

ING INTERMEDIATE HOLDINGS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2006**

Registered No. 3002705

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ING INTERMEDIATE HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

| CONTENTS | PAGE |
|------------------------------------|-------------|
| Officers and professional advisors | 1 |
| Directors' report | 2-3 |
| Auditors' report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes to the financial statements | 7-12 |

ING INTERMEDIATE HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISORS

DIRECTORS

A N Marsh

N R Gold (resigned 23 November 2006)

S G Richards

W Connelly (resigned 21 November 2006)

J G H Briant (resigned 21 November 2006)

SECRETARY

A N Marsh

REGISTERED OFFICE

60 London Wall

London

EC2M 5TQ

AUDITORS

KPMG Audit Plc

8 Salisbury Square

London

EC4Y 8BB

ING INTERMEDIATE HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors present their report and the audited financial statements for the year ended 31 December 2006

PRINCIPAL ACTIVITIES

The Company is the parent company of other ING Group companies.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The profit and loss account for the year is set out on page 5.

DIVIDENDS AND TRANSFERS TO RESERVES

The Directors do not recommend the payment of a dividend (2005 Nil) The retained profit for the financial year of £123,041,460 (2005 loss of £64,335,169) has been transferred to reserves

DIRECTORS AND THEIR INTERESTS

The Directors who held office during the year ended 31 December 2006 are listed on page 1 of these financial statements

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the Company

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the Company were granted to any of the directors' or their immediate families, or exercised by them, during the financial year

POST BALANCE SHEET EVENTS

On 13 July 2007 the Company issued at par 243,000,000 ordinary shares of £1 each to the parent company, ING UK Holdings Limited On 9 October 2007 a special resolution was passed which authorised the Company to purchase 248,596,966 of its own ordinary shares of £1 each

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

ING INTERMEDIATE HOLDINGS LIMITED

DIRECTORS' REPORT (Continued) FOR THE YEAR ENDED 31 DECEMBER 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

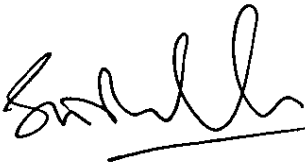
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board



S G Richards
Director
30 November 2007

ING INTERMEDIATE HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ING INTERMEDIATE HOLDINGS LIMITED

We have audited the financial statements of ING Intermediate Holdings Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



KPMG Audit Plc
Chartered Accountants
Registered Auditor

30 November 2007
8 Salisbury Square
London EC4Y 8BB

ING INTERMEDIATE HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

| | Notes | 2006 £'000 | 2005 £'000 |
|---|-------|-----------------------|------------------------|
| Other operating income/(expenses) | | 1,912 | (268) |
| OPERATING INCOME/(LOSS) | | <u>1,912</u> | <u>(268)</u> |
| Income from shares in group undertakings | | 115,939 | 673 |
| Write off of subsidiary undertakings | 7 | - | (84,304) |
| Other interest receivable and similar income | 2 | 14,715 | 8,716 |
| Profit on sale of subsidiary undertakings | | - | 29,115 |
| Interest payable and similar charges | 3 | (10,439) | (18,597) |
| PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION | 5 | <u>122,127</u> | <u>(64,665)</u> |
| Tax on profit/(loss) on ordinary activities | 6 | 914 | 330 |
| RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR | 11 | <u><u>123,041</u></u> | <u><u>(64,335)</u></u> |

All operations in the current and comparative financial years were continuing

There are no recognised gains or losses for the current or comparative financial years other than as stated in the profit and loss account

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated in the profit and loss account, and their historical cost counterparts

The notes on pages 7 to 12 form an integral part of these financial statements

ING INTERMEDIATE HOLDINGS LIMITED

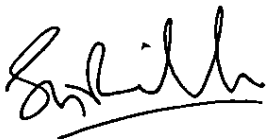
BALANCE SHEET AT 31 DECEMBER 2006

| | Notes | 2006 £'000 | 2005 £'000 |
|---|-------|---------------|------------------|
| FIXED ASSETS | | | |
| Subsidiary undertakings | 7 | - | 256,400 |
| CURRENT ASSETS | | | |
| Debtors amounts falling due within one year | 8 | 3,045 | 271,571 |
| CURRENT LIABILITIES | | | |
| Creditors Amounts falling due within one year | 9 | - | (436,967) |
| NET CURRENT ASSETS/(LIABILITIES) | | 3,045 | (165,396) |
| NET ASSETS | | 3,045 | 91,004 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 10 | 430,307 | 641,307 |
| Share premium account | 11 | 460,000 | 460,000 |
| Profit and loss account | 11 | (887,262) | (1,010,303) |
| EQUITY SHAREHOLDERS' FUNDS | | 3,045 | 91,004 |

The notes on pages 7 to 12 form an integral part of these financial statements

The accounts were approved by the Board of Directors on 30 November 2007

Signed on behalf of the Board of Directors



S G Richards
Director

ING INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

Accounting convention

The financial statements are prepared under the historical cost convention.

Foreign currency

Transactions denominated in foreign currency are translated at the exchange rate ruling at the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract.

Assets and liabilities denominated in foreign currency at the balance sheet date are translated at the rate of exchange prevailing at that date or, where appropriate, at the rate of exchange in a related forward foreign exchange contract.

Income recognition

Income is accounted for on an accruals basis. Dividends received are recognised directly in the profit and loss account.

Subsidiary undertakings

Subsidiary undertakings are valued at cost unless the Directors have reason to believe that there has been impairment in the carrying value in which case the loss would be reflected in the profit and loss account.

Cash flow statement

Under Financial Reporting Standard No. 1, the Company is exempt from the requirement to prepare a cash flow statement as it is a wholly-owned subsidiary of ING Groep N.V. and its cash flows are included in the published consolidated cash flow statement within that group's financial statements.

ING INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

1. ACCOUNTING POLICIES (continued)

Group Accounts

The Company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare group accounts and to deliver them to the Registrar of Companies, since it is a wholly-owned subsidiary of ING Groep N V , a Company incorporated in the Netherlands, in whose consolidated financial statements the financial statements of the Company are included. These financial statements present information about the Company as an individual undertaking and not about its group.

Related parties disclosure

Under paragraph 3(c) of Financial Reporting Standard No 8, the Company is exempted from making the related party disclosures required by that standard in respect of entities within the ING Group. This is because more than 90% of the Company's voting rights are controlled by that group, and consolidated accounts for ING Groep N V , which include the Company, are publicly available.

2. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Interest receivable from subsidiary undertakings | - | 38 |
| Interest receivable from parent undertaking | 11,185 | 8,659 |
| Interest receivable from group company | 58 | 19 |
| Foreign exchange gain | 3,472 | - |
| | <u>14,715</u> | <u>8,716</u> |

3. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2006 £'000 | 2005 £'000 |
|--|---------------|---------------|
| Interest payable to parent undertaking | 927 | 1,502 |
| Interest payable to subsidiary entities | 8,241 | 13,673 |
| Interest payable to other group entities | 1,271 | 3,195 |
| Foreign exchange loss | - | 227 |
| | <u>10,439</u> | <u>18,597</u> |

4. DIRECTORS' EMOLUMENTS

The Directors received no emoluments in respect of their services to this Company during the year. ING Intermediate Holdings Limited has no employees.

ING INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

5. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Audit fees of £4,700 (2005 £3,118) have borne by another group company

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

| Analysis of credit in current period | 2006 £'000 | 2005 £'000 |
|--------------------------------------|---------------|---------------|
| UK corporation tax at 30% (2005 30%) | | |
| Current year | - | - |
| Prior year | 914 | 330 |
| Total current tax credit | <u>914</u> | <u>330</u> |

No payment will be made for any tax losses surrendered by the Company as group relief
Corporation tax is provided on taxable profits at the current rate

| Current tax reconciliation | 2006 £'000 | 2005 £'000 |
|--|----------------|-----------------|
| Profit/(Loss) on ordinary activities before tax | <u>122,126</u> | <u>(64,665)</u> |
| Implied tax credit at 30% (2005 30%) | 36,638 | (19,400) |
| Write off of investments not taxable | - | 25,291 |
| Utilisation of tax losses | (1,604) | - |
| Profit on sale of investments covered by capital losses | - | (8,734) |
| Prior year adjustment | 914 | 330 |
| Income from group undertakings not taxable | (34,782) | (198) |
| Non-deductible expenses | - | 78 |
| Group relief (claimed) /surrendered for no consideration | <u>(252)</u> | <u>2,963</u> |
| Tax credit | <u>914</u> | <u>330</u> |

ING INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

| 7. SUBSIDIARY UNDERTAKINGS | 2006 £'000 | 2005 £'000 |
|--|-----------------|-----------------------|
| Shares in subsidiary undertakings | | |
| Opening balance | 256,400 | 352,391 |
| Write off of investments | - | (84,304) |
| Return on investments | (206,671) | - |
| Capital repurchase | (49,729) | - |
| Disposals | - | (11,687) |
| Closing balance | <u><u>-</u></u> | <u><u>256,400</u></u> |

The principal subsidiary undertaking is

| Company name | Shares held % | Class of Share Capital | Country of Incorporation, Registration and operation | Principal Activity |
|--|---------------------|------------------------------|---|-----------------------|
| ING UK Limited – formerly Baring Asset Management Holdings Limited | 100 | Ordinary | England & Wales | Holding Company |

The investment in ING UK Limited, which is unlisted, is stated at cost less impairment

The proceeds of the capital repurchase undertaken by the subsidiary, ING UK Limited, during the year, amounted to £49,728,983. Further, a £322,610,282 dividend was distributed by the same subsidiary during the year. The total of these transactions (£372,339,265) exceeded the book value of the investment in the same subsidiary reported at £256,400,000. As a result, the Company reported a total of £115,939,265 in income from shares in group undertakings.

| 8. DEBTORS | 2006 £'000 | 2005 £'000 |
|---|---------------------|-----------------------|
| Amounts falling due within one year: | | |
| Amounts owed by group undertakings | 3,045 | 271,571 |
| | <u><u>3,045</u></u> | <u><u>271,571</u></u> |

ING INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

| 9. CREDITORS: | 2006 | 2005 |
|---|----------|----------------|
| | £'000 | £'000 |
| Amounts falling due within one year: | | |
| Amounts owed to parent company | - | 34,705 |
| Amounts owed to fellow group undertakings | - | 29,413 |
| Amounts owed to subsidiary undertakings | - | 372,793 |
| Accruals and deferred income | - | 56 |
| | <u>-</u> | <u>436,967</u> |

| 10. CALLED UP SHARE CAPITAL | 2006 | 2005 |
|---|------------------|------------------|
| | £'000 | £'000 |
| Authorised: | | |
| Ordinary shares of £1 each | <u>1,000,000</u> | <u>1,000,000</u> |
| Allotted, issued and fully paid: | | |
| Ordinary shares of £1 each | <u>430,307</u> | <u>641,307</u> |

On 22 November 2006, ING Intermediate Holdings Limited repurchased 211,000,000 Ordinary shares of £1 each from its sole ordinary shareholder, ING UK Holdings Limited at par.

11. MOVEMENT ON RESERVES

| | Share premium | | Profit and loss account | |
|---|----------------|----------------|-------------------------|--------------------|
| | 2006 | 2005 | 2006 | 2005 |
| | £'000 | £'000 | £'000 | £'000 |
| Opening balance | 460,000 | 460,000 | (1,010,303) | (945,967) |
| Retained profit/(loss) for the financial year | - | - | 123,041 | (64,335) |
| Closing balance | <u>460,000</u> | <u>460,000</u> | <u>(887,262)</u> | <u>(1,010,303)</u> |

12. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There are no capital commitments as at 31 December 2006 (31 December 2005 - Nil) ING Intermediate Holdings Limited has issued a letter of support to its subsidiary undertaking, ING UK Limited As at 31 December 2006, ING UK Limited had net liabilities of £8,184,483

ING INTERMEDIATE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

13. ULTIMATE HOLDING COMPANY

The Directors regard ING Groep N V , a Company incorporated in the Netherlands, as the ultimate holding company. ING Groep N V is the only undertaking preparing financial statements, which include, by way of consolidation, the financial statements of ING Intermediate Holdings Limited. Copies of the parent's consolidated financial statements may be obtained from

The Secretary
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Amstelveenseweg 500
1081 KL Amsterdam
The Netherlands