

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and presentation of the consolidated financial statements of ING Canada Inc. and its subsidiaries, collectively known as "the Company". This responsibility includes selecting appropriate accounting policies and making estimates and informed judgments based on the anticipated impact of current transactions, events and trends, consistent with Canadian generally accepted accounting principles.

In meeting its responsibility for the reliability of consolidated financial statements, the Company maintains and relies on a comprehensive system of internal control comprising organizational procedural controls and internal accounting controls. The Company's system of internal control includes the communication of policies and of the Company's Code of Conduct, comprehensive business planning, proper segregation of duties, delegation of authority for transactions and personal accountability, selection and training of personnel, safeguarding of assets and maintenance of records. The Company's internal auditors review and evaluate the system of internal control.

The Company's Board of Directors, acting through the Audit and Risk Review Committee, which is composed entirely of Directors, who are neither officers nor employees of the Company, oversees management's responsibility for the design and operation of effective financial reporting and internal control systems, the preparation and presentation of financial information and the management of risk areas.

The Audit and Risk Review Committee conducts such review and inquiry of management and the internal and external auditors as it deems necessary to establish that the Company employs an appropriate system of internal control, adheres to legislative and regulatory requirements and applies the Company's Code of Conduct. The internal and external auditors, as well as the Actuary, have full and unrestricted access to the Audit and Risk Review Committee, with and without the presence of management.

Pursuant to the Insurance Companies Act of Canada or to the Insurance Act ("Québec") ("the Acts"), the Actuary, who is a member of management, is appointed by the Board of Directors. The Actuary is responsible for discharging the various actuarial responsibilities required by the Acts and conducts a valuation of policy liabilities, in accordance with Canadian generally accepted actuarial standards, reporting his results to management and the Audit and Risk Review Committee.

The Office of the Superintendent of Financial Institutions Canada for the federally regulated property and casualty ("P&C") subsidiaries and l' Autorité des marchés financiers for the Québec regulated P&C subsidiary make such examinations and inquiries into the affairs of the P&C subsidiaries as deemed necessary.

The Company's external auditors, Ernst & Young LLP, Chartered Accountants, are appointed by the shareholders to conduct an independent audit of the consolidated financial statements of the Company and meet separately with both management and the Audit and Risk Review Committee to discuss the results of their audit, financial reporting and related matters. The auditors' report to shareholders appears on page 47.

February 13, 2007



Claude Dussault
President and Chief Executive Officer



Mark A. Tullis
Chief Financial Officer

Auditors' Report

To: the Shareholders of ING Canada Inc.

We have audited the consolidated balance sheets of ING Canada Inc. (the "Company") as at December 31, 2006 and 2005 and the consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in blue ink that reads "Ernst & Young LLP". The signature is written in a cursive, flowing style.

Ernst & Young LLP
Chartered Accountants

Toronto, Canada
February 13, 2007

Consolidated Balance Sheets

(in thousands of dollars)	As at December 31	
	2006	2005
Assets		
Cash and cash equivalents (note 3)	\$ 125,954	\$ 341,138
Investments (note 4)	7,241,938	6,720,965
Accrued investment income	51,068	50,100
Premium and other receivables	1,643,933	1,518,511
Due from affiliated companies (note 8)	4,252	230
Reinsurers' share of unpaid claims and loss adjustment expenses (notes 6 and 7)	270,369	330,519
Reinsurers' share of unearned premiums (notes 6 and 7)	17,683	17,279
Deferred acquisition costs	393,137	381,992
Income taxes receivable	54,134	55,684
Other assets (note 11)	203,176	182,119
Long-term investments (note 13)	44,401	41,587
Future income tax asset (note 9)	112,187	141,101
Intangible assets (note 10)	66,294	36,948
Goodwill (note 10)	148,743	108,362
	\$ 10,377,269	\$ 9,926,535
Liabilities		
Payables and other liabilities	\$ 840,410	\$ 815,674
Due to affiliated companies (note 8)	—	2,968
Income taxes payable	23,984	67,705
Unpaid claims and loss adjustment expenses (note 6)	3,823,539	3,821,609
Unearned premiums (note 6)	2,264,118	2,194,837
Unearned reinsurance commissions	4,463	4,129
Debt outstanding (note 14)	—	127,000
	6,956,514	7,033,922
Shareholders' equity		
Share capital (note 15)	1,183,846	1,183,846
Contributed surplus	93,534	89,713
Retained earnings	2,143,375	1,619,054
	3,420,755	2,892,613
	\$ 10,377,269	\$ 9,926,535

See accompanying notes to consolidated financial statements

On behalf of the Board:



Claude Dussault

Director



Ivan Duvar

Director

Consolidated Statements of Income

	For the years ended December 31	
(in thousands of dollars except for per share amounts)	2006	2005
Direct premiums written	\$ 3,990,419	\$ 3,904,901
Net premiums written	\$ 3,895,493	\$ 3,754,937
Revenue		
Net premiums earned	\$ 3,826,614	\$ 3,840,176
Investment income (note 13)	351,186	338,493
Net realized investment and other gains	193,532	223,471
Commissions and advisory fees	35,044	43,928
	4,406,376	4,446,068
Expenses		
Claims and loss adjustment expenses	2,261,169	2,161,755
Commissions (note 8)	612,331	646,344
Premium taxes	132,335	133,704
General expenses	443,225	405,349
	3,449,060	3,347,152
Interest	5,309	7,963
Income before income taxes	952,007	1,090,953
Income taxes (note 9)	293,954	309,170
Net income	\$ 658,053	\$ 781,783
Earnings per share, basic and diluted	\$ 4.92	\$ 5.85
Basic and diluted average number of common shares (in thousands)	133,732	133,546

See accompanying notes to consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity

	For the years ended December 31	
(in thousands of dollars)	2006	2005
Share capital		
Balance, beginning of year	\$ 1,183,846	\$ 1,052,290
Common shares issued (note 15)	–	136,032
Share issuance costs, net of income taxes	–	(4,476)
Balance, end of year	1,183,846	1,183,846
Contributed surplus		
Balance, beginning of year	89,713	83,336
Stock-based compensation (note 15)	3,821	6,377
Balance, end of year	93,534	89,713
Retained earnings		
Balance, beginning of year	1,619,054	923,983
Net income	658,053	781,783
Dividends paid	(133,732)	(86,926)
Other	–	214
Balance, end of year	2,143,375	1,619,054
Total shareholders' equity	\$ 3,420,755	\$ 2,892,613

See accompanying notes to consolidated financial statements

Consolidated Statements of Cash Flows

(in thousands of dollars)	For the years ended December 31	
	2006	2005
Operating activities		
Net income	\$ 658,053	\$ 781,783
Adjustments to determine cash provided by operating activities:		
Unearned premiums and unpaid claims and loss adjustment expenses, net	130,957	(129,910)
Net realized investment and other gains	(193,532)	(223,471)
Deferred acquisition costs, net	(10,811)	(669)
Future income taxes	19,869	9,572
Amortization	8,577	38,249
Decrease in loan provision	(457)	(5,660)
Other	1,455	4,659
Changes in other operating assets and liabilities	(183,173)	162,893
Cash provided by operating activities (note 16)	430,938	637,446
Investing activities		
Proceeds from sale of investments	16,581,242	12,509,278
Purchase of investments	(16,891,010)	(12,740,836)
Purchase of brokerages and books of business, net (note 17)	(65,152)	(14,646)
Proceeds from sale and leaseback of properties	29,977	–
Purchase of property and equipment and other	(40,447)	(45,651)
Cash used in investing activities	(385,390)	(291,855)
Financing activities		
Dividends paid	(133,732)	(86,926)
Proceeds from common shares issuance	–	136,032
Debt repayment (note 14)	(127,000)	(129,230)
Share issuance costs	–	(6,802)
Cash used in financing activities	(260,732)	(86,926)
Net (decrease) increase in cash and cash equivalents	(215,184)	258,665
Cash and cash equivalents, beginning of year	341,138	82,473
Cash and cash equivalents, end of year	\$ 125,954	\$ 341,138

See accompanying notes to consolidated financial statements