

ING Canada reports continued strong earnings

ING Canada Inc. (TSX: IIC.LV) reported net income of \$223.6 million for the quarter ended June 30, 2005 up 29.7% from \$172.3 million in the same period of the preceding year. Revenues for the second quarter amounted to \$1,112.3 million, a 23.5% increase from \$900.9 million in the corresponding quarter of 2004.

For the first six months of 2005, net income amounted to \$382.1 million up 33% from \$287.4 million in the same period of the previous year, on increased revenues of \$2,211.2 million from the \$1,856.5 million recorded in the first six months of 2004.

The results for both the quarter and the first six months of the year were driven by the continued strength of the underwriting results and higher investment income and realized investment gains.

Basic and diluted pro-forma earnings per adjusted share for the quarter amounted to \$1.67 compared to \$1.34 (basic) and \$1.29 (diluted) in the corresponding period of 2004. Earnings per adjusted share reached \$2.86 for the first six months of 2005 versus \$2.24 (basic) and \$2.15 (diluted) last year. The earnings per adjusted share figures were retroactively determined as if the shares issued as a result of last December's initial public offering ("IPO") had been outstanding throughout 2004. Under Canadian generally accepted accounting principles, the earnings per share for the second quarter amount to \$1.67 compared to \$1.84 for the corresponding period of 2004. For the first six months of 2005, earnings per share were \$2.86 compared to \$3.07 in the same period of 2004. The reduction in earnings per share reflects the higher number of shares outstanding this year following the 2004 IPO.

ING Canada also announced that it has declared a quarterly dividend of 16.25 cents per share on its outstanding common shares, payable on September 30 to shareholders of record on September 20.

Claude Dussault, president and CEO commented: "ING Canada delivered strong growth and solid earnings in the second quarter as a result of the positive contribution of Allianz Canada and our efforts to pursue profitable organic growth. The strength of our underwriting activities has also been supported by solid performance from our investment portfolio."

"Our personal automobile insurance business performed strongly during the quarter as a result of continuing low claims frequencies, favourable reserve developments and the positive contribution of industry pools. Consumers also continued to benefit from lower automobile premiums with an average 8.4% rate reduction so far this year. Results of our personal and commercial insurance activities remain strong despite the impact of the June storms that hit many communities across the country, especially in Southern Alberta."

Current Outlook

Industry returns in automobile insurance are likely to exceed historical levels for the coming twelve months. In the short term, the sustainability of the positive impact of the reforms adopted by various governments and potential rate reductions will be the key drivers of the industry performance in this line of business.

Commercial insurance similarly continues to yield returns in excess of historical levels although prices are softening. Non-residential construction costs are increasing and we are encouraging our brokers to ensure that their commercial customers maintain adequate insured values.

Overall, we expect the industry's growth rates for the next twenty-four months to be below historical levels. Furthermore, the underwriting results of the industry will not remain at the favourable levels experienced in 2004 and thus far in 2005. We believe that ING Canada, with its scale advantage, underwriting discipline and pricing sophistication, is well positioned to capitalize on the above conditions and continue to outperform the industry's return on equity for the foreseeable future. Furthermore, our distinct product and service proposition delivered through a multi-channel distribution network will be a key driver in fuelling organic growth.

[Click here](#) for the complete earnings release, including the Management Discussion & Analysis and Consolidated Financial Statements.

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