING is taking new initiatives to accelerate growth organically and through bolt-on acquisitions. The recent agreements to buy Oyak Bank in Turkey, the Latin American pension business of Santander, and Landmark Investment Management in South Korea will build scale and give ING access to attractive new markets. Preparations continue for the launch of ING Direct in Japan later this year. Additional investments of EUR 65 million are anticipated in the second half to accelerate the commercial growth of ING Direct. Next year we will launch a retail bank in Ukraine as we continue to expand ING s retail distribution franchise eastward into the largest markets in the region.

Looking forward, ING s proprietary investment portfolio is expected to produce substantial gains in the second half which we will partially reinvest to support further organic growth. Credit markets have very recently become more turbulent, however based on today s market circumstances we expect no material impact on 2007 earnings. The commercial performance of the business remains robust and we are confident that ING s risk profile and the diversification of our businesses will enable ING to continue to create value for shareholders while focusing on long-term growth.

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Press Conference

8 August, 11:00 a.m. CET

ING House, Amsterdam

Webcast www.ing.com

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Analyst Conference Call

8 August, 9:00 a.m. CET

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Presentation and audio webcast

at www.ing.com

Analyst Conference Call

8 August, 4 p.m. CET

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A video interview is available at www.ing.com

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ING GROUP

ING Group: Key Figures

In EUR million	2Q2007	2Q2006	Change	1Q2007	Change	1H2007	1H2006	Change
Underlying[1] profit before tax								
Insurance Europe	694	704	-1.4%	468	48.3%	1,162	1,147	1.3%
Insurance Americas	593	457	29.8%	533	11.3%	1,126	941	19.7%
Insurance Asia/Pacific	153	157	-2.5%	159	-3.8%	312	313	-0.3%
Corporate line Insurance	531	-2		-84		447	120	
Underlying profit before tax from Insurance	**1,971**	**1,316**	**49.8%**	**1,076**	**83.2%**	**3,048**	**2,521**	**20.9%**
Wholesale Banking	668	717	-6.8%	737	-9.4%	1,404	1,452	-3.3%
Retail Banking	555	454	22.2%	539	3.0%	1,094	1,022	7.0%
ING Direct	171	190	-10.0%	165	3.6%	336	345	-2.6%
Corporate line Banking	-65	-25		-56		-122	-45	
Underlying profit before tax from Banking	**1,329**	**1,336**	**-0.5%**	**1,384**	**-4.0%**	**2,713**	**2,774**	**-2.2%**
Underlying profit before tax	**3,300**	**2,652**	**24.4%**	**2,460**	**34.1%**	**5,760**	**5,295**	**8.8%**
Taxation	476	557	-14.5%	502	-5.2%	977	1,154	-15.3%
Profit before minority interests	2,824	2,095	34.8%	1,958	44.2%	4,783	4,141	15.5%
Minority interests	76	86	-11.6%	65	16.9%	142	175	-18.9%
Underlying net profit	**2,747**	**2,009**	**36.7%**	**1,894**	**45.0%**	**4,641**	**3,966**	**17.0%**
Net gains/losses on divestments		-9					21	
Net profit from divested units		14					33	
Special items after tax	-188					-188		

Net profit (attributable to shareholders)	**2,559**	**2,014**	**27.1%**	**1,894**	**35.1%**	**4,452**	**4,020**	**10.7%**
Earnings per share (in EUR)	**1.18**	**0.93**	**26.9%**	**0.88**	**34.1%**	**2.06**	**1.86**	**10.8%**
KEY FIGURES								
Net return on equity[2]	23.9%	25.0%		20.8%		23.9%	25.0%	
Assets under management (end of period)	636,700	546,200	16.6%	619,400	2.8%	636,700	546,200	16.6%
Total staff (FTEs end of period)	119,097	119,409	-0.3%	118,592	0.4%	119,097	119,409	-0.3%

1 Underlying profit before tax and underlying net profit are non-GAAP measures for profit excluding divestments and special items as specified in Appendix 2

2 Year to date

Note: small differences are possible in the tables due to rounding

Earnings Analysis: Second Quarter

ING posted strong earnings in the second quarter as the company benefited from a healthy economic climate, including relatively low risk costs as well as strong equity markets, which drove growth in assets under management and realised gains at the insurance business. Underlying net profit increased 36.7% to EUR 2,747 million, boosted by a gain of EUR 573 million on the sale of part of ING s stake in ABN Amro. Excluding that gain, underlying net profit increased 8.2% to a record EUR 2,174 million. Currencies had a negative impact of approximately EUR 32 million.

ING GROUP

Underlying net profit (EUR million)

Results from insurance increased, with underlying profit before tax up 49.8% to EUR 1,971 million including the ABN Amro gain, which was reported in the Corporate Line Insurance. The U.S., Latin America and Central Europe led results from life insurance higher, driven by a strong investment performance and growth in assets under management as equity markets rallied and real estate values increased. That more than offset a decline in non-life profit as claims ratios in Canada deteriorated and pricing pressure impacted results in the Netherlands.

Strong volume growth, particularly in mortgages and current accounts, continued to help offset pressure from the interest margin as yield curves remained flat. That environment is particularly challenging for ING Direct, where profit declined 10.0%, due in part to investments to support the commercial growth of the business, particularly in mortgages. Risk costs of the banking businesses remained low, but increased to EUR 25 million from a net release of EUR 15 million in the second quarter last year as releases of past provisions diminish.

Operating expenses rose 4.2%, including investments in growth activities and new initiatives such as preparations to start ING Direct in Japan and new greenfield operations in Russia, Romania and Bulgaria.

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ING benefited from a low effective tax rate in the second quarter, mainly due to substantial tax-exempt capital gains on equities. The underlying effective tax rate declined from 21.0% to 14.4%, and is expected to be in the 15-20% range for the full year, significantly below a normalised level of 20-25%.

Net profit increased 27.1% to EUR 2,559 million after a charge of EUR 188 million (EUR 252 before tax) for combining Postbank and ING Bank in the Netherlands, which was booked as a special item. The second quarter last year included a loss of EUR 9 million on divestments and EUR 14 million in profit from divested units.

Insurance

Strong equity and real estate markets bolstered results at ING s insurance businesses as fee income increased, driven by higher assets under management, and the company realised higher gains on equities. Underlying profit before tax from insurance rose 49.8% to EUR 1,971 million, including EUR 802 million in realised gains on equities, of which EUR 573 million was from the sale of part of ING s stake in ABN Amro.

Life results increased 69.9% to EUR 1,626 million, including the bulk of the gain on ABN Amro shares. Earnings were also driven by growth in assets under management, particularly in the U.S., Latin America, Central & Rest of Europe and Australia. Non-life insurance results declined 3.9%, driven by lower results in Canada and Mexico as the businesses continued to experience more challenging underwriting conditions.

Gross premium income increased 1.5% excluding currency effects as growth in Belgium, South Korea and Central & Rest of Europe was largely offset by declines in U.S. fixed annuities, Japan and the Netherlands. Assets under management of the insurance businesses showed robust growth, up 2.2% in the second quarter and 13.6% from a year earlier. Operating expenses rose 3.5%, or 6.9% excluding currency effects, as ING continued to invest for growth in Central & Rest of Europe, the U.S. and Asia.

New sales were dominated by strong growth in single-premium products as ING capitalises on a global shift from traditional life insurance products to unit-linked wealth accumulation products. Total single-premium sales increased 16.8%, and were up 22.8% from the first quarter, driven by strong growth in Japan, Australia, Korea, Taiwan, Central Europe, and in U.S. variable annuities.

The value of new business improved strongly in the second quarter from the first, up 23.2% to EUR 207 million, driven by strong sales of single-premium variable annuities in Japan after a new product was introduced in April. The VNB also includes EUR 28 million from the establishment of two on-shore captives to address the redundant regulatory reserves in the U.S. individual life business, of which EUR 11 million was attributable to first-quarter production. Compared with the second quarter last year, the value of new business declined 9.6%, or EUR 22 million, of which EUR 10 million is attributable to negative currency effects and EUR 13 million is due to the change in the discount rate at the end of 2006.

Insurance Europe

Strong growth in Central & Rest of Europe continued to drive sales and new business growth at Insurance Europe in the second quarter. Underlying profit before tax at Insurance Europe declined slightly to EUR 694 million from a very strong second quarter of 2006. Higher investment results and growth in Central Europe and Belgium compensated for a swing in the revaluation of the provision for separate account guarantees in the Netherlands.

Profit in the second quarter last year included a EUR 135 million positive revaluation of the provision for guarantees on separate account pension contracts in the Netherlands, including a EUR 76 million catch-up from the first quarter of 2006. That compares with a EUR 19 million negative revaluation in the second quarter this year. Excluding this impact, underlying profit before tax for Insurance Europe increased 25.3% to EUR 713 million, and profit from life insurance in the Netherlands was up 35.1 % on higher investment gains.

Profit from Central & Rest of Europe increased 37.3%, driven by higher sales and growth in assets under management. Life results in Belgium were up 85.7% on strong investment performance and higher sales of investment products. Results from non-life insurance declined 16.1% due to pricing pressure in the Netherlands and Belgium, and an increase in the claims provision.

Total premium income grew 5.7% driven by higher life sales in Belgium and Central & Rest of Europe. Operating expenses were flat despite a 4.5% increase in Central & Rest of Europe. The Netherlands showed a modest increase of 1.1 %, while expenses in Belgium declined 18.9% as the business prepared for the sale of the broker and employee benefits business in the third quarter.

The value of new life business was unchanged at EUR 55 million as a 30.8% increase in Central & Rest of Europe was offset by a decline of 34.6% in the Netherlands.

Insurance Americas

Strong growth in assets under management and favourable investment results at the U.S. drove profit growth at Insurance Americas in the second quarter. Underlying profit before tax climbed 29.8% to EUR 593 million, and was up 37.3% excluding currency effects. A 74.2% jump in profit in the U.S., as well as a strong improvement in Latin America, more than offset a 36.6% decline in profit in Canada as claims increased.

Premium income declined 4.1% excluding currency effects, mainly due to lower sales of fixed annuities in the U.S. Operating expenses increased 6.0% excluding currency effects as staff were added to support customer service and the expansion of distribution in U.S. Wealth Management and Asset Management businesses.

The value of new life business increased strongly to EUR 53 million from EUR 33 million in the first quarter. The figures include EUR 28 million from the establishment of two on-shore captives to address the redundant regulatory reserves in the U.S. individual life business, of which EUR 11 million relates to first-quarter production. Compared with the second quarter last year, the value of new business declined 18.5%, reflecting currency effects and the increase in the discount rate at year-end 2006, as well as lower annuity margins, and lower fixed annuity sales.

Insurance Asia/Pacific

Underlying profit before tax from Insurance Asia/Pacific declined slightly to EUR 153 million as higher results in Australia were offset by declines in Japan and South Korea. Results in Japan were negatively impacted by a EUR 32 million swing in results from the SPVA product, mainly due to volatility from unhedged positions related to an increase in implied market volatility, which overshadowed very positive developments in the underlying business. Excluding this volatility in Japan, underlying profit before tax from Insurance Asia/Pacific increased 19.3% to EUR 173 million. In South Korea, results declined following a one-time item in the second quarter last year. Profit from Australia & New Zealand increased 41.9% driven by higher investment income.

Total premium income rose 9.4% excluding currency effects, driven mainly by growth of 24.9% in South Korea and 9.2% in Taiwan. Compared with the first quarter, premium income was up 21.4% driven by strong sales of single-premium products across the region. Operating expenses increased 20.9% excluding currency effects, reflecting investments to support the growth of the business.

Sales of single-premium products dominated new production in the second quarter as ING capitalises on a shift across the region from traditional life to wealth accumulation products. Single-premium sales were up 67.8% compared with the second quarter last year while annual premiums were flat, taking total new sales (APE) up 20.6% for the region. The shift from traditional to unit-linked products was also reflected in a lower internal rate of return in most countries, however returns for the region remained strong at 15.6%. The value of new business was down 9.2% from the second quarter last year, reflecting unfavourable currency effects, slower sales and margins in the COLI business in Japan, as well as the lower IRR. Compared with the first quarter, the value of new life business rose 20.7%, driven by strong sales of the new SPVA product in Japan as well as a surge in sales of superannuation products in Australia following a special tax incentive.

Corporate Line Insurance

The Corporate Line Insurance posted a profit of EUR 531 million in the second quarter compared with a loss of EUR 2 million a year earlier. The increase was due to EUR 578 million higher realised capital gains on shares, including the sale of part of ING s stake in ABN Amro. That was offset in part by a EUR 52 million decline in fair value changes of derivatives used to hedge corporate interest and equity exposures.

Banking

Strong commercial growth in current accounts and mortgages continued to help offset the impact of flat yield curves at ING s banking businesses. Total underlying profit before tax declined slightly by 0.5% compared with strong results in the second quarter of 2006. The interest result increased 3.7%, despite a narrowing of the interest margin by 5 basis points from the second quarter last year, while the interest margin remained stable relative to the first quarter.

Volume growth was led by strong sales of mortgages at ING Direct, growth of current accounts and term deposits at Retail Banking, as well as the continued growth of ING Real Estate. Net risk costs swung to an addition to the provision for loan losses from a release of provisions in the second quarter last year, however risk costs remained low and there was no indication of a deterioration in the quality of the credit portfolio. Operating expenses rose 4.6%, including investments to support the growth of the business, notably at ING Real Estate and the retail banking activities in developing markets. Pricing discipline and capital efficiency led to a further improvement in returns with the underlying risk-adjusted return on capital (RAROC) after tax up to 24.8% from 22.0% in the first half of 2006.

Wholesale Banking

Wholesale Banking continued to benefit from strong growth at ING Real Estate, as well as volume growth in Payments & Cash Management (PCM) and Leasing, which helped offset margin compression. Underlying profit

before tax of Wholesale Banking declined 6.8% to EUR 668 million, reflecting a smaller net release from the provision for loan losses. The release narrowed to EUR 14 million in the second quarter from EUR 74 million in the second quarter last year as releases of old provisions begin to diminish.
The profit development was obscured by the asymmetrical tax treatment embedded in the equity derivative trading activities and their related cash equity hedges. Corrected for that impact, total income for Wholesale Banking increased 9.9%, the gross result rose 15.2% and underlying profit before tax was up 5.2%.
Operating expenses declined 1.7% from the first quarter but increased 5.7% compared with the second quarter last year, driven by increases to support growth at ING Real Estate and investments in PCM to prepare for the Single European Payment Area (SEPA). Returns continued to improve with the underlying RAROC after tax at 25.9%, up from 22.4% in the first half last year.
Retail Banking
Retail Banking posted solid earnings growth in the second quarter, despite the challenging interest rate environment, as continued volume growth more than offset margin pressure. Underlying profit before tax rose 22.2% from the second quarter last year, when profit was impacted by a litigation provision and

a catch-up of risk costs. The gross result, before risk costs, was up 14.4%. Growth was driven by an 11.4% increase in the Netherlands, where substantial volume growth was achieved in all product groups. Profit in Belgium declined 2.8% as growth in investment products and savings was offset by a lower interest margin following client rate increases in mid-2006. Poland posted a profit of EUR 34 million, up from EUR 13 million a year earlier, supported by strong volume growth in all products, particularly savings, current accounts and mutual funds.

Total underlying income increased 6.7%, outpacing a 2.7% increase in operating expenses, and risk costs declined. Continued pricing discipline helped Retail Banking sustain high returns, with a total risk-adjusted return on capital after tax of 42.8%, up from 34.2% in the first half of 2006.

ING Direct

ING Direct results remained solid in the second quarter while it continued to make substantial investments to build the business by rolling out new products. Underlying profit before tax was EUR 171 million, up 3.6% from the first quarter, and down 10.0% from the second quarter last year.

The challenging interest rate environment continued with flat or inverted yield curves in most currency zones, and interest rates continued to rise. The interest margin declined to 0.75% from 0.90% in the second quarter of 2006 but was down just 1 basis point from the first quarter.

Total client retail balances, including funds entrusted, off-balance sheet funds, residential mortgages and consumer loans, increased to EUR 302.0 billion, up from EUR 290.5 billion at the end of March. A record EUR 7.0 billion in own-originated mortgages was added in the second quarter excluding currency effects, taking the total mortgage portfolio to EUR 82.8 billion at the end of June.

Income increased 0.7% to EUR 571 million, as a lower interest result was more than offset by further growth of off-balance sheet funds, as well as higher realised gains on bonds. Operating expenses rose 4.0% and the addition to the provision for loan losses increased, however there was no sign of a deterioration in the loan portfolio. Returns improved, with the after-tax risk-adjusted return on capital at 16.7%, up from 11.7% in the first half of 2006, partly due to lower tax charges.

Corporate Line Banking

The Corporate Line Banking recorded a loss of EUR 65 million before tax compared with a loss of EUR 25 million a year earlier. The decline was mainly due to higher un-allocated expenses, such as Formula 1 sponsorship and certain Basel II expenses, as well as negative fair value changes of derivatives mainly used to hedge solvency and liquidity positions.

Assets under Management

Assets under management increased by EUR 17.3 billion, or 2.8%, in the second quarter to reach EUR 636.7 billion at the end of June. Growth was driven mainly by a solid net inflow of EUR 10.4 billion. Higher equity markets and interest rates had a combined positive impact of EUR 10.0 billion. Exchange rates had a negative impact of EUR 2.7 billion, mainly due to the weaker U.S. dollar. Divestments and acquisitions had a net negative impact of EUR 0.4 billion.

Capital Management

ING s capital ratios all remained well within target in the second quarter. The debt/equity ratio increased to 9.32% from 8.49%, reflecting ING s dividend payout in April and the impact of the share buyback. The leverage ratio for Insurance improved from 15.52% to 11.03% due to a reduction in core debt as dividends were upstreamed from the insurance subsidiaries. The E.U. capital coverage ratio of ING Insurance increased further to 297% from 277%. The Tier-1 ratio of the Bank declined to 7.55% from 7.66% at the end of March, mainly as a result of growth in risk-weighted assets of EUR 23 billion, driven by all three banking business lines.

Share Buyback

In June ING started its EUR 5.0 billion share buyback programme, which is expected to run until June 2008. In the second quarter 13.4% of the programme was executed as 20,431,500 shares were bought back at an average price of EUR 32.85. The impact was partially offset by the exercise of 6,857,042 warrants B, leading to the issue of 13,714,084 shares at a price of EUR 24.96. There remain 10,184,711 warrants B outstanding which are expected to be exercised during the second half of 2007.

Dividend

ING will pay an interim cash dividend of EUR 0.66 per ordinary share, equal to half of the total dividend paid over the book-year 2006 (EUR 1.32), and up 11.9% from an interim dividend of EUR 0.59 per share last year. ING s shares will be quoted ex-interim dividend from 9 August and the dividend will be made payable on 16 August for NYSE Euronext.

Risk Management

Credit markets have recently become more turbulent amid concerns about U.S. subprime mortgages, collateralised debt obligations (CDOs) and leveraged finance. To date this market disruption has had a limited impact on ING. Overall, ING considers its subprime and CDO/CLO exposure to be of limited size and of relatively high quality. ING does not originate subprime mortgages in the U.S. The Group s total exposure of EUR 3.2 billion to subprime is through asset-backed securities which represent just 0.25% of total assets. Of these assets, 93% are rated AAA or AA. As of 31 July 2007, the negative revaluation on these assets was just EUR 58 million, despite the significant market downturn. ING s total exposure to CDO and CLOs is EUR 0.9 billion, or 0.07% of assets, with a negative revaluation of EUR 35 million as of 31 July 2007. These negative revaluations are reflected through equity and no net impairments have been necessary through the P&L. With respect to leveraged finance, final takes are reduced through syndication and are subject to rigorous credit analysis. Today, the underwriting pipeline is EUR 2.3 billion and comprises 14 transactions. The hold book is EUR 5.3 billion spread over 210 deals.

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INSURANCE

Insurance: Profit & Loss Account

In EUR million	2Q2007	2Q2006	Change	1Q2007	Change	1H2007	1H2006	Change
Gross premium income	11,573	12,052	-4.0%	11,634	-0.5%	23,207	24,577	-5.6%
Commission income	478	397	20.4%	465	2.8%	943	813	16.0%
Direct investment income	2,796	2,648	5.6%	2,517	11.1%	5,313	5,031	5.6%
Realised gains & fair value changes	688	244	182.0%	205	235.6%	893	568	57.2%
Total investment & other income	3,484	2,892	20.5%	2,722	28.0%	6,207	5,599	10.9%
Total underlying income	**15,536**	**15,341**	**1.3%**	**14,821**	**4.8%**	**30,357**	**30,989**	**-2.0%**
Underwriting expenditure	11,843	12,353	-4.1%	12,051	-1.7%	23,894	25,158	-5.0%
Operating expenses	1,376	1,329	3.5%	1,370	0.4%	2,746	2,626	4.6%
Other interest expenses	346	345	0.3%	323	7.1%	669	686	-2.5%
Other impairments		-2		1		1	-2	
Total underlying expenditure	**13,565**	**14,025**	**-3.3%**	**13,745**	**-1.3%**	**27,309**	**28,468**	**-4.1%**
Underlying profit before tax	**1,971**	**1,316**	**49.8%**	**1,076**	**83.2%**	**3,048**	**2,521**	**20.9%**
Taxation	274	222	23.4%	189	45.0%	462	450	2.7%
Profit before minority interests	1,698	1,094	55.2%	888	91.2%	2,585	2,071	24.8%
Minority interests	50	75	-33.3%	39	28.2%	90	153	-41.2%
Underlying net profit	**1,648**	**1,019**	**61.7%**	**848**	**94.3%**	**2,496**	**1,918**	**30.1%**
NEW BUSINESS								
Single-premium sales	7,756	6,643	16.8%	6,316	22.8%	14,072	13,107	7.4%
Annual-premium sales	914	899	1.7%	1,053	-13.2%	1,967	2,023	-2.8%
	1,689	1,562	8.1%	1,684	0.3%	3,373	3,334	1.2%

Total new sales (APE)								
Value of new life business	207	229	-9.6%	168	23.2%	375	477	-21.4%
Internal rate of return[1]	12.8%	13.9%		12.2%		12.8%	13.9%	
KEY FIGURES								
Net return on equity[1]	23.3%	20.8%		16.3%		23.3%	20.8%	
Assets under management (end of period)	468,100	411,800	13.7%	457,800	2.2%	468,100	411,800	13.7%
Staff (FTEs end of period)	54,330	54,083	0.5%	53,825	0.9%	54,330	54,083	0.5%

1 Year to date

Earnings Analysis: Second Quarter

Strong equity and real estate markets helped bolster growth at ING s insurance businesses as assets under management increased, driving fee income higher, and the company realised higher gains on equities. Underlying profit before tax from insurance increased 49.8% to EUR 1,971 million, including EUR 802 million in equity capital gains. Of that figure, EUR 573 million related to the sale of part of ING s stake in ABN Amro, of which EUR 519 million was booked in life insurance and EUR 54 million in non-life. ING s proprietary investment portfolio is expected to produce substantial gains in the second half of this year, potentially including around EUR 1.5 billion on our holdings in ABN Amro and Numico, both of which are currently subject to takeover offers.

INSURANCE TOTAL

Underlying profit before tax (EUR million)

Total underlying net profit from insurance increased 61.7% with an underlying effective tax rate of just 13.9%, reflecting high tax-exempt gains on equities.

Profit before tax from life insurance increased 69.9% to EUR 1,626 million, including the gain on ABN Amro shares. Earnings growth was also driven by higher assets under management, which pushed fee income up. Results in the U.S., Latin America, Central & Rest of Europe and Australia led the increase.

Non-life insurance results declined 3.9% to EUR 345 million, driven by lower results in Canada and Mexico as the businesses continued to experience more challenging underwriting conditions. That was offset in part by the gain on ABN Amro shares.

Gross premium income declined 4.0% but was up 1.5% excluding currency effects. Growth in Belgium, Korea and Central & Rest of Europe was largely offset by declines in U.S., Japan and the Netherlands.

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Commission income increased 20.4% reflecting growth in assets under management, most notably in Asia/Pacific, the U.S. and Central Europe. Investment and other income increased 20.5%, driven by the realised gains on equities, as well as EUR 68 million higher dividend income and EUR 50 million higher revaluations of private equity investments. That was partially offset by a EUR 246 million decline in fair value changes on derivatives, the majority of which hedge policy guarantees in the U.S., Japan and Taiwan.

Operating expenses rose 3.5% to EUR 1,376 million, and increased 6.9% excluding currency effects as ING continued to invest for growth in Central & Rest of Europe and Asia.

Life Insurance: Key Figures

In EUR million	2Q2007	2Q2006	Change
Gross premium income	9,979	10,453	-4.5%
Operating expenses	1,006	960	4.8%
Underlying profit before tax	**1,626**	**957**	**69.9%**
Expenses/premiums life insurance	14.0%	12.6%	
Expenses/AUM investment products	0.73%	0.77%	
Single-premium sales	7,756	6,643	16.8%
Annual-premium sales	914	899	1 .7%
Total new sales (APE)	1,689	1,562	8.1%
Value of new business	207	229	-9.6%
Internal rate of return (YTD)	12.8%	13.9%	

Life Insurance

Underlying profit before tax from life insurance rose 69.9% to EUR 1,626 million, including EUR 519 million from the gain on the sale of ABN Amro shares.

Gross life premium income declined 4.5% to EUR 9,979 million, but increased 1.2% excluding currency effects. Strong increases in Central & Rest of Europe, Belgium, South Korea and Rest of Asia were offset by declines in the U.S., Japan and the Netherlands.

Operating expenses rose 4.8%, or 8.8% excluding currencies, reflecting investments to support the growth of the business, particularly in developing markets. Expenses as a percentage of assets under management improved year-to-date to 0.73% as growth in assets under management outpaced expense growth, especially in Asia/Pacific and Central & Rest of Europe. Expenses as percentage of gross premiums deteriorated in the first half to 14.0%, mainly following lower premiums.

New Business Production

New sales were dominated by strong growth in single-premium products as ING capitalises on a global shift from traditional life insurance products to unit-linked wealth accumulation products. Total single-premium sales increased 16.8%, and were up 22.8% from the first quarter, driven by strong growth in Japan, Australia, South Korea, Taiwan, Central Europe, and in U.S. variable annuities.

Total new life sales, measured in annual premium equivalent (APE), increased 8.1%, while annual premium sales were up 1.7%. Margins, measured by the internal rate of return (IRR), declined to 12.8% from 13.9%, due in part to the lower average margins on unit-linked products, but returns remained above ING s hurdle.

The value of new business improved strongly in the second quarter from the first, up 23.2% to EUR 207 million, driven by strong sales of single-premium variable annuities in Japan after a new product was introduced in April. The VNB also includes EUR 28 million from the establishment of two on-shore captives to address the redundant regulatory reserves in the U.S. individual life business, of which EUR 11 million was attributable to first-quarter production.

Compared with the second quarter last year, the value of new business declined 9.6%, or EUR 22 million, of which EUR 10 million is attributable to negative currency effects and EUR 13 million is due to the change in the discount rate at the end of 2006.

Non-Life Insurance: Key Figures

In EUR million	2Q2007	2Q2006	Change
Gross premium income	1,594	1,599	-0.3%
Operating expenses	370	369	0.3%
Underlying profit before tax	**345**	**359**	**-3.9%**
Claims ratio	66.1%	59.3%	
Expense ratio	29.8%	29.5%	
Combined ratio	**95.9%**	**88.8%**	

Non-Life Insurance

Underlying profit before tax from non-life insurance declined 3.9% to EUR 345 million, driven by higher claims in Fire and Motor in Canada as well as higher claims and reserve strengthening in Motor in Mexico. This was partly compensated by a higher result from the run-off of old reinsurance business and EUR 54 million from the gain on ABN Amro shares, which are both reported in the Corporate Line.

The combined ratio increased 7.1 % points to 95.9%, driven by a deterioration of the claims ratio, which increased from 59.3% to 66.1%. Non-life premiums were almost flat but rose 3.4% excluding currency effects as growth in Canada and Mexico were partially offset by a decline in the Netherlands.

Operating expenses were nearly flat, but increased 1.9% excluding currency effects, driven by increases in Mexico and the Netherlands with a modest increase in Canada.

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INSURANCE EUROPE

Insurance Europe: Profit & Loss Account

In EUR million	2Q2007	2Q2006	Change	1Q2007	Change	1H2007	1H2006	Change
Gross premium income	2,587	2,447	5.7%	3,449	-25.0%	6,036	5,683	6.2%
Commission income	125	75	66.7%	121	3.3%	246	171	43.9%
Direct investment income	1,239	1,162	6.6%	1,075	15.3%	2,314	2,159	7.2%
Realised gains & fair value changes	256	202	26.7%	196	30.6%	451	443	1.8%
Total investment & other income	1,495	1,364	9.6%	1,270	17.7%	2,765	2,602	6.3%
Total underlying income	**4,207**	**3,886**	**8.3%**	**4,840**	**-13.1%**	**9,048**	**8,456**	**7.0%**
Underwriting expenditure	2,918	2,581	13.1%	3,696	-21.0%	6,614	6,130	7.9%
Operating expenses	463	463	0.0%	475	-2.5%	938	900	4.2%
Other interest expenses	133	138	-3.6%	200	-33.5%	333	279	19.4%
Other impairments				1		1		
Total underlying expenditure	**3,513**	**3,182**	**10.4%**	**4,372**	**-19.6%**	**7,885**	**7,309**	**7.9%**
Underlying profit before tax	**694**	**704**	**-1.4%**	**468**	**48.3%**	**1,162**	**1,147**	**1.3%**
- of which Life	579	567	2.1%	357	62.2%	936	878	6.6%
- of which Non-Life	115	137	-16.1%	111	3.6%	227	269	-15.6%
NEW BUSINESS								
Single-premium sales	781	690	13.2%	975	-19.9%	1,756	1,489	17.9%
Annual-premium sales	132	120	10.0%	133	-0.8%	265	244	8.6%
Total new sales (APE)	210	189	11.1%	231	-9.1%	441	393	12.1%
Value of new life business	55	55		53	3.8%	108	108	
Internal rate of return (YTD)	14.3%	14.5%		14.3%		14.3%	14.5%	
KEY FIGURES								
Assets under management (end of period)	163,100	144,600	12.8%	163,600	-0.3%	163,100	144,600	12.8%
Staff (FTEs end of period)	14,997	15,549	-3.6%	14,853	1.0%	14,997	15,549	-3.6%

Key Performance Indicators

New life sales in Central Europe climb 25.0%

Solid earnings growth compensates for gain in 2Q06

SPVA product launched in Hungary in July

Strong growth in Central & Rest of Europe continued to drive sales and new business value growth at Insurance Europe in the second quarter. New sales (APE) from ING s life and pensions businesses in Central Europe rose 25.0%, and margins increased further, driving the value of new business up 30.8% to EUR 34 million. New initiatives to accelerate growth in the region continued. In July, ING started sales at its new life insurance greenfield in Russia and it launched its first campaign for third-pillar pensions in Romania after obtaining a license earlier this year. The company is also ready to capitalise on the opportunity when reform of Romania s second-pillar pension system takes place later this year. A four-month sales window for the second-pillar plan is now expected to open mid-September, after a short delay, and ING has more than 30,000 distributors in place, including a specially recruited flex-force of temporary agents. Sales of ING s new single-premium variable annuity product in Spain are encouraging and confirm the potential for the product. The first SPVA product was introduced in Hungary in July as the European roll-out of variable annuities continues.

INSURANCE EUROPE

Underlying profit before tax (EUR million)

In Belgium, ING reached an agreement to sell its broker and employee benefits business, allowing it to focus on distribution through the retail bank. The operational split of the businesses has been completed, and the sale is expected to be finalised in the third quarter, resulting in a gain of about EUR 425 million.

In July, interest groups representing policyholders started a legal proceeding against Nationale-Nederlanden with respect to the level and transparency of costs and risks for certain universal life insurance products. While it is not feasible to predict or determine the ultimate outcome, management does not believe that it will have a material adverse effect on the Group s financial position or results of operations.

Earnings Analysis: Second Quarter

Underlying profit before tax at Insurance Europe remained stable compared with the strong second quarter of 2006 as higher investment results and growth in Central Europe and Belgium largely compensated for a swing in the revaluation of the provision for separate account guarantees in the Netherlands.

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Insurance Europe: Life Key Figures

	Total		Netherlands		Belgium		Central & Rest of Europe	
In EUR million	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006
Gross premium income	2,190	2,035	1,212	1,304	418	284	560	447
Operating expenses	313	313	231	230	14	19	68	64
Underlying profit before tax	**579**	**567**	**451**	**483**	**39**	**21**	**89**	**63**
Expenses/premiums life insurance	21.9%	20.4%	28.7%	25.7%	11.8%	14.1%	14.2%	12.8%
Expenses/AUM investment products	0.72%	0.82%	0.83%	0.91%	0.18%	0.22%	0.65%	0.82%
Single-premium sales	781	690	242	358	313	165	226	167
Annual-premium sales	132	120	40	41	10	11	82	68
Total new sales (APE)	210	189	64	78	41	27	105	84
Value of new business	55	55	17	26	4	3	34	26
Internal rate of return (YTD)	14.3%	14.5%	11.6%	14.1%	11.8%	10.2%	17.9%	16.3%

Underlying profit before tax for the region declined slightly to EUR 694 million from EUR 704 million in the second quarter last year, when profit included a EUR 135 million positive revaluation of the provision for guarantees on separate account pension contracts, including a EUR 76 million catch-up from the first quarter. That compares with a negative impact of EUR 19 million on the revaluation of the provision in the second quarter of 2007. Excluding that impact, underlying profit before tax increased 25.3% to EUR 713 million.

Total premium income grew 5.7% driven by life sales in Belgium and Central & Rest of Europe. Commission income rose 66.7% fuelled by growth in assets under management. Investment income was up 9.6%, driven by growth of assets under management and higher returns on public and private equity.

Operating expenses were flat despite a 4.5% increase in Central & Rest of Europe, including start-up costs in Bulgaria, Romania and Russia. The Netherlands showed a modest increase of 1.1 %, while Belgium declined 18.9% as the company prepared for the sale of the broker and employee benefits business.

Life Insurance

Underlying profit before tax from life insurance rose 2.1% to EUR 579 million. Higher sales and growth in assets under management drove profit from Central & Rest of Europe up 41.3%. Results in Belgium increased 85.7%, driven by strong investment performance and sales of investment products as well as lower expenses. In the Netherlands profit from life insurance declined 6.6% from the second quarter of 2006, however excluding the revaluation of the separate account provision, life profit in the Netherlands increased 35.1 %.

Life premium income increased 7.6%, led by a 47.2% increase in Belgium and 25.3% in Central & Rest of Europe. Life premiums in the Netherlands were down 7.1 %, mainly due to lower immediate annuity sales.

New Business Production

The value of new business for Insurance Europe was unchanged at EUR 55 million. Central & Rest of Europe showed strong growth, with sales up 25.0% and the value of new business up 30.8%. That was largely offset by a decline in the Netherlands, notably in the individual traditional life business, which declined to EUR 4 million from EUR 12 million as a result of lower sales and compressed margins. Returns for the region remained solid at 14.3% as higher returns in Central Europe and Belgium largely compensated for margin pressure in the Netherlands.

Insurance Europe: Non-Life Key Figures

	Total		Netherlands		Belgium		Central & Rest of Europe	
In EUR million	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006
Gross premium income	397	413	307	322	79	78	11	13
Operating expenses	150	150	132	129	16	18	2	3
Underlying profit before tax	**115**	**137**	**107**	**120**	**6**	**15**	**3**	**4**
Claims ratio	58.0%	55.1%	55.5%	53.2%	72.8%	65.6%	43.2%	48.9%
Expense ratio	31.0%	28.8%	31.0%	28.6%	30.1%	29.5%	45.1%	36.7%
Combined ratio	**89.0%**	**83.9%**	**86.5%**	**81.8%**	**102.9%**	**95.1%**	**88.3%**	**85.6%**

Non-Life Insurance

Pricing pressure and strengthening of claims provisions led to a 16.1% decline in underlying profit before tax from non-life insurance. The claims provision for disability insurance in Belgium was strengthened by EUR 5 million in the second quarter, while the same period last year included a release of EUR 6 million from accident provisions in the Netherlands. On balance

the claims ratio deteriorated 2.9% points to 58.0% and the combined ratio increased to 89.0%. Non-life premiums were down 3.9%, mainly due to a 4.7% decline in the Netherlands following rate reductions in motor and group income insurance. Operating expenses were almost flat as an increase in the Netherlands was largely offset by a decline in Belgium.

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INSURANCE AMERICAS

Insaurance americas: Profit & Loss Account

In EUR million	2Q2007	2Q2006	Change	1Q2007	Change	1H2007	1H2006	Change
Gross premium income	5,646	6,273	-10.0%	5,430	4.0%	11,076	12,469	-11.2%
Commission income	257	245	4.9%	253	1.6%	510	494	3.2%
Direct investment income	1,242	1,198	3.7%	1,218	2.0%	2,460	2,278	8.0%
Realised gains & fair value changes	33	-90		-27		5	4	25.0%
Total investment & other income	1,275	1,110	14.9%	1,190	7.1%	2,465	2,284	7.9%
Total underlying income	**7,177**	**7,628**	**-5.9%**	**6,873**	**4.4%**	**14,051**	**15,247**	**-7.8%**
Underwriting expenditure	5,832	6,430	-9.3%	5,658	3.1%	11,490	12,810	-10.3%
Operating expenses	633	633	0.0%	608	4.1%	1,241	1,262	-1.7%
Other interest expenses	120	109	10.1%	74	62.2%	194	235	-17.4%
Other impairments		-1					-1	
Total underlying expenditure	**6,585**	**7,171**	**-8.2%**	**6,340**	**3.9%**	**12,925**	**14,306**	**-9.7%**
Underlying profit before tax	**593**	**457**	**29.8%**	**533**	**11.3%**	**1,126**	**941**	**19.7%**
- of which Life	472	240	96.7%	410	15.1%	882	550	60.4%
- of which Non-Life	120	217	-44.7%	123	-2.4%	244	391	-37.6%
NEW BUSINESS								
Single-premium sales	4,279	4,346	-1 .5%	3,682	16.2%	7,961	8,546	-6.8%
Annual-premium sales	395	395	0.0%	518	-23.7%	913	965	-5.4%
Total new sales (APE)	823	829	-0.7%	886	-7.1%	1,709	1,819	-6.0%
Value of new life business	53	65	-18.5%	33	60.6%	86	137	-37.2%
Internal rate of return (YTD)	10.3%	11.5%		9.5%		10.3%	11.5%	
KEY FIGURES								
Assets under management (end of period)	209,200	193,800	7.9%	204,000	2.5%	209,200	193,800	7.9%
Staff (FTEs end of period)	27,591	28,924	-4.6%	27,818	-0.8%	27,591	28,924	-4.6%

Key Performance Indicators

Underlying profit up 37.3% excluding currency effects

U.S. variable annuity sales up 20.7% from 1Q07

Two life captives in place, adding EUR 28 million to VNB

Insurance Americas delivered another solid quarter as strong earnings growth in the U.S. and Latin America more than offset the impact of the turn in the underwriting cycle in Canada.

In the U.S., sales of variable annuities were up modestly from a year ago but increased 20.7% from the first quarter as product enhancements and expanded distribution began to take hold. Retirement services sales declined from a very strong second quarter of 2006, which included two large contract acquisitions. Sales of mutual funds increased

following a renewed focus on international funds that leverage ING s global expertise.
INSURANCE AMERICAS
Underlying profit before tax (EUR million)
ING completed two captive insurance structures in the second quarter to address redundant regulatory reserve requirements at U.S. individual life. That added EUR 28 million to the reported value of new business in the second quarter, of which EUR 11 million is attributable to first-quarter production.
In Latin America, life premium income increased 17.8% excluding currency effects. ING reached an agreement in July to buy the pension businesses of Santander in Chile, Mexico, Uruguay and Colombia. The purchase will make ING the second-largest pension provider in Latin America, and give it a sustainable, scaled platform in these fast-growing markets.
Earnings Analysis: Second Quarter
Strong growth in assets under management and favorable investment results at the U.S. business drove profit growth at Insurance Americas in the second quarter. Underlying profit before tax climbed 29.8% to EUR 593 million, and was up 37.3% excluding currency effects. A 74.2% jump in profit in the U.S., as well as a strong improvement in Latin America, more than offset a 36.6% decline in profit in Canada as claim costs increased.
Premium income declined 10.0%, or 4.1% excluding currency effects, mainly as a result of lower fixed annuity sales in the U.S. following a reduction of commissions on some products.
Operating expenses increased 6.0% excluding currency effects as staff were added to support customer service and the expansion of distribution in U.S. Wealth and Asset Management.

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Insurance Americas: Life Key Figures

	Total		United States		Latin America	
In EUR million	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006
Gross premium income	4,460	5,102	4,281	4,943	179	159
Operating expenses	419	422	375	375	44	47
Underlying profit before tax	**472**	**240**	**399**	**229**	**73**	**9**
Expenses/premiums life insurance	14.3%	14.1%	14.1%	13.3%	16.4%	21.0%
Expenses/AUM investment products	0.73%	0.74%	0.73%	0.75%	0.75%	0.68%
Single-premium sales	4,279	4,346	4,220	4,313	59	33
Annual-premium sales	395	395	322	316	73	79
Total new sales (APE)	823	829	744	747	79	82
Value of new business	53	65	47	56	6	9
Internal rate of return (YTD)	10.3%	11.5%	10.2%	11.5%	11.5%	12.7%

Life Insurance

Life underlying profit before tax soared 96.7% and more than doubled excluding currency effects. Profit in the U.S. was up 85.3% excluding currency effects, driven by higher fee income as assets under management increased 15.0% to EUR 178 billion. Results were also boosted by higher investment income as well as EUR 33 million in DAC and reserve unlocking as a result of favorable equity market returns, an increase of EUR 46 million over second quarter 2006. Life profit in Latin America increased seven-fold to EUR 73 million on strong results in the pension businesses in Peru and Chile as well as an improvement from the life business in Chile, and higher investment gains in Mexico. Life premium income declined 12.6%, or 6.6% excluding the impact of currencies, reflecting lower sales of fixed annuities in the U.S. Premium income in Latin America climbed 12.6%, or 17.8% excluding currencies, supported by strong growth in the annuity business in Chile and group life in Mexico.

New Business Production

The value of new life business increased to EUR 53 million from EUR 33 million in the first quarter, including EUR 28 million from the establishment of two on-shore captives to address the redundant regulatory reserves in the U.S. individual life business, of which EUR 11 million is attributable to first-quarter production. Compared with the second quarter last year, the value of new business declined 18.5%, reflecting currency effects and the increase in the discount rate at year-end 2006, as well as lower annuity returns, and lower fixed annuity sales.

U.S. retirement services accumulation sales declined 8.9% from a very strong second quarter in 2006 which included two large contract acquisitions. Excluding those cases, retirement services sales increased 18.3% on a U.S.-basis supported by increased sales personnel. Sales of variable annuities rose 20.7% from the first quarter as the addition of new wholesalers and a product enhancement began to have an impact on sales, while fixed annuity sales declined 53.4%. Individual life experienced a strong rebound with sales up EUR 12 million or 27.1% on a threefold increase in term life sales. The value of new life business in Latin America declined on continued competitive pressure in the Mexican pension business. The internal rate of return for the region declined 120 basis points to 10.3% due to competitive pressure on pricing. Returns for U.S. retirement services and variable annuities remained strong.

Insurance Americas: Non-Life Key Figures

	Total		Canada		Latin America	
In EUR million	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006

Gross premium income	1,186	1,172	814	839	372	333
Operating expenses	214	211	143	145	71	66
Underlying profit before tax	**120**	**217**	**130**	**205**	**-10**	**13**
Claims ratio	69.2%	61.1%	63.5%	55.9%	81.6%	72.9%
Expense ratio	29.0%	29.9%	28.5%	30.6%	29.9%	28.3%
Combined ratio	98.2%	91.0%	92.0%	86.5%	111.5%	101.2%

Non-Life Insurance

Less favorable underwriting experience pushed non-life results down 44.7%, or 42.4% excluding currency effects. Profit in Canada fell 33.1% excluding currencies as increased severity in property lines drove a 760 basis point net deterioration in its claims ratio to 63.5%. In Latin America the non-life business generated a loss of EUR 10 million due to higher claim costs and reserve strengthening in the Mexican motor business as well as higher claims in Chilean health, more than offsetting favourable results in Brazil. Excluding currencies, premium income rose 6.6%, driven by growth in the number of policies in Canada while pricing remained reasonably firm. Operating expenses increased 5.0% excluding currencies, mainly in Latin America, while costs in Canada were up 2.2%.

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INSURANCE ASIA/PACIFIC

Insurance Asia/Pacific: Profit & Loss Account

In EUR million	2Q2007	2Q2006	Change	1Q2007	Change	1H2007	1H2006	Change
Gross premium income	3,335	3,323	0.4%	2,748	21.4%	6,084	6,411	-5.1%
Commission income	93	77	20.8%	90	3.3%	183	146	25.3%
Direct investment income	329	259	27.0%	362	-9.1%	692	477	45.1%
Realised gains & fair value changes	-224	25		-98		-322	-46	
Total investment & other income	105	284	-63.0%	264	-60.2%	369	431	-14.4%
Total underlying income	**3,534**	**3,684**	**-4.1%**	**3,103**	**13.9%**	**6,637**	**6,988**	**-5.0%**
Underwriting expenditure	3,096	3,305	-6.3%	2,671	15.9%	5,767	6,212	-7.2%
Operating expenses	254	220	15.5%	259	-1.9%	513	458	12.0%
Other interest expenses	30	2		14	114.3%	45	5	
Other impairments								
Total underlying expenditure	**3,381**	**3,527**	**-4.1%**	**2,944**	**14.8%**	**6,324**	**6,675**	**-5.3%**
Underlying profit before tax	**153**	**157**	**-2.5%**	**159**	**-3.8%**	**312**	**313**	**-0.3%**
-of which Life	152	156	-2.6%	158	-3.8%	311	310	0.3%
-of which Non-Life	1	1		1		1	3	-66.7%
NEW BUSINESS								
Single-premium sales	2,696	1,607	67.8%	1,659	62.5%	4,355	3,072	41.8%
Annual-premium sales	387	384	0.8%	402	-3.7%	789	814	-3.1%
Total new sales (APE)	656	544	20.6%	567	15.7%	1,223	1,121	9.1%
Value of new life business	99	109	-9.2%	82	20.7%	181	233	-22.3%
Internal rate of return (YTD)	15.6%	17.5%		15.2%		15.6%	17.5%	

KEY FIGURES

Assets under management (end of period)	95,800	73,400	30.5%	90,200	6.2%	95,800	73,400	30.5%
Staff (FTEs end of period)	11,669	9,550	22.2%	11,090	5.2%	11,669	9,550	22.2%

Key Performance Indicators

Single-premium sales up 62.5% from first quarter

Strong sales in Japan following launch of new SPVA

AUM reaches EUR 95.8 bln with EUR 4.5 bln net inflow

Sales at Insurance Asia/Pacific showed strong growth in the second quarter as ING capitalised on a shift across the region from traditional life to unit-linked wealth accumulation products. That is reflected in a 62.5% increase in single-premium sales in the second quarter from the first, driven by higher sales in all countries as the company continues its strategy to step up product innovation and expand its bank distribution for wealth accumulation products in the region.

Sales of single-premium variable annuities in Japan more than doubled from the first quarter following the introduction of a new product in April. In Australia, single-premium sales increased 56.1% from the first quarter following a special tax incentive for superannuation products.

INSURANCE ASIA/PACIFIC

Underlying profit before tax (EUR million)

Organic growth and the introduction of new funds led to a strong increase in assets under management to EUR 95.8 billion at the end of June including EUR 4.5 billion in net inflow. In July ING completed the purchase of Landmark Investment Management in South Korea, which will add some EUR 6.9 billion to assets under management from the third quarter. The purchase made ING one of the top-10 fund managers in Korea.

Meanwhile ING continued to expand its distribution in the region. Bank distribution is being expanded in most of our core markets, including two new agreements reached in July with the second and third-largest retail banks in South Korea. The tied-agent network was also expanded further, notably at ING Vysya Life in India, and ING Life Korea. At the end of the second quarter ING had 56,975 agents across the region, up 23.9% from year end 2006.

Higher interest rates in Taiwan helped strengthen ING s reserve adequacy to a confidence level of 70% (EUR 946 million), up from 57% (EUR 337 million) at the end of March. The Taiwan swap rate increased by 42 basis points to 2.65% at the end of June. The reserve adequacy at a 50% confidence level for Insurance Asia/Pacific increased to EUR 3.8 billion as of 30 June 2007.

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Insurance Asia/Pacific: Life Key Figures

	Total		Australia & NZ		Japan		South Korea		Taiwan		Rest of Asia	
In EUR million	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006	2Q2007	2Q2006
Gross premium income	3,329	3,312	53	47	1,264	1,435	927	776	854	861	231	193
Operating expenses	253	218	51	47	42	40	57	46	54	46	49	39
Underlying profit before tax	**152**	**156**	**61**	**43**	**-1**	**25**	**68**	**79**	**0**	**0**	**24**	**9**
Expenses/premiums	8.8%	8.0%	26.8%	19.4%	6.4%	6.8%	8.4%	5.4%	7.3%	6.6%	14.3%	16.6%
Expenses/AUM	0.73%	0.80%	0.54%	0.59%	0.56%	0.48%	4.17%	14.17%	5.83%	6.57%	0.52%	0.99%
Single-premium sales	2,696	1,607	1,330	339	1,140	1,119	112	90	89	40	25	19
Annual-premium sales	387	384	27	29	50	71	190	193	73	54	47	37
Total new sales (APE)	656	544	160	63	164	182	201	203	82	58	49	38
Value of new business	99	109	16	8	18	31	29	28	37	41	-1	1
Internal rate of return (YTD)	15.6%	17.5%	20.4%	15.1%	11.7%	13.8%	22.6%	44.5%	18.2%	18.5%	7.3%	9.1%

Earnings Analysis: Second Quarter

Underlying profit before tax from Insurance Asia/Pacific declined slightly to EUR 153 million as higher results in Australia were offset by declines in Japan and South Korea. Results in Japan were negatively impacted by EUR 32 million from SPVAs, mainly due to volatility from unhedged positions related to an increase in implied market volatility. Excluding that impact, profit for the region increased 19.3% to EUR 173 million, reflecting a negative impact from SPVAs of EUR 20 million in the second quarter this year and a positive impact of EUR 12 million a year earlier. Assets under management for SPVAs increased to EUR 12.0 billion, up 8.9% excluding currency effects. Premium income in Japan remained stable in the second quarter excluding currency effects, but increased 38.4% from the first quarter as SPVA sales doubled. COLI premiums declined 19.7% compared to the first quarter reflecting uncertainty about the tax treatment of increasing-term products, however clarity on the subject is anticipated from the National Tax Agency in the fourth quarter.

Profit from South Korea declined to EUR 68 million from EUR 79 million in the second quarter last year, when profit included EUR 7 million in one-time adjustments to reserves and deferred acquisition costs. Currency effects had a negative impact of EUR 3 million. Premium income rose 19.5%, driven by higher renewals of whole life and variable products, as well as increased sales of single-premium variable annuities. Profits from the growing block of business funded EUR 11 million in increased expenses to expand distribution to fuel future growth. ING Life Korea opened 24 new branches so far this year, bringing the total to 132.

In Australia & New Zealand profit before tax rose 41.9% to EUR 61 million including EUR 10 million higher investment income and a release of a provision related to claims of EUR 7 million. Premium increased 12.8% to EUR 53 million, driven by the continued success of the OneCare product.

Life results in the Rest of Asia increased strongly to EUR 24 million from EUR 8 million a year earlier, mainly due a recalculation of deferred acquisition costs in Malaysia (EUR 10 million).

Total premium income for the region increased 9.4% excluding currency effects, led by growth of 24.9% in South Korea and 9.2% in Taiwan.

Total operating expenses for Insurance Asia/Pacific increased 15.5%, or 20.3% excluding currency effects, reflecting the continued growth of the existing business as well as investments to support rapid expansion of the greenfield businesses.

New Business Production

Sales of single-premium products dominated new production in Asia/Pacific in the second quarter as ING benefits from a shift across the region from traditional life products to unit-linked wealth accumulation products. Single premiums increased 67.8% from the second quarter last year, driven by increases in all markets, particularly Australia, Taiwan and South Korea. Australia s single-premiums rose almost four-fold, reflecting the inclusion of the Australian Trust business from January 2007 as well as a surge of sales in the second quarter following a special tax incentive on contributions made before the end of June. Total new sales (APE) for the region increased 20.6%, and annual premium sales were flat. Taiwan s single-premium sales more than doubled, driven by strong demand for unit-linked products.

The change in sales mix was also reflected in the internal rate of return in most countries because margins on unit-linked products are lower. Nonetheless, the IRR remained attractive at 15.6%. The value of new business declined 9.2% from the second quarter last year, reflecting unfavourable currency effects, slower sales and lower margins on the COLI business in Japan, as well as the decline in the IRR.

Compared with the first quarter, the value of new business was up 20.7%, driven by strong sales of the new SPVA product in Japan as well as superannuation products in Australia. SPVA sales in Japan doubled from the first quarter, resulting in an increase of 125% in Japan s total value of new business.

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BANKING

Banking: Profit & Loss Account

In EUR million	2Q2007	2Q2006	Change	1Q2007	Change	1H2007	1H2006	Change
Interest result	2,295	2,213	3.7%	2,184	5.1%	4,480	4,564	-1.8%
Commission income	741	649	14.2%	744	-0.4%	1,485	1,339	10.9%
Investment income	265	149	77.9%	320	-17.2%	585	262	123.3%
Other income	370	526	-29.7%	508	-27.2%	879	967	-9.1%
Total underlying income	**3,672**	**3,537**	**3.8%**	**3,757**	**-2.3%**	**7,429**	**7,132**	**4.2%**
Operating expenses	2,318	2,216	4.6%	2,373	-2.3%	4,691	4,393	6.8%
Gross result	1,354	1,321	2.5%	1,384	-2.2%	2,737	2,739	-0.1%
Addition to loan loss provision	25	-15				24	-35	
Underlying profit before tax	**1,329**	**1,336**	**-0.5%**	**1,384**	**-4.0%**	**2,713**	**2,774**	**-2.2%**
Taxation	202	335	-39.7%	313	-35.5%	515	704	-26.8%
Profit before minority interests	1,127	1,001	12.6%	1,071	5.2%	2,198	2,070	6.2%
Minority interests	27	11	145.5%	26	3.8%	53	22	140.9%
Underlying net profit	**1,099**	**990**	**11.0%**	**1,045**	**5.2%**	**2,145**	**2,048**	**4.7%**
KEY FIGURES								
Net return on equity[1]	19.2%	22.0%		20.7%		19.2%	22.0%	
Interest margin	0.95%	1.00%		0.95%		0.95%	1.06%	
Underlying cost/income ratio	63.1%	62.7%		63.2%		63.2%	61.6%	
Risk costs in bp of average CRWA	3	0		0		1	-2	
Risk-weighted assets (end of period)	356,415	342,642	4.0%	333,722	6.8%	356,415	342,642	4.0%
Underlying RAROC before tax[1]	29.5%	29.2%		29.3%		29.5%	29.2%	
Underlying RAROC after tax[1]	24.8%	22.0%		23.4%		24.8%	22.0%	

Economic capital (average over period)[1]	14,486	15,335	-5.5%	14,832	-2.3%	14,486	15,335	-5.5%
Staff (FTEs end of period)	64,769	65,326	-0.9%	64,767	0.0%	64,769	65,326	-0.9%

[1] Year to date

Earnings Analysis: Second Quarter

Strong commercial growth in current accounts and mortgages continued to help offset the impact of flat yield curves at ING s banking businesses. The interest result increased 3.7%, despite a narrowing of the interest margin by 5 basis points from the second quarter last year, and the interest margin stabilised in the second quarter from the first.

Total underlying profit before tax from the banking businesses declined slightly by 0.5% compared with strong results in the second quarter of 2006. Net risk costs swung to an addition to the provision for loan losses from a release of provisions in the second quarter last year, however risk costs remained low as ING continued to benefit from the benign credit environment. Operating expenses rose 4.6%, including investments to support the growth of the business, notably at ING Real Estate and the retail banking activities in developing markets.

BANKING TOTAL

Underlying profit before tax (EUR million)

Underlying net profit rose 11.0% due to an exceptionally low tax rate caused by high tax-exempted gains, the release of some tax liabilities, a lower corporate tax rate in the Netherlands and the impact of a tax asset in Germany.

Income

Total underlying income from banking rose 3.8% to EUR 3,672 million. Volume growth compensated for the impact of flat yield curves on the interest result, while higher income at ING Real Estate and higher realised gains on equities and bonds helped offset a decline in trading income at Wholesale Banking.

The interest result rose 3.7% driven by higher volumes in current accounts and mortgages, particularly at the Retail Banking activities. That more than offset the impact of a narrowing of the interest margin to 0.95% from 1.00% in the second quarter last year, mainly caused by a flattening of the yield curve, changes in the product mix and lower prepayment penalties on mortgages.

Strong volume growth was led by strong sales of mortgages at ING Direct and growth of current accounts and term deposits at Retail Banking. Total loans and advances to customers of the banking operations increased by EUR 29.9 billion in the second quarter to EUR 488.9 billion at the end of June, including a EUR 1.3 billion positive impact from currencies. Corporate

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lending increased 3.8% or EUR 9.1 billion, of which EUR 8.3 billion was in the Netherlands. Personal lending was up 9.5%, or EUR 20.8 billion, driven by strong growth in mortgages and the transfer of mortgage portfolios of Nationale-Nederlanden from ING Insurance to ING Bank. Residential mortgages were up EUR 19.9 billion, of which EUR 9.4 billion was from the transfer of Nationale-Nederlanden and EUR 8.2 billion at ING Direct. Customer deposits and other funds on deposit of the banking operations increased by EUR 13.4 billion, or 2.6%, to EUR 532.7 billion at the end of June, mainly due to growth in current accounts and term deposits, mainly in the Benelux.

Banking: Loans and Advances to Customers

In EUR billion	30 June 07	31 March 07	Change
Public authorities	11.1	11.7	-5.1%
Other corporate	240.5	231.0	4.1%
Total corporate	**251.7**	**242.6**	**3.8%**
Mortgages	213.7	193.8	10.3%
Other personal	26.0	25.0	4.0%
Total personal	**239.7**	**218.9**	**9.5%**
Provisions for bank lending	-2.5	-2.5	
Total bank lending	**488.9**	**459.0**	**6.5%**

Commission income increased 14.2% to EUR 741 million, driven by growth in assets under management at ING Real Estate and Private Banking as well as an increase in securities brokerage, particularly in Retail Banking. Investment income increased to EUR 265 million from EUR 149 million, due to higher realised gains on equities and bonds as well as higher rental income and fair-value changes on real estate. Other income declined 29.7% to EUR 370 million, due to lower net trading income and negative valuation results on non-trading derivatives for which hedge accounting is not applied.

Expenses

Operating expenses remained under control in the second quarter and ING continued to invest to support the growth of its businesses. Total underlying operating expenses were up 4.6% to EUR 2,318 million, including investments to support the growth of the business, notably at ING Real Estate and the retail banking activities in developing markets, as well as EUR 37 million in additional compliance costs and EUR 9 million for redundancy and outsourcing at Ops&IT.

All three outsourcing agreements signed in the fourth quarter of 2006 have now been implemented, resulting in a transfer of 1,370 ING employees to the suppliers, of which 710 in the second quarter. Out of EUR 120 million in expected costs for the total project, an amount of EUR 105 million has been booked since 2005. The IT outsourcing and streamlining projects announced in 2005 are expected to generate cost savings which will gradually increase to approximately EUR 230 million in 2008, of which an annualised EUR 190 million has been achieved so far.

The underlying cost/income ratio of the banking operations was 63.1%, up from 62.7% in the second quarter of 2006, but slightly improved from 63.2% in the first quarter this year. The number of staff declined to 64,769 from 65,326 at the end of June 2006 as growth at ING Direct and ING Real Estate was offset by the impact of divestments and the outsourcing initiatives.

The banking businesses continued to benefit from a benign credit environment, though net risk costs began to increase as releases of past provisions diminish. ING added EUR 25 million to loan loss provisions in the second quarter compared with a net release of EUR 15 million in the same period last year. Wholesale Banking reported a smaller net release of EUR 14 million, compared with EUR 74 million in the second quarter of 2006, while Retail Banking and ING Direct added EUR 26 million and EUR 13 million to provisions respectively. On balance, the addition to the provision for loan losses amounted to 3 basis points of average credit-risk-weighted assets in the second quarter, well below the normalised level of 25-30 basis points. There is still no sign of deterioration in the quality of the credit portfolio, and risk costs are expected to remain below these historical norms for 2007, although a gradual return to normalised levels is expected over the coming years.

RAROC

Continued pricing discipline and an emphasis on capital efficiency led to a further improvement in returns at ING s banking businesses. The underlying risk-adjusted return on capital (RAROC) after tax increased to 24.8% from 22.0% in the first half of 2006. Economic capital was reduced to EUR 14.5 billion from EUR 15.3 billion, due to improvements in the RAROC methodology.

ING has been improving its methodology for calculating economic capital to reflect the latest insights into risk measurement, implementation of Basel II guidelines and use of Basel ll-compliant model outputs. The overall impact on RAROC is limited, however there are shifts between areas due to the reflection of industry and country concentration and the inclusion of maturity effects for credit risk, plus changes in market risk diversification approach and operational risk. In the RAROC calculations, the actual credit-risk provisioning is replaced by expected losses reflecting average credit losses over the entire economic cycle.

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WHOLESALE BANKING

Wholesale Banking: Profit & Loss Account

In EUR million	2Q2007	2Q2006	Change	1Q2007	Change	1H2007	1H2006	Change
Interest result	642	599	7.2%	593	8.3%	1,235	1,274	-3.1%
Commission income	361	327	10.4%	351	2.9%	712	652	9.2%
Investment income	230	135	70.4%	247	-6.9%	477	227	110.1%
Other income	290	404	-28.2%	389	-25.5%	679	786	-13.6%
Total underlying income	**1,522**	**1,465**	**3.9%**	**1,580**	**-3.7%**	**3,102**	**2,939**	**5.5%**
Operating expenses	869	822	5.7%	884	-1.7%	1,753	1,619	8.3%
Gross result	653	643	1.6%	696	-6.2%	1,349	1,320	2.2%
Addition to loan loss provision	-14	-74		-41		-55	-132	
Underlying profit before tax	**668**	**717**	**-6.8%**	**737**	**-9.4%**	**1,404**	**1,452**	**-3.3%**
KEY FIGURES								
Underlying cost/income ratio	57.1%	56.1%		56.0%		56.5%	55.1%	
Risk costs in bp of average CRWA	-4	-16		-10		-7	-16	
Risk-weighted assets (end of period)	176,856	170,809	3.5%	163,138	8.4%	176,856	170,809	3.5%
Underlying RAROC before tax[1]	27.5%	27.6%		27.7%		27.5%	27.6%	
Underlying RAROC after tax[1]	25.9%	22.4%		24.6%		25.9%	22.4%	
Economic capital (average over period)[1]	7,684	7,989	-3.8%	7,734	-0.6%	7,684	7,989	-3.8%
Staff (FTEs end of period)	19,835	20,405	-2.8%	19,899	-0.3%	19,835	20,405	-2.8%

[1] Year to date

Key Performance Indicators

- **Returns increase further with RAROC of 25.9%**

- **Volume growth helps offset margin compression**

ING Real Estate portfolio reaches EUR 100.6 billion

Wholesale Banking continued to benefit from strong growth at ING Real Estate, as well as volume growth in Payments & Cash Management (PCM) and Leasing, which helped offset margin compression. ING Real Estate continued to show solid growth in assets, driven by continued demand for real estate funds among institutional investors. The total portfolio increased by EUR 6.2 billion in the second quarter, surpassing the EUR 100 billion mark. Margin pressure in General Lending continued, especially in the mid-corporate segment, while margins in the corporate client segment showed signs of bottoming out. Leasing & Factoring showed solid volume growth, particularly in Romania and Poland, which helped compensate for margin pressure.

Structured Finance continued to experience strong demand in most product areas in the second quarter. The short-term outlook for Leveraged Finance has turned somewhat less favourable in the third quarter due to disruption in the institutional lending market, however ING had already tightened its underwriting policies earlier this year in anticipation of a potential downturn in that market. Final takes are reduced through syndication and are subject to rigorous credit analysis. Today, the underwriting pipeline is EUR 2.3 billion and comprises 14 transactions. The hold book is EUR 5.3 billion spread over 210 deals. Holdings in mezzanine and payment-in-kind tranches are negligible, as are the exposures to so-called covenant-light transactions.

WHOLESALE BANKING

Underlying profit before tax (EUR million)

Earnings Analysis: Second Quarter

Underlying profit before tax of Wholesale Banking declined 6.8% to EUR 668 million, reflecting a smaller net release from the provision for loan losses. The release narrowed to EUR 14 million in the second quarter from EUR 74 million in the second quarter last year as releases of old provisions begin to diminish. That had a negative impact on profit growth, particularly in General Lending.

The profit development was obscured by the asymmetrical tax treatment embedded in the equity derivative trading activities and their related cash equity hedges. Corrected for that impact, total income for Wholesale Banking increased 9.9%, the gross result rose 15.2% and underlying profit before tax was up 5.2%. Results from Financial Markets increased 8.2% to EUR 172 million on the same basis.

Profit before tax at ING Real Estate rose 50.4% to EUR 194 million, driven by growth of the portfolio to EUR 100.6 billion. Leasing & Factoring profit rose 20.8% to EUR 64 million, driven by continued volume growth. Structured Finance profit was up 5.7% to EUR 129 million, while results from General Lending and Payments & Cash Management declined 48.0% to EUR 105 million, reflecting lower releases of loan loss provisions. Profit from the Other Wholesale Banking products jumped to EUR 75 million from EUR 43 million, supported by capital gains.

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Wholesale Banking: Breakdown by product line

	GL&PCM		Structured Fin.		Lease & factoring		Financial Markets		Real Estate		Other	
In EUR million	2Q07	2Q06	2Q07	2Q06	2Q07	2Q06	2Q07	2Q06	2Q07	2Q06	2Q07	2Q06
Total underlying income	377	427	199	187	143	128	282	332	314	233		