



# Fourth Quarter 2007 Results

ING results show strength in challenging environment

Analyst Presentation

Michel Tilmant, CEO ING Group

London – 20 February 2008

[www.ing.com](http://www.ing.com)

INSURANCE - BANKING - ASSET MANAGEMENT



# ING results show strength in challenging environment

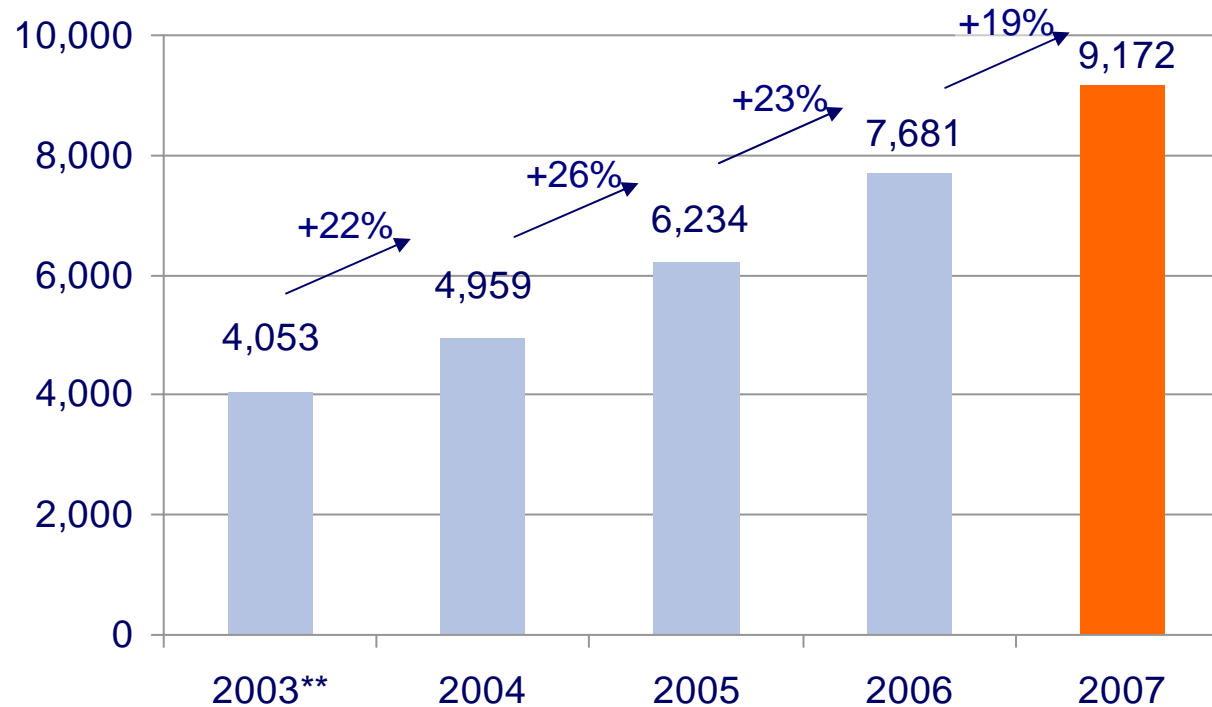
1. In 2007 we continued to deliver on our strategic priorities to generate long-term value for shareholders
2. Full year net profit up 20.1% to EUR 9,241 million; EPS up 21.0% to EUR 4.32; proposed dividend increase of 12%
3. Limited direct impact from credit crisis due to business profile and solid risk management; EUR 194 million pre-tax losses through P&L in 4Q and no impairments on Alt-A RMBS portfolio; significant credit buffers in place
4. Robust commercial growth in 2007: value of new business in insurance up 38% to EUR 1,113 million and volumes in banking continue to grow
5. Strong capital position with Tier-1 ratio increasing to 9.9% under Basel II; EUR 5 billion share buyback 73.9% completed
6. Sharpening the strategic focus to banking, investments, life insurance and retirement services

# Delivering on our strategic priorities 2007

<b>Actively manage business portfolio</b>	<ul style="list-style-type: none"> <li>• Various acquisitions focused on retail customers, banking distribution and high growth markets</li> <li>• Divestment of non-core businesses; most recently non-life Mexico</li> </ul>	✓
<b>Organic growth</b>	<ul style="list-style-type: none"> <li>• Life insurance and retail banking Greenfields in Central and Eastern Europe</li> <li>• Further growing ING Direct</li> </ul>	✓
<b>Efficient capital allocation</b>	<ul style="list-style-type: none"> <li>• Redeploy capital to growth markets</li> <li>• Share buyback programme well on track</li> </ul>	✓
<b>Business efficiency programmes</b>	<ul style="list-style-type: none"> <li>• Combining Postbank and ING Bank in the Netherlands</li> <li>• Retail banking transformation Belgium</li> </ul>	✓
<b>Disciplined risk management</b>	<ul style="list-style-type: none"> <li>• Solid risk management integrated in daily management of the business</li> <li>• Business profile and solid risk management helped shield ING from direct impact credit crisis</li> </ul>	✓
<b>Invested in brand awareness</b>	<ul style="list-style-type: none"> <li>• Completed first year F1 sponsorship: strong results in terms of brand visibility</li> <li>• First-ever global branding campaign</li> </ul>	✓

# A track record of profitable growth

**Sharp rise in underlying net profit (in EUR million)\***

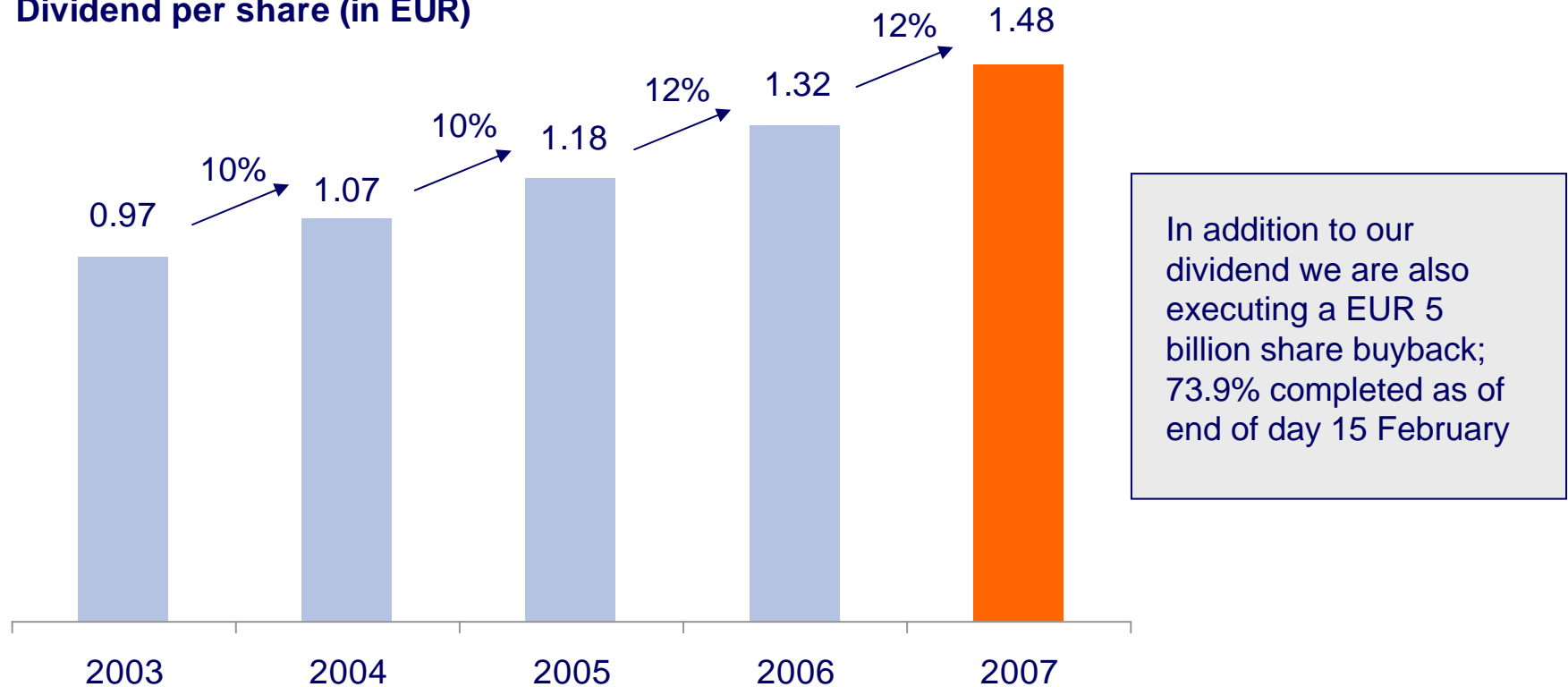


\* excl. divestments & special items

\*\* Dutch GAAP

# Dividend increase reflects strong capital base and confidence in the future

Dividend per share (in EUR)



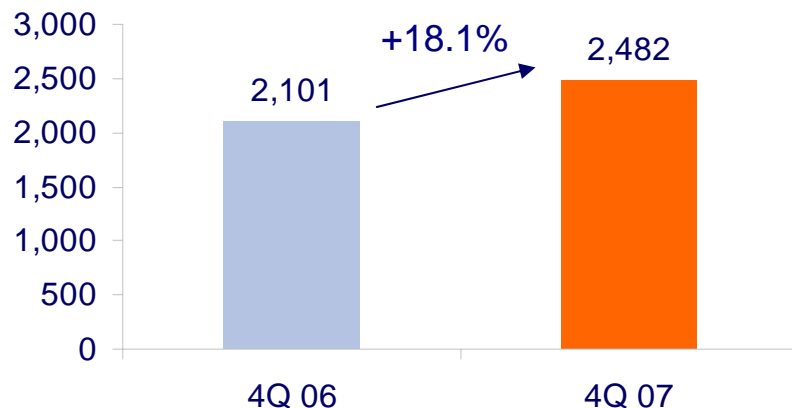
- Total dividend 2007 proposed EUR 1.48 per share, up 12%
- Final dividend 2007 proposed EUR 0.82, fully in cash

# Fourth quarter results

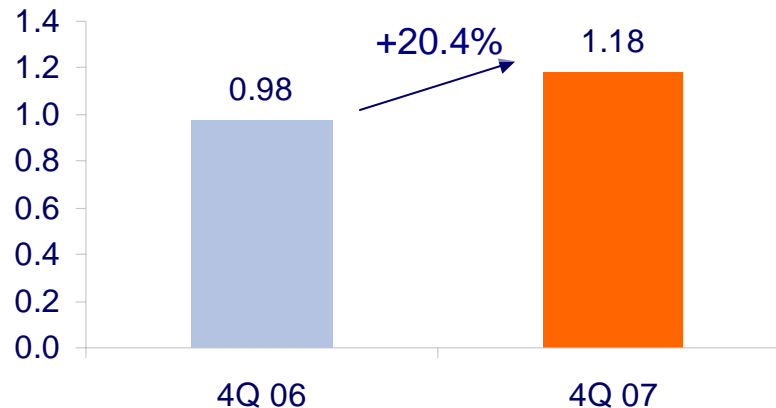
## Underlying 4Q net profit up 23.9% to EUR 2,617 million, supported by equity capital gains

- Underlying net profit includes EUR 1,028 million of gains on ABN Amro and Numico shares
- Low effective tax rate of 13.9%
- Net profit increases 18.1% to EUR 2,482 million; EPS up 20.4% to EUR 1.18

Net Profit (EUR mln)



EPS (in EUR)



# Insurance highlights: Results benefit from higher investment income while strong increase in VNB

Business Lines	4Q 07		
	Underlying profit before tax (in EUR mln)	Change 4Q 07 vs 4Q 06	Change FY 07 vs FY 06
<b>Insurance Europe</b> <ul style="list-style-type: none"> <li>Strong sales in Central Europe drive VNB growth</li> <li>Lower revaluations on real estate and private equity accounted for EUR 209 mln of the profit decline</li> </ul>	358	-43.4%	-18.2%
<b>Insurance Americas</b> <ul style="list-style-type: none"> <li>Strong growth of sales and value of new business</li> <li>Earnings declined 16% due to DAC and reserve unlocking and FX impact</li> </ul>	453	-16.0%	3.4%
<b>Insurance Asia/Pacific</b> <ul style="list-style-type: none"> <li>Strong sales growth across the region</li> <li>Excluding Japan, underlying profit up 17% in 4Q 2007</li> </ul>	113	-19.3%	-7.2%
<b>Corporate Line:</b> <ul style="list-style-type: none"> <li>Driven by EUR 1,028 m capital gains on ABN Amro and Numico</li> </ul>	896		
<b>Total Insurance</b>	<b>1,819</b>	<b>36.7%</b>	<b>27.1%</b>

# Banking highlights: Resilient results despite challenging environment

Business Lines	4Q 07		
	Underlying profit before tax (EUR mln)	Change 4Q 07 vs 4Q 06	Change FY 07 vs FY 06
<b>Wholesale Banking</b> <ul style="list-style-type: none"> <li>Earnings resilient despite market turmoil</li> </ul>	591	8.2%	-5.0%
<b>Retail Banking</b> <ul style="list-style-type: none"> <li>Volume growth offsets impact of yield curves</li> <li>Excluding gain on sale of Banksys (4Q 2006), underlying profit up 10.5% in 4Q 2007</li> </ul>	442	-0.5%	6.6%
<b>ING Direct</b> <ul style="list-style-type: none"> <li>Investments continue to support growth</li> <li>Excluding UK, impairment in Canada and investments in growth, underlying profit up 14.9% in 4Q 2007</li> </ul>	73	-57.6%	-23.6%
<b>Corporate Line</b>	45		
<b>Total Banking</b>	<b>1,151</b>	<b>0.3%</b>	<b>-1.7%</b>



# Risk management and business profile shield ING from direct impact of credit market turmoil

- 1. ING is primarily a retail house – collect customer balances and invest them**
- 2. Clearly defined risk appetite and tools to track it, including “risk dashboard”**
  - We select the businesses and assets that we invest in
- 3. ING invests to match liabilities**
  - ING is a long-term investor and aims to hold most of its assets to maturity – To maintain flexibility they are booked as available for sale which makes them subject to revaluations
  - Own credit analysis based on view of borrower capacity and value of the collateral if held to maturity
  - As a result, we have a relatively conservative risk-profile of our assets and credit portfolio
- 4. ING is not an originator of CDOs or a manufacturer of RMBS**
  - ING has no residual risk
- 5. Conservative selection of assets with a high structural credit protection**

# Limited direct impact of credit crisis in 4Q 2007

1. Negative pre-tax P&L directly related to credit crisis EUR 194 million in 4Q as exposure is limited and of relatively high quality:
  - EUR 47 million pre-tax loss related to US subprime RMBS
  - No P&L losses in the US Alt-A RMBS portfolio
  - EUR 36 million pre-tax loss related to CDOs
  - EUR 66 million pre-tax loss related to monoline insurers
  - EUR 45 million pre-tax loss due to investments in SIVs and ABCP
2. At 31 December, subprime RMBS book fair valued at 90.1% and Alt-A RMBS portfolio at 96.7%
  - Pre-tax revaluation reserves of EUR - 1.4 billion for Subprime, Alt-A and CDOs at year end
  - Driven by interest rates, liquidity and credit spreads
3. Good liquidity position; well-diversified sources of funding

CRO Koos Timmermans will address risk in greater detail later

# Strong capital position with ratios well within target

- ING has a strong capital position and allocates capital efficiently
- Capital used to support growth, make acquisitions, buy back shares and pay attractive dividends
- Spare leverage capacity increased to EUR 4.8 billion (year end 2007) from EUR 3.1 billion (year end 2006)
- Basel II RWAs are more than EUR 100 billion lower than Basel I RWAs
- Basel II frees up EUR 7 billion of Tier-1 capital at ING Bank as of 1/1/2008

## Key ratios year end 2007:

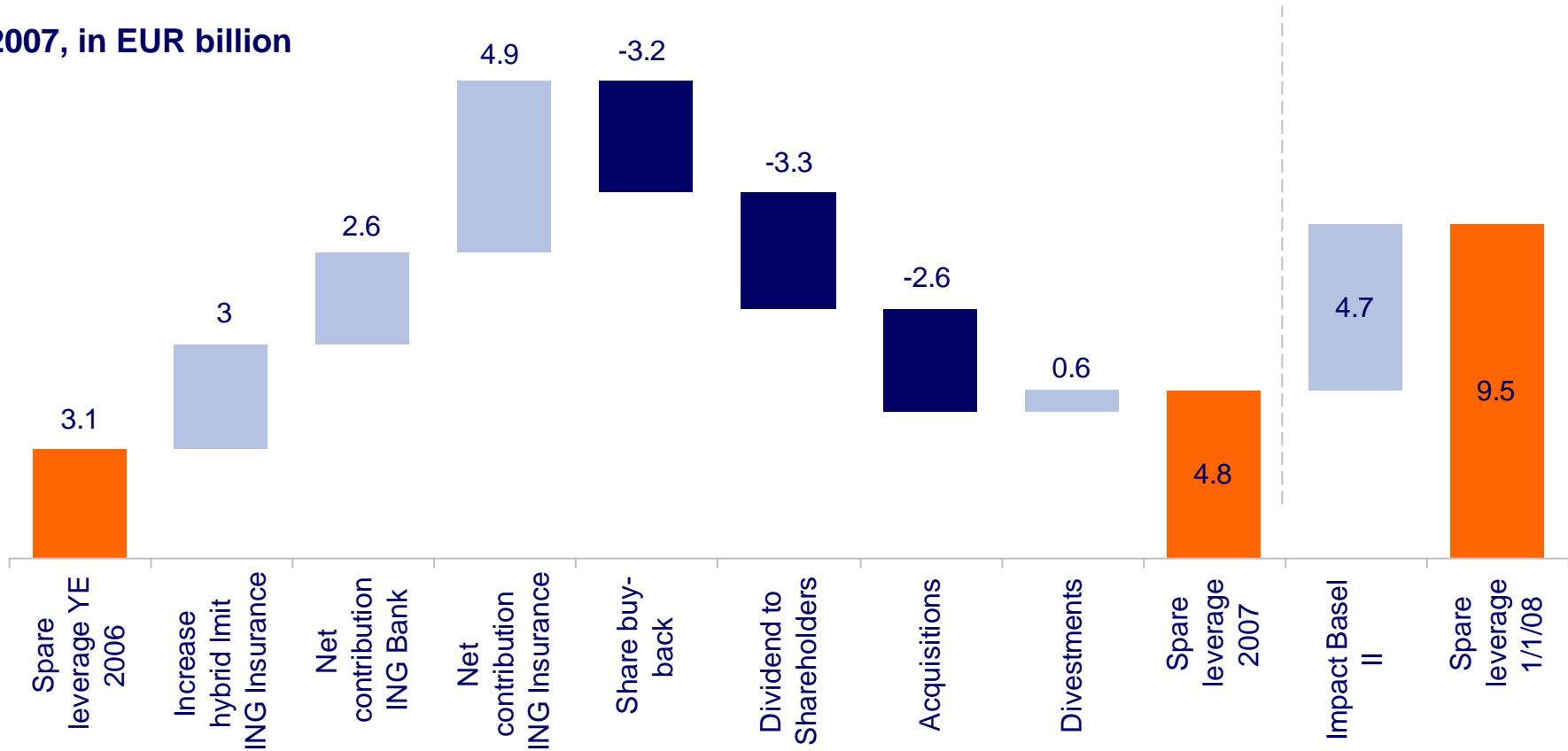
## Ratings

		S&P	Moody's	Fitch
• Tier-1 ratio Bank	7.39% (vs > 7.2% target)	AA	Aa1	AA
• Debt equity ratio Insurance	13.63% (vs < 15% target)	AA-	Aa3	AA-
• Debt equity ratio Group	9.53% (vs <10% target)	AA-	Aa2	AA-

# Spare leverage capacity increased further thanks to increase in hybrid limit and dividend upstream ING Insurance

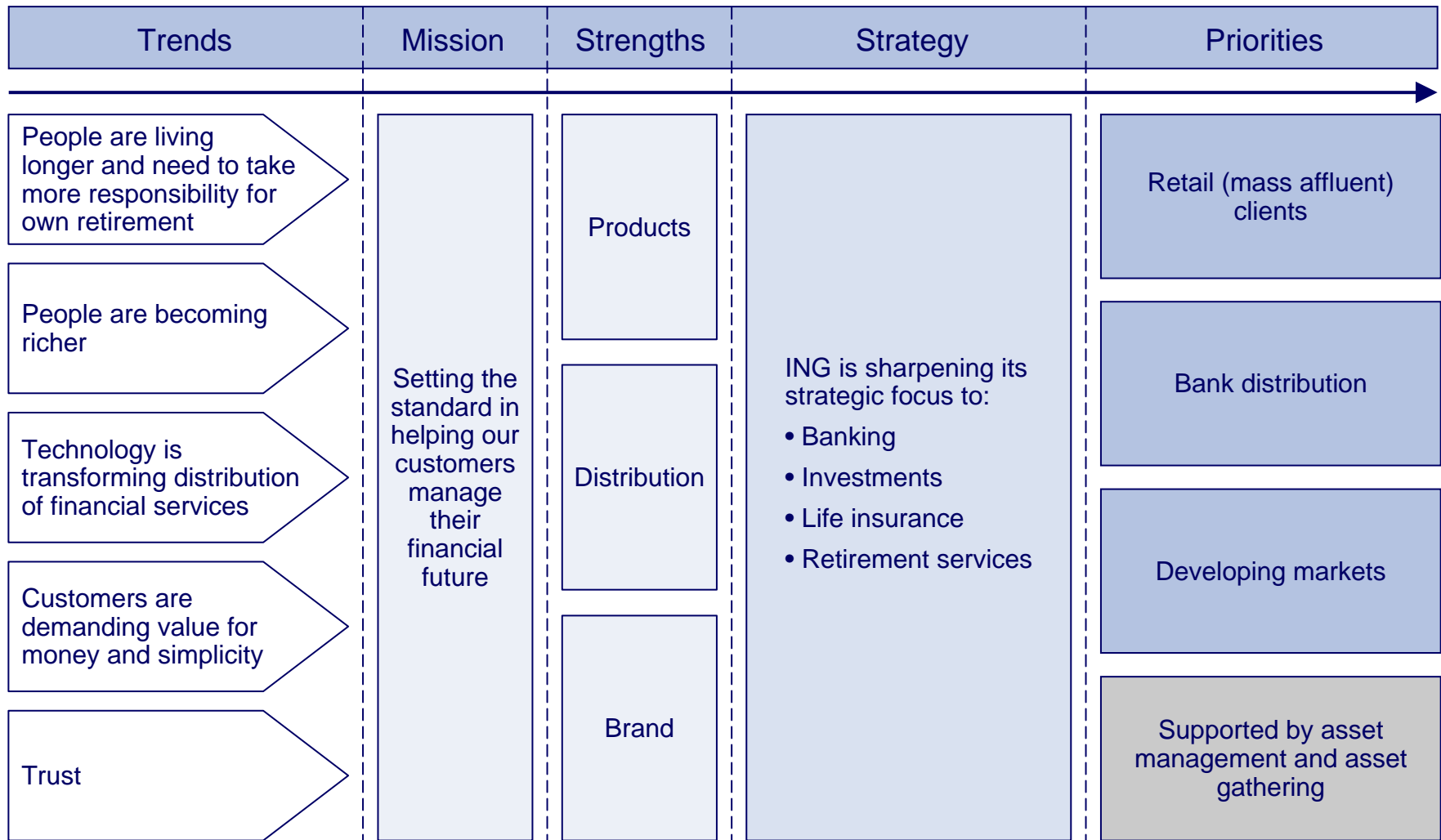
## ING Group

2007, in EUR billion



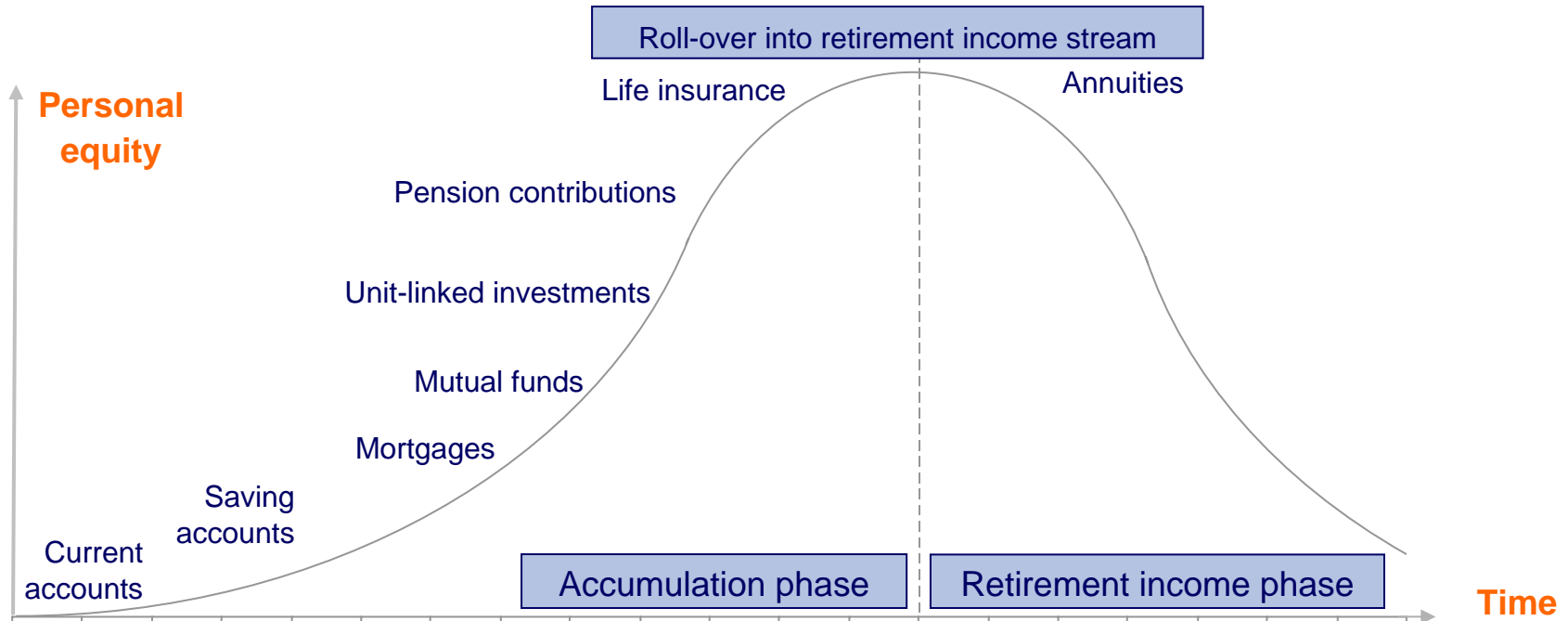
Spare leverage capacity increased to EUR 4.8 billion from EUR 3.1 billion over the year  
 Basel II implementation on 1st of January added EUR 4.7 billion to leverage capacity

# Sharpening the focus to banking, investments, life insurance and retirement services



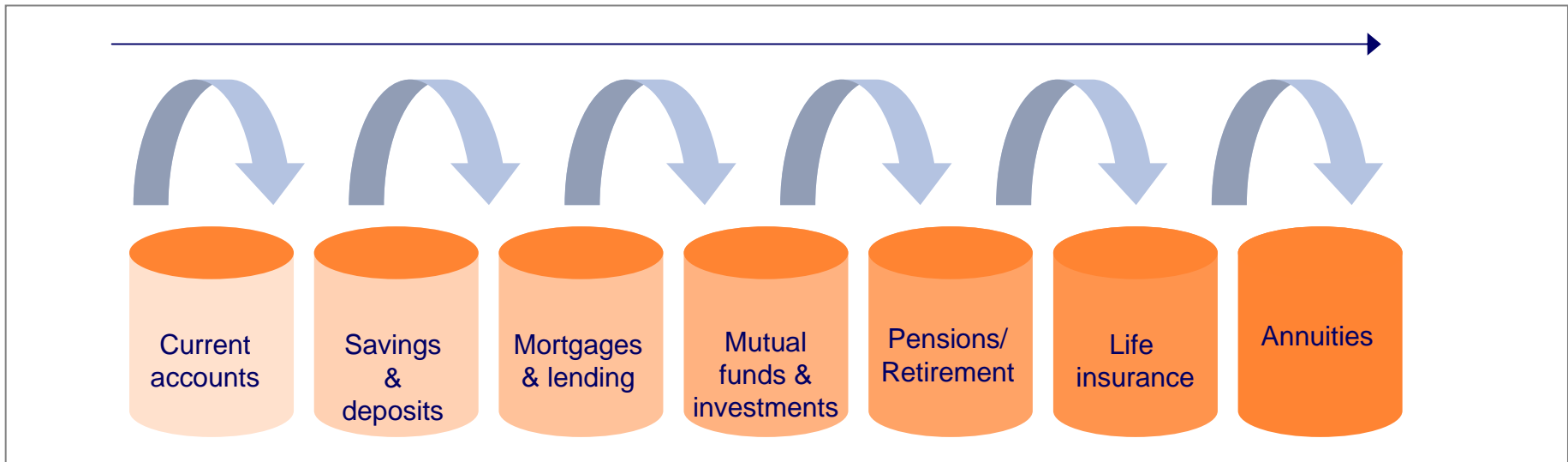
# Over their life cycle customers require products to grow savings, manage investments and prepare for retirement...

## Consumer financial life cycle



- As customers live longer they need to save more to enjoy longer retirement
- As customers accumulate more wealth, this drives strong growth in total retail client balances, especially in developing markets
- Growth is driven by investment products and customers want strong performance to meet their financial goals

# ...and ING has the scale and the expertise to provide customers with the right products at the right time



## ING's strengths

- ING offers customers the full range of products needed throughout their lifecycle
- ING has scale in each product category
- ING has a trusted brand that applies across all products

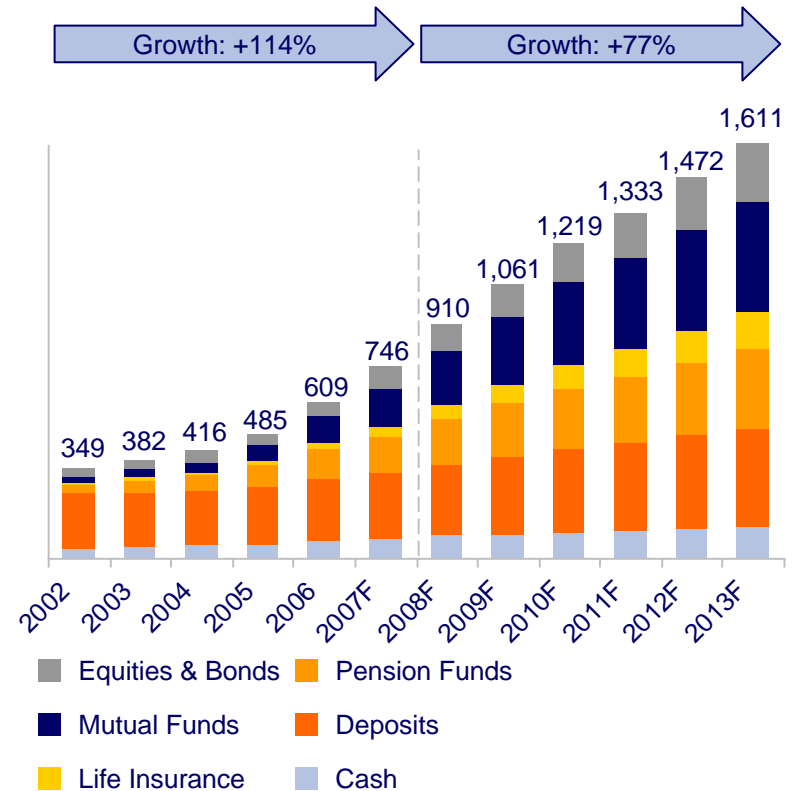
# Poland is a rapidly growing market, where ING offers clients a full range of products across their life cycle

- Poland is a fast developing market with dynamic economic growth
- ING has a full range of products to meet customer needs across their life cycle
- ING Bank Śląski: 2.27 million retail clients (FY07) and the third player on the retail deposits market with share of 9.38%
- ING Insurance: 423,000 clients (FY07) for life insurance; EUR 78 mln of gross premiums (4Q)
- In pensions, ING has 2,59 million retail clients (FY07); #2 player with market share of 19.7%
- Wholesale Banking also offers a full range of products and services, including Leasing, PCM and Commercial Finance

## ING Retail Product categories – end of 2007

	In EUR bln
Current accounts	1.5
Savings & deposits	6.6
Mortgages & lending	1.9
Assets under management	2.7
Pensions / retirements	9.3
Life insurance – Unit-Linked, Traditional	1.5

## Poland, Demand for Investment Products (PLN b)



Source: NBP and ING estimates





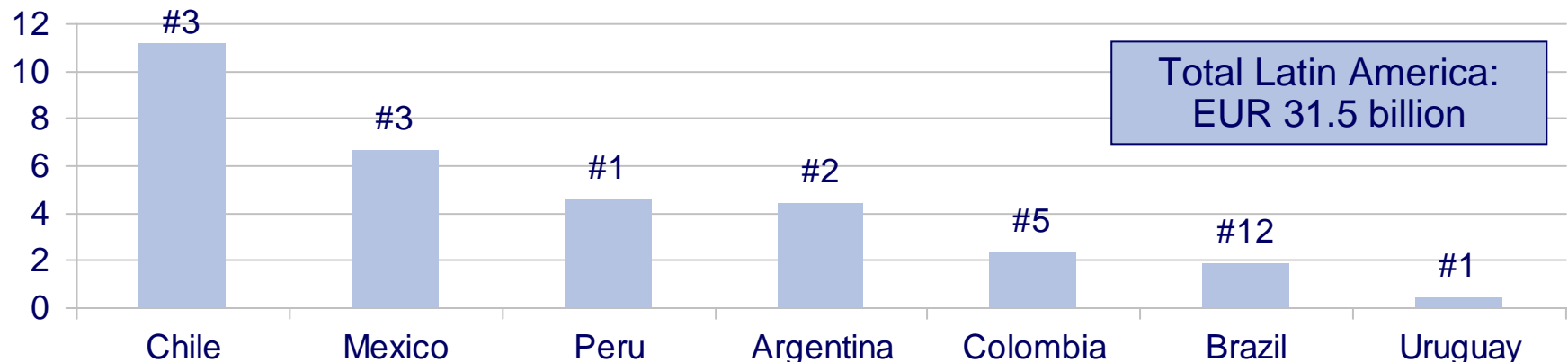
# We are actively managing our capital in line with this strategy...

Initiatives 2007 – 2008 YTD	Organic growth investments	Retail	Bank distribution	Developing markets	Asset Management & Asset Gathering
	Romania/Ukraine retail banks	✓	✓	✓	
	Russian Life Insurance	✓		✓	
	VA launch Spain, Hungary	✓	✓	✓	
	Public Bank Malaysia - Piraeus Bancassurance agreement	✓	✓	✓	
	Romanian pensions	✓		✓	
	ING Direct	✓	✓		
	Business efficiency programmes				
	Combination of Postbank/ING Bank in the Netherlands	✓	✓		
	Wholesale Banking				✓
	Retail Banking transformation Belgium	✓	✓		
	Acquisitions				
	Landmark Investment Management South Korea	✓		✓	✓
	OYAK Bank Turkey	✓	✓	✓	✓
	Latin America Pension and annuity business	✓		✓	
	ING Direct US - Netbank & Sharebuilder	✓	✓		
	Thailand's TMB	✓	✓	✓	✓
	AZL	✓			✓
	Divestments				
	Sale of Belgian broker and employee business	Non Core			
	Netherlands: ING Trust, Regio Bank, Nationale Borg and NRG				
	ING Salud (Chilean health business)				
	Seguros ING and subsidiaries (Mexico)				

# ...as was also reflected in the announced sale of our non-core insurance business in Mexico

- Divested business constitutes predominantly P&C business
  - Sale price of EUR 1.0 billion
  - Sold businesses contributed EUR 2 mln loss in 2007 excluding one-off taxes related to legal restructuring (vs. EUR 29 mln in 2006)
- ING will focus on its Afore pension business in Mexico
  - Third largest in Mexico, 5.4 mln customers, EUR 6.7 bln in AuM
- ING is now the second largest pension provider in Latin America
  - 22.7 million customers in the region

## Assets under Management (in EUR bln) in Latin America, and Market Ranking



# ING results show strength in challenging environment

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# Fourth Quarter 2007 Results

By Business Line

John Hele, CFO ING Group

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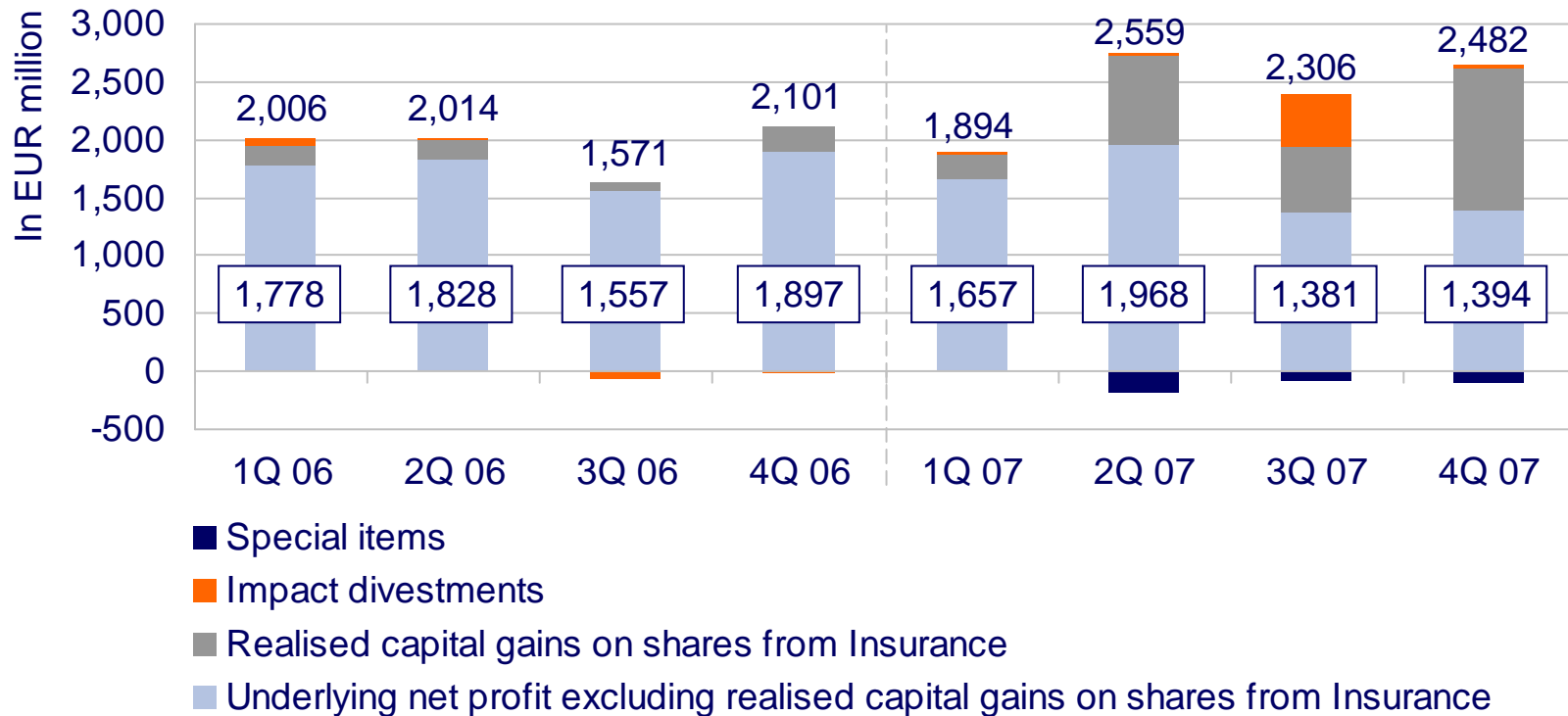
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# Key points 4Q

1. 4Q profit impacted by positive equity capital gains, a low tax rate, amid market volatility
2. Limited direct impact of pre-tax EUR 194 million from credit crisis
3. Disciplined capital management continues with a strong capital position
4. Insurance – “Continued high sales and value of new business were driven by good commercial performance in ING’s major markets. Profits were boosted by capital gains, mitigated by lower revaluations of real estate and private equity”
5. Banking – “Results at ING’s banking business continued to be resilient despite the market and credit turmoil. Profits slightly up supported by commercial growth and low risk costs offsetting the limited impact of the turmoil”

# Resilient quarterly profit



- Underlying net profit excluding realised capital gains on shares from Insurance is EUR 1,394 million in 4Q 07
- Realised net capital gains on shares from Insurance of EUR 1,223 million in 4Q 2007, of which EUR 602 million gain on Numico shares, and EUR 426 million on ABN Amro shares

# 18.1% growth in net profit

In EUR m	4Q 2007	4Q 2006	Change
Underlying profit before tax Insurance	1,819	1,331	36.7%
Underlying profit before tax Banking	1,151	1,148	0.3%
Total underlying profit before tax	2,970	2,479	19.8%
Taxation	301	281	7.1%
Minority interests	53	85	-37.6%
Underlying net profit	2,617	2,113	23.9%
Net gains/losses on divestments	-37	-23	
Net profit from divested units		11	
Special items after tax	-98		
Net profit	2,482	2,101	18.1%

- Underlying profit before tax boosted by equity gains
- Special items includes provisions/costs for the combination of Postbank/ING Bank Netherlands and restructuring of Wholesale Banking

# Divestments & Special Items

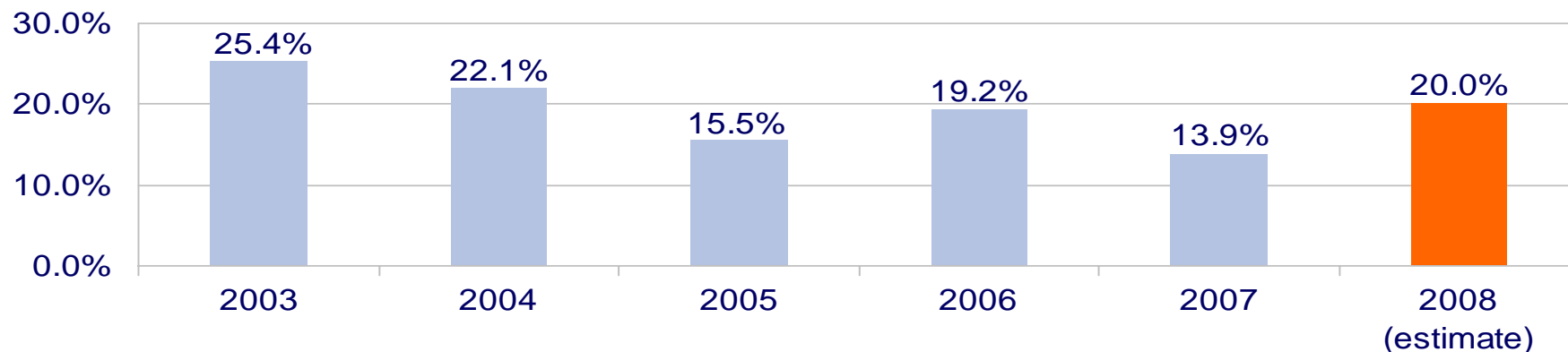
In EUR m	4Q 2007	3Q 2007	2Q 2007
<b>Underlying net profit</b>	<b>2,617</b>	<b>1,946</b>	<b>2,735</b>
<b>Net gains/losses on divestments:</b>			
- sale NRG	-129		
- IPO of Sul America (Brazil)	93		
- sale Belgian broker business		418	
- sale RegioBank		26	
<b>Total gains/losses on divestments</b>	<b>-37</b>	<b>444</b>	
<b>Net profit from divested units</b>			<b>12</b>
<b>Net special items:</b>			
- restructuring provisions	-70	-42	
- hedges OYAK Bank	-6	-29	
- provision/cost for combining ING Bank and Postbank	-23	-12	-188
<b>Total special items</b>	<b>-98</b>	<b>-83</b>	<b>-188</b>
<b>Net profit (attributable to shareholders)</b>	<b>2,482</b>	<b>2,306</b>	<b>2,559</b>



# Low effective tax rate in 2007

- **Low effective tax rate 2007 (13.9%) mainly driven by:**
  - High tax exempt gains on sold shares (including ABN AMRO and Numico)
  - Significantly lower effective rate on underlying banking income (down to 17.6% from 23.4% in 2006)
- **Lower 2007 effective rate on underlying banking profit mainly driven by:**
  - Lower statutory rate in the Netherlands
  - Higher tax exempt gains on shares
  - Higher releases of tax provisions
- **Effective tax rate for 2008 expected to be around 20%**

## Development effective tax rate



# Limited direct P&L and equity impact from credit and liquidity crisis

## Accounting policy (IFRS)

- Fair value changes of fixed income securities classified as available for sale are recognised in shareholders equity
- At the end of the reporting period assets are assessed for impairment (principal and/or interest are expected not to be fully repaid)
- In case of impairments the unrealised revaluation is taken out of equity and recognised in the P&L
- Fair value changes of assets in the trading book are recorded in the P&L

## P&L (4Q 2007) and Equity impact (31 December 2007)

### Pre-tax P&L impact of pressurised assets in 4Q 2007

(EUR million)	Impairment	Markdowns	Trading loss	Total
subprime RMBS	32	0	15	47
Alt-A	0	0	0	0
CDOs	10	24	2	36
Monolines	0	66	0	66
Investments in SIVs, ABCP	45	0	0	45
<b>Total</b>	<b>87</b>	<b>90</b>	<b>17</b>	<b>194</b>

### Pre-tax unrealised revaluation reserve in Shareholders' Equity as per 31 December 2007.

(EUR million)	Revaluation	Market value	% amortised cost
Subprime	-307	2,789	90.1%
Alt-A	-936	27,482	96.7%
CDOs / CLOs	-134	1,896	93.4%

# Fair values are substantially based on observed market prices

## IFRS fair value hierarchy:

- A. reference to published price quotations in an active market.
- B. valuation technique supported by observable market data.
- C. valuation technique not supported by observable market inputs.

## Outcome:

ING has EUR 603 billion financial assets measured at fair value.

Majority of sub prime RMBS and Alt-A RMBS are based on published price quotations and markets for such AAA RMBS are still active

Less than EUR 5 billion is not supported by observable market data

## Methods applied in determining fair values of financial assets – in EUR mln

	A	B	C	Total
<b>Total</b>	<b>450,948</b>	<b>147,862</b>	<b>4,217</b>	<b>603,027</b>
Subprime RMBS	2,635	153	-	2,789
Alt-A RMBS	23,312	4,170	-	27,482
CDOs	281	1,597	17	1,896

# Development of revaluation reserves, not reflected in P&L

## Shares

### Development revaluation reserve (in EUR million) – after tax

	31-12-07	30-09-07	30-06-07	31-03-07	31-12-06
Insurance operations	3,466	5,634	5,922	5,870	5,120
Banking operations	2,363	2,541	675	777	116
<b>Total revaluation reserve</b>	<b>5,829</b>	<b>8,175</b>	<b>6,597</b>	<b>6,647</b>	<b>5,236</b>

- Equity reserves are boosted by Bank of Beijing in 3Q and reduced by the sale of Numico and ABN Amro shares in 4Q

## Bonds

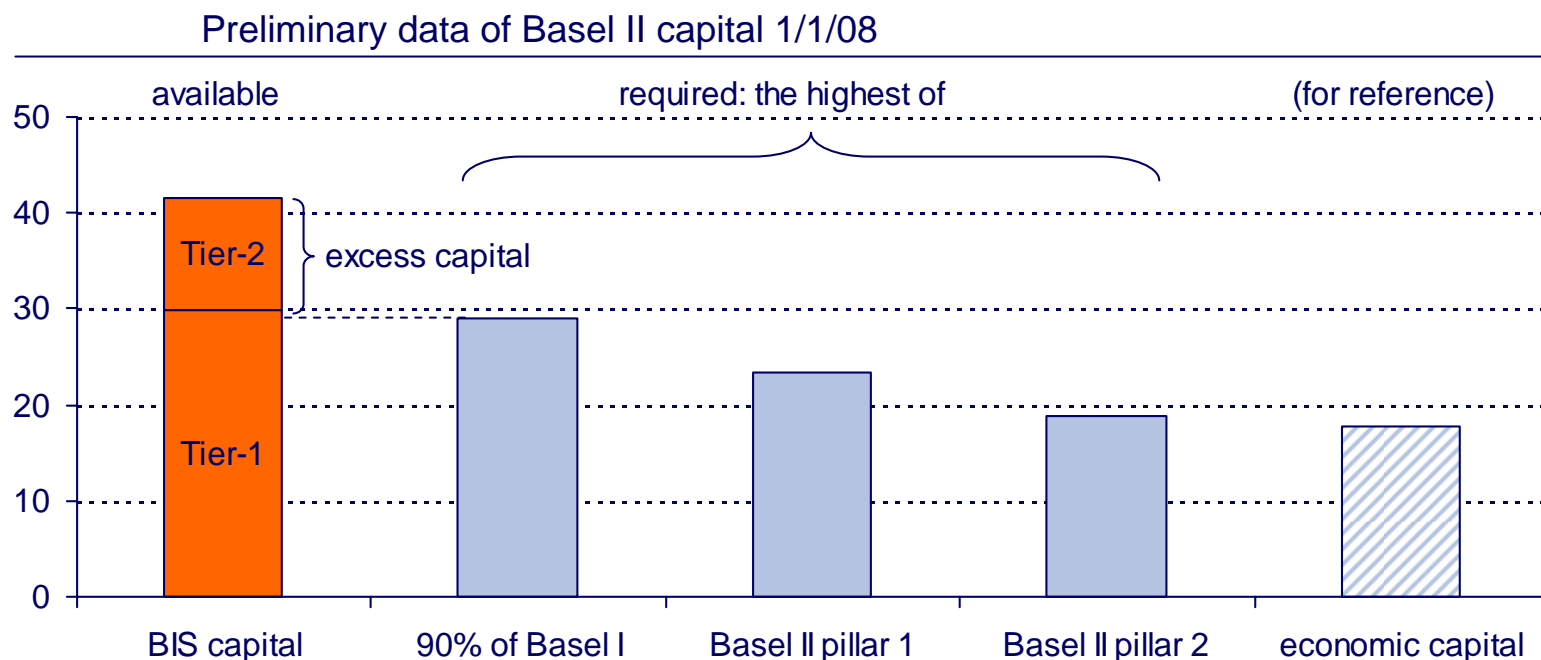
### Development revaluation reserve (in EUR million) – after tax

	31-12-07	30-09-07	30-06-07	31-03-07	31-12-06
Insurance operations	(840)	(505)	(667)	1,965	2,239
Banking operations	(1,097)	(598)	(497)	422	559
<b>Total revaluation reserve</b>	<b>(1,937)</b>	<b>(1,103)</b>	<b>(1,164)</b>	<b>2,387</b>	<b>2,789</b>

- Bonds reserve declined EUR 4.7 billion at year end, with EUR 1.3 billion pre-tax due to pressurised asset classes, the balance primarily due to interest rates and credit spreads

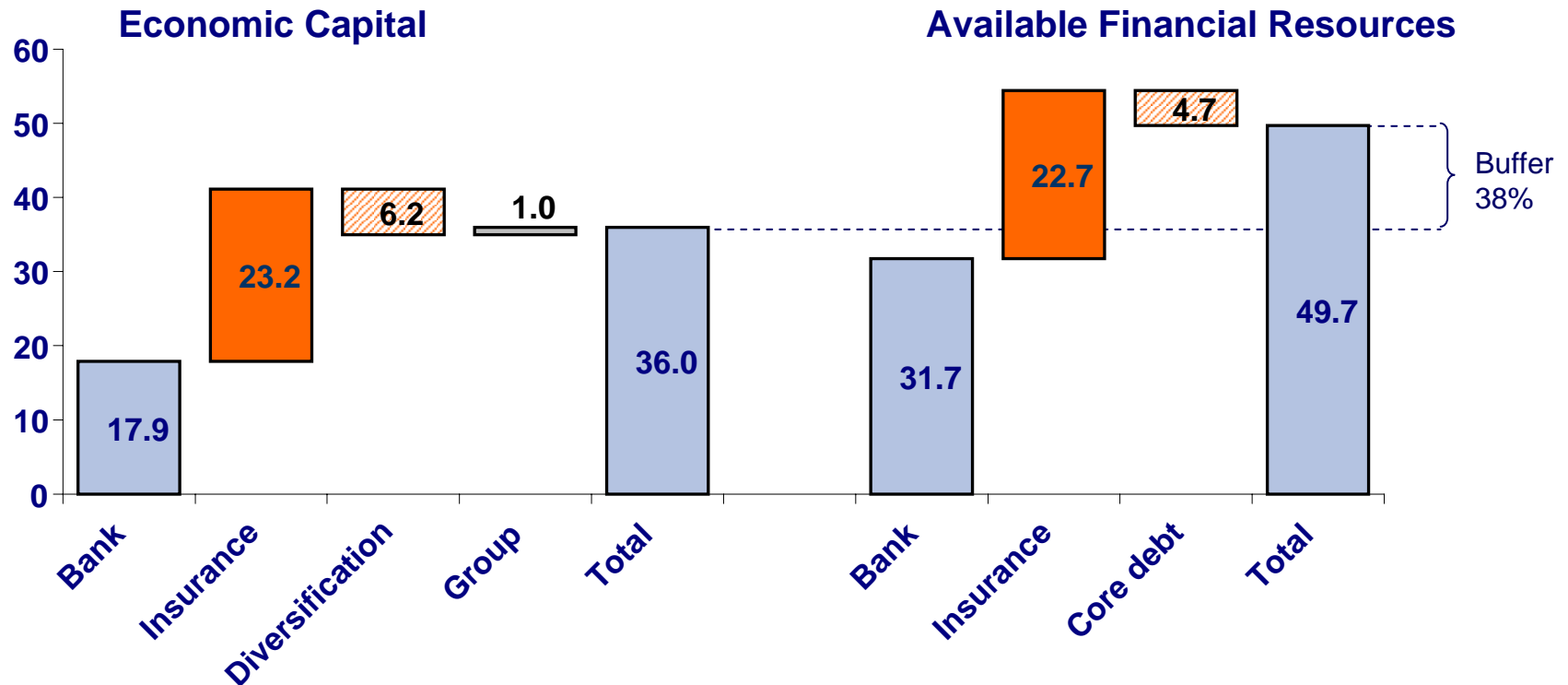
# Bank capitalisation (regulatory 1/1/2008)

- Basel I RWAs for the whole of the year grew from EUR 322 billion to 403 billion (25%)
- Basel II RWAs at the start of 2008 according to preliminary data are EUR 293 billion
- Capital released at the Bank therefore exceeds EUR 7 billion
- This is due to the relative low risk profile of the ING Bank balance sheet
- Increase in Tier-1 ratio 7.4% to 9.9% from Basel I to Basel II



# Group capital position on an economic basis: 38% buffer

ING's excess capital on an economic basis: AFR - EC (EUR bn, 4Q 2007 full IFRS)



Group EC = EC Insurance (23.2) + EC Bank (17.9) - 15% diversification + EC Group (1.0)

EC Group = EC ING Group unconsolidated (0.2) + Market risk on the assets backing ING Bank equity (0.8)

# Share buyback 73.9% completed

	June-August	September-November	December-15 February
Number of shares	38.8 million	42.0 million	50.5 million
In % of shares issued	1.7%	1.9%	2.3%
Amount	EUR 1.25 billion	EUR 1.25 billion	EUR 1.19 billion

## Number of shares outstanding (in million)

Common shares	Issued and outstanding	Treasury	In market
12/31/06	2,205	54	2,151
Warrants B	16		16
Share vesting	5		5
Hedge program personnel stock options		-/- 9	9
Share buyback		52	-/- 52
9/30/07	2,226	97	2,129
Hedge program personnel stock options		-/- 9	9
Share buyback		39	-/- 39
12/31/07	2,226	127	2,099
Warrants B	18		18
Share buyback		39	-/- 39
2/15/08	2,244	167	2,077
# Preference shares outstanding	6		6

## Key highlights

- 73.9 % of programme completed by end of day 15 February 2008
- Total number of shares repurchased is 131.2 m
- Amount repurchased: EUR 3.69 bn
- Average price of repurchased shares is EUR 28.15



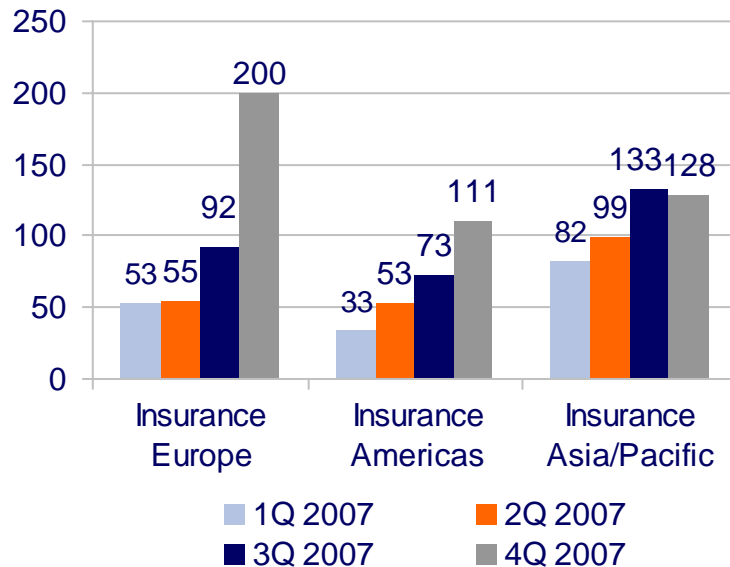
# Insurance

Fourth Quarter 2007 Results



# Strong VNB growth, +38% to EUR 1,113 million year-on-year

VNB (in EUR million)



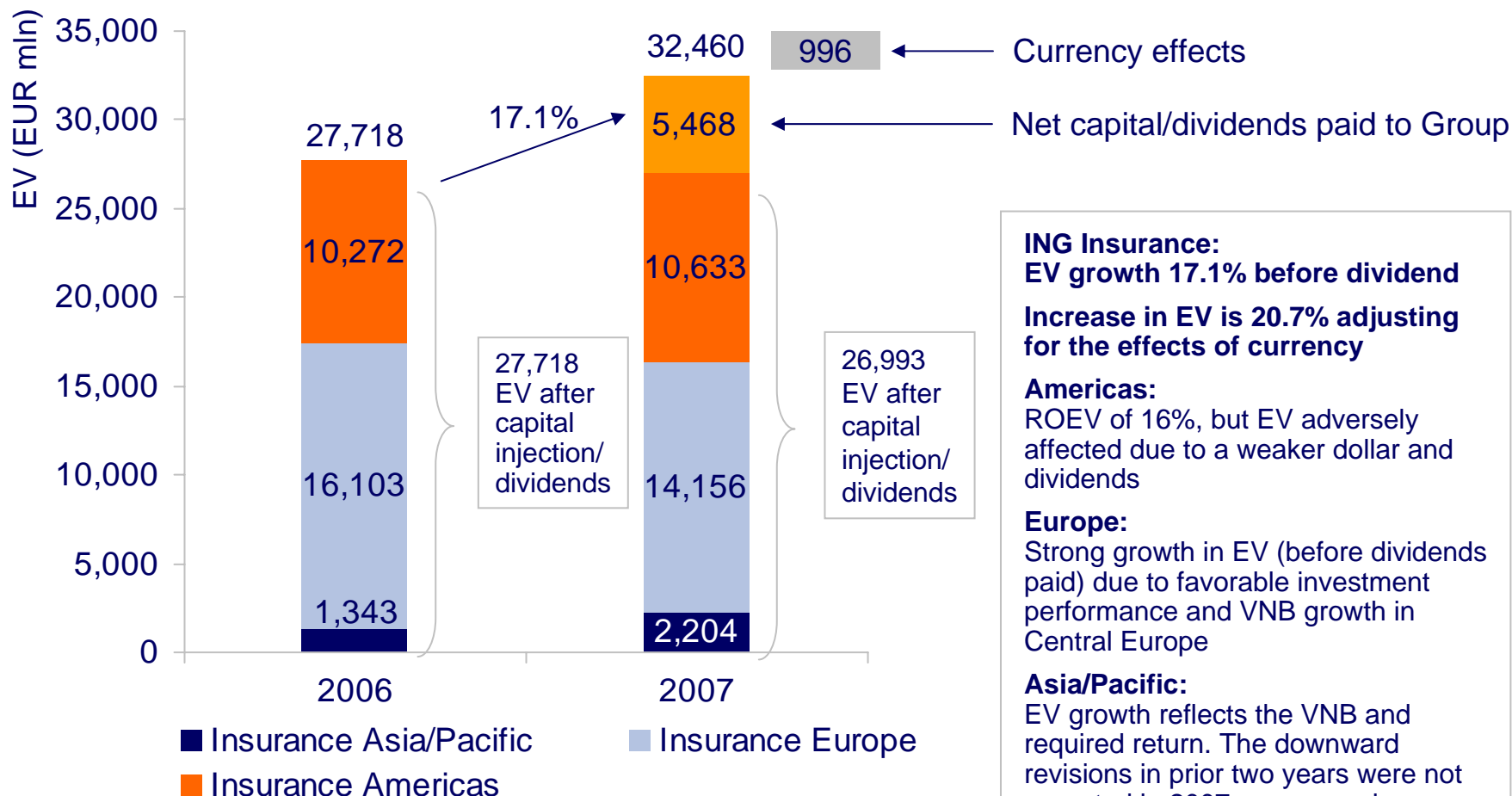
APE Business Lines	Change % 4Q 07 vs 4Q 06
Insurance Europe	+38.3
Insurance Americas	+17.3
Insurance Asia/Pacific	+37.4

ING Group	Change % 4Q 07 vs 4Q 06	Change % 4Q 07 vs 3Q 07
APE	+26.8	+4.0
VNB	+243.8*	+47.7

\* +159% adjusted for change in discount rate in 4Q 2006.

- Good growth across Central Europe, boosted by ING Romania
- ING US Life Insurance: higher sales and completion of on-shore reinsurance agreement led to increase in VNB
- ING Mexico Afore: acquisition of pension business and higher quality of sales had a positive impact
- Total single-premium sales +33.1% (4Q 2007 vs. 4Q 2006); Total annual-premium sales +22.8% (4Q 2007 vs. 4Q 2006)
- Japan holds market share despite volume decrease due to new regulations

# Embedded Value Growth



Group embedded value of EUR 44,463 million, or EUR 21.19 per share, an increase of 6.1%

**ING Insurance:**  
EV growth 17.1% before dividend  
Increase in EV is 20.7% adjusting for the effects of currency

**Americas:**  
ROEV of 16%, but EV adversely affected due to a weaker dollar and dividends

**Europe:**  
Strong growth in EV (before dividends paid) due to favorable investment performance and VNB growth in Central Europe

**Asia/Pacific:**  
EV growth reflects the VNB and required return. The downward revisions in prior two years were not repeated in 2007 as economic assumptions are better aligned with the markets

# Insurance Europe: Strong sales in Central Europe drive VNB growth

Profit & loss account (underlying) (in EUR million)

	4Q 07	4Q 06	% change
Premium income	2,383	2,353	1.3
Operating expenses	390	503	-22.5
Profit before tax	358	632	-43.4
• of which Life	278	407	-31.7
• of which Non-life	80	225	-64.4

VNB: EUR 200 m (+344%)

IRR: 15.8% (FY 06: 14.9%)

Single-premium sales: EUR 871 m; +4.2%

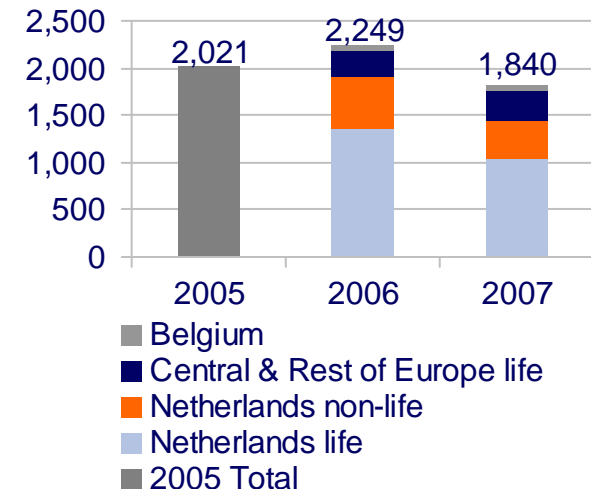
Annual-premium sales: EUR 220 m; +59.4%

Combined ratio: 92.3% (FY 06: 87.1%)

AuM (end of period): EUR 155 bn  
(EUR 158 bn end FY2006)

- Strong sales across Central Europe boost APE by 38.3%
- VNB up across Central Europe, accentuated by new pension fund in Romania
- Profit before tax impacted by lower revaluations of real estate and private equity

## Underlying profit before tax Insurance Europe (in EUR million)



# Insurance Americas: Strong growth of sales and value of new business

Profit & loss account (underlying) (in EUR million)

	4Q 07	4Q 06	% change
Premium income	6,726	5,847	15.0
Operating expenses	675	621	8.7
Profit before tax	453	539	-16.0
• of which Life	325	413	-21.3
• of which Non-life	128	126	1.6

VNB: EUR 111m (n.a)

IRR: 11.8% (FY 06: 10.3%)

Single-premium sales: EUR 5,317 m; +28.2%

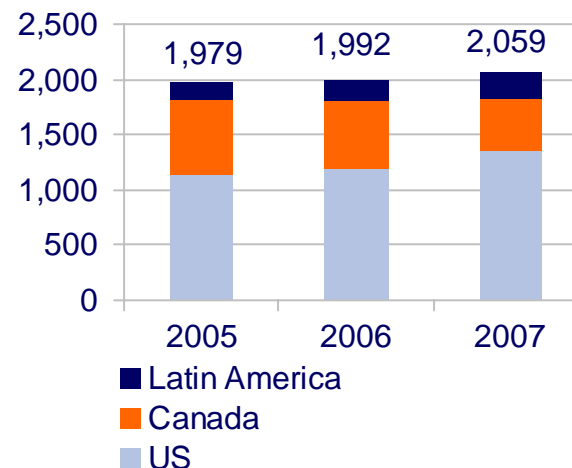
Annual-premium sales: EUR 473 m; +7.3%

Combined ratio: 98.7% (FY 06 92.8%)

AuM (end of period): EUR 213 bn  
(EUR 203 bn end FY2006)

- Record variable annuity sales propel 25.5% premium growth excluding FX impact
- VNB increases to EUR 111 million
- Earnings decline 16.0% due to DAC unlocking and FX impact

**Underlying profit before tax  
Insurance Americas (in EUR million)**



# Insurance Asia/Pacific: Strong sales growth across the regions

Profit & loss account (underlying) (in EUR million)

	4Q 07	4Q 06	% change
Premium income	3,095	2,856	8.4
Operating expenses	310	269	15.2
Profit before tax	113	140	-19.3

VNB: EUR 128 m (+34.7%)

IRR: 16.8% (FY 06: 16.8%)

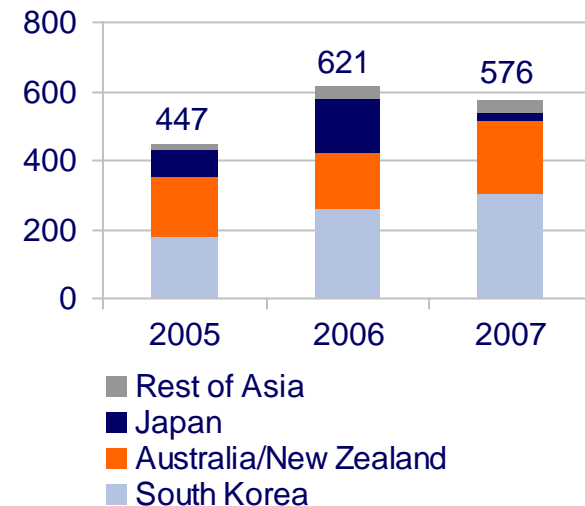
Single-premium sales: EUR 2,033 m; +70.4%

Annual-premium sales: EUR 503 m; +27.0%

AuM (end of period): EUR 99 bn  
(EUR 84 bn end FY 06)

- Sales (APE) increase 37.4%
- Value of New Business +34.7%
- Profit declines 19.3%, but up 16.7% excluding Japan

**Underlying profit before tax  
Insurance Asia/Pacific (in EUR million)**



# Corporate Line Insurance

Underlying profit before tax In EUR m	4Q 07	3Q 07	2Q 07	1Q 07	4Q 06
Interest on hybrids and core debt	-196	-157	-174	-160	-157
Fair value changes derivatives	-61	-38	2	-26	-24
Capital Management	-257	-196	-171	-186	-132
Gains on equities	1,154	486	690	123	147
Results from reinsurance run-off portfolios	5	8	2	-20	6
F1 sponsoring costs	-7	-15	-13	-13	0
Other	2	9	23	12	0
Underlying profit before tax	896	291	531	-84	20

- Gains on equities due to ABN Amro and Numico
- Negative revaluation of equity hedges and interest rate swaps



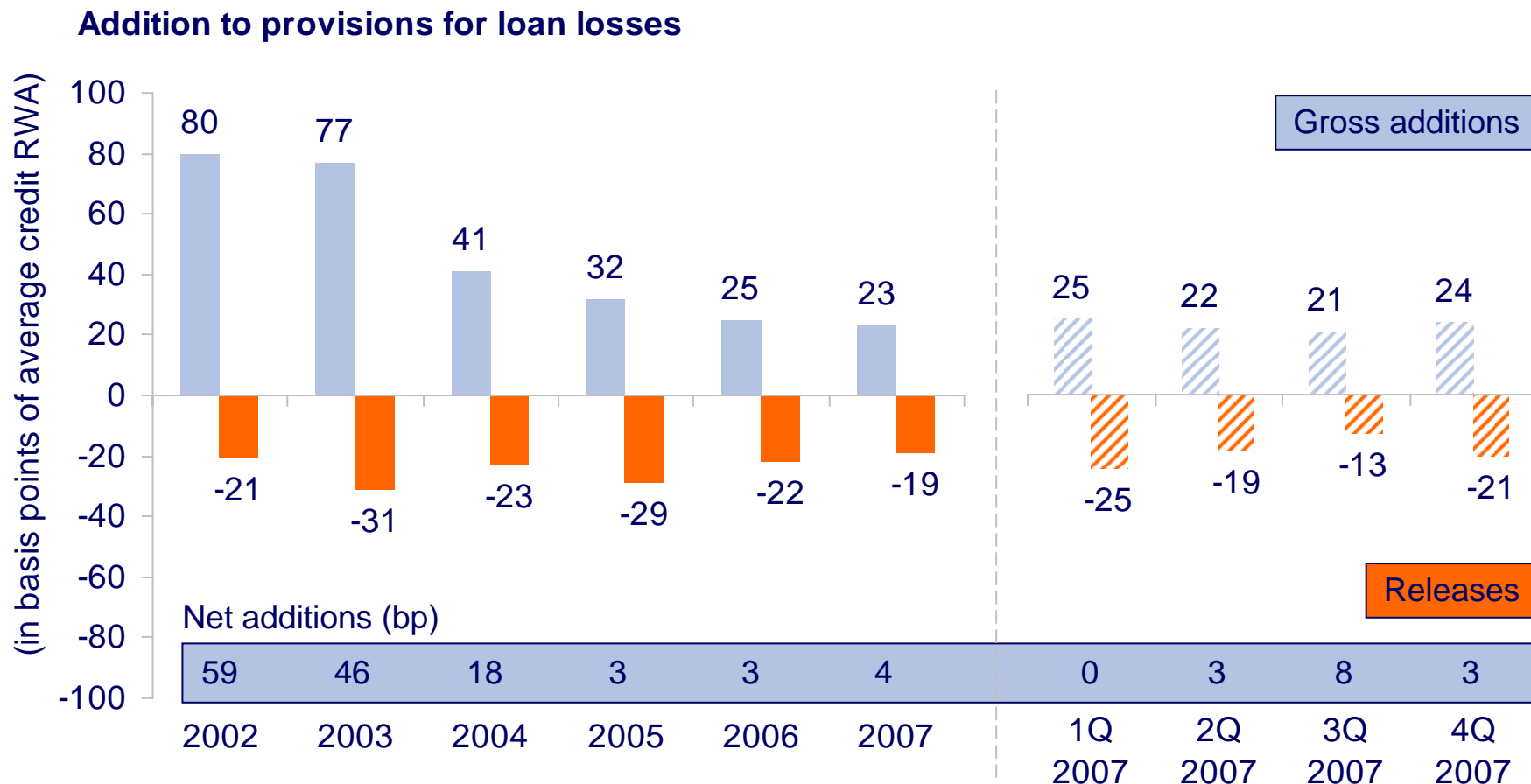
# Banking

Fourth Quarter 2007 Results

INSURANCE - BANKING - ASSET MANAGEMENT



# Relatively low loan-loss provisions

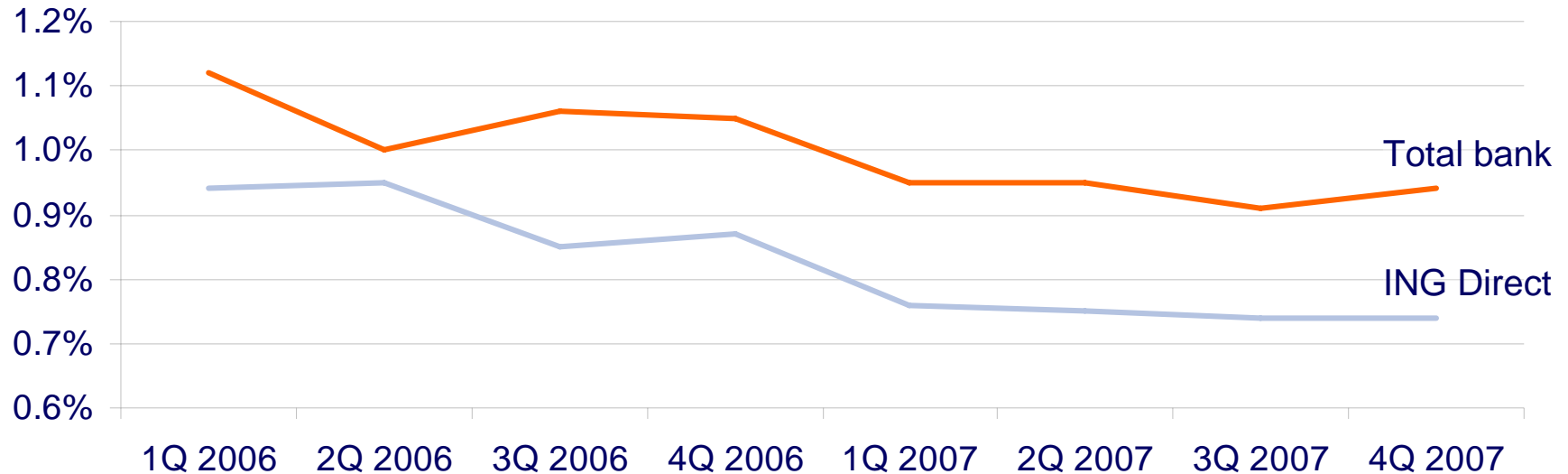


Wholesale Banking had a EUR 115 million recovery in the fourth quarter



# Interest margins declining along with flattening yield curve

ING Interest margins by quarters of total bank and ING Direct



- Interest margin falls to 0.94% in 4Q 2007 from 1.05% in 4Q 2006, and up 3 basis points on 3Q 2007
- ING Direct maintains margin as central banks reduced rates

# Wholesale Banking: Earnings resilient despite market turmoil

## Profit & loss account (underlying) (in EUR million)

	4Q 07	4Q 06	% change
Total income	1,470	1,526	-3.7
Operating expenses	955	960	-0.5
Additions to loan loss provisions	-77	20	
Profit before tax	591	546	8.2

Underlying C/I ratio: 65.0% from 62.9%

Risk costs: -17 bps from 5 bps

RWAs: EUR 199 bn (EUR 161 bn)

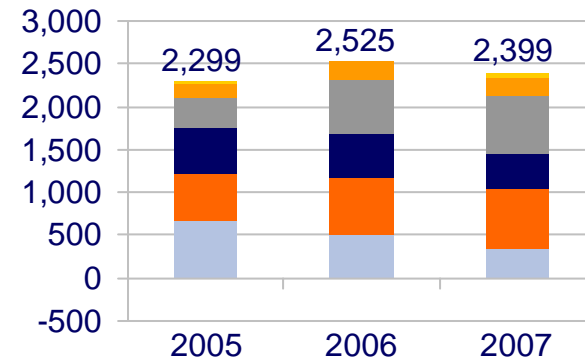
Underlying RAROC after tax: 20.3% in FY 07 (FY 06: 20.6%)

Average econ. cap: EUR 7.8 bn (FY 07) (FY 06: EUR 8.1 bn)

- Impact of subprime-related issues limited to EUR 106 million
- Profit up 8.2%, supported by significant release of loan loss provisions
- New initiatives to accelerate growth and improve efficiency

*Note: The 2007 financial results contain the mid-corporate client business, which was transferred to Retail Banking on 1 January 2008 and represents about 13% of Wholesale Banking's profit*

## Underlying profit before tax Wholesale Banking (in EUR million)



# Retail Banking: Volume growth offsets impact of flat yield curves

## Profit & loss account (underlying) (in EUR million)

	4Q 07	4Q 06	% change
Total income	1,591	1,521	4.6
Operating expenses	1,068	1,029	3.8
Additions to loan loss provisions	80	48	
Profit before tax	442	444	-0.5

Underlying C/I ratio: 67.1% from 67.7%

Risk costs: 28 bps from 20 bps

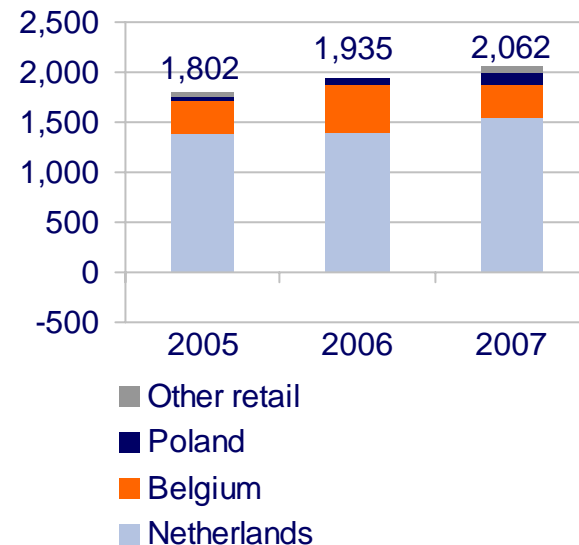
RWAs: EUR 121 bn (EUR 100 bn)

Underlying RAROC after tax: 39.5% in FY 07 (FY 06: 32.0%)

Average econ. cap: EUR 3.9 bn (FY 07)  
(FY 06: EUR 4.1 bn)

- Risk weighted assets up 20.7% from year ago
- Profit up 10.5% excluding EUR 44 million gain in 2006
- Returns increase with RAROC of 39.5%

## Underlying profit before tax Retail Banking (in EUR million)



# Acquisition OYAK Bank – completed December 2007

- OYAK Bank is a leading bank in the Turkish market with 5,900 employees and a market share of approximately 3%. It offers a full range of banking services with a focus on retail banking. The bank has 1.3 million active retail customers and 13,500 SME customers.
- Improved performance OYAK Bank as it delivered higher profits and book value at completion than expected
- FX benefit as purchase price agreed in USD, with some hedging
- Included in 2007 balance sheet
- No profit contribution in 2007 accounts

	<b>Announced on June 19</b>	<b>At closing on Dec 24</b>
Cost – in USD	2.673 bn	2.673 bn
USD / EUR exchange rate	1.343	1.440
Cost – in EUR	2.0 bn	1.9 bn
Book value – in EUR	613 m	692 m
Net Profit* – in EUR	76 m	87 m
Price/Book ratio	3.26x	2.75x
Price/Earnings ratio	26.6x	21.9x

\* = IFRS normalised earnings for 2006

# ING Direct: Investments continue to support growth

## Profit & loss account (underlying) (in EUR million)

	4Q 07	4Q 06	% change
Total income	529	555	-4.7
Operating expenses	428	363	17.9
Additions to loan loss provisions	28	20	
Profit before tax	73	172	-57.6

Underlying C/I ratio: 80.9% from 65.4%

Risk costs: 14 bps from 9 bps

RWAs: EUR 80 bn (EUR 89 bn)

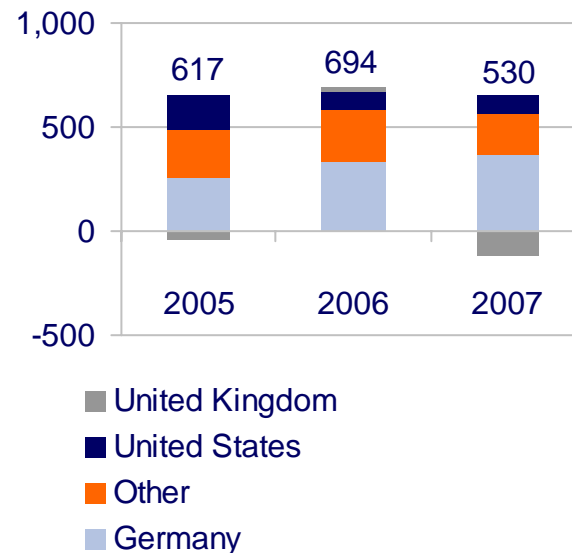
Underlying RAROC after tax: 14.3% in FY 07  
(FY 06: 11.8%)

Average econ. cap: EUR 2.8 bn in FY 07  
(FY 06: EUR 3.2 bn)

Interest margin: 0.74% (from 0.87% in 4Q 06)

- Client balances +EUR 11.6 billion
- 905,000 new customers
- Profit impacted by UK repositioning and asset impairment in Canada

## Underlying profit before tax ING Direct (in EUR million)



- **Pricing, marketing and management actions taken in the UK in 4Q to reverse outflows, leading to:**
  - Increase in net new clients of 6,700
  - Outflows reduced to EUR 600 million (excluding foreign exchange impact)
  - Average balance per savings client EUR 20,000 (vs EUR 38,000 in 4Q 2006)
  - Promotional activity successful in attracting new clients who are less rate sensitive and in stemming outflows
- **This resulted in 4Q loss of EUR 76 million**
  - Increasing rate on main savings account to 5.4% from 1 October
  - Continuing financial impact of outflows
  - Additional marketing investments
  - Costs of repositioning the bank

Further losses are expected in 2008, trending down significantly from a peak in the fourth quarter of 2007.

# Corporate Line Banking

<b>Profit before tax In EUR million</b>	<b>4Q 07</b>	<b>3Q 07</b>	<b>2Q 07</b>	<b>1Q 07</b>	<b>4Q 06</b>
Total capital management	75	93	-27	-6	11
F1 sponsorship costs	-8	-15	-12	-13	
Other	-23	-24	-26	-37	-24
<b>Total corporate line</b>	<b>45</b>	<b>53</b>	<b>-65</b>	<b>-56</b>	<b>-14</b>

## Capital Management:

- The capitalisation of ING Bank has increased, while economic capital employed has remained constant
- Higher income on capital surplus
- Positive impact on FX-hedges offset by higher financing charges and the negative result on an equity hedge

## Other:

- Remained stable as higher interest received on tax restitutions was offset by higher costs for projects

# Key points 4Q

1. 4Q profit impacted by positive equity capital gains, a low tax rate, amid market volatility
2. Limited direct impact of pre-tax EUR 194 million from credit crisis
3. Disciplined capital management continues with a strong capital position
4. Insurance – “Continued high sales and value of new business were driven by good commercial performance in ING’s major markets. Profits were boosted by capital gains, mitigated by lower revaluations of real estate and private equity”
5. Banking – “Results at ING’s banking business continued to be resilient despite the market and credit turmoil. Profits slightly up supported by commercial growth and low risk costs offsetting the limited impact of the turmoil”





# Risk Management

Fourth Quarter 2007 Results

Koos Timmermans, CRO ING Group

London – 20 February 2008

[www.ing.com](http://www.ing.com)

INSURANCE - BANKING - ASSET MANAGEMENT

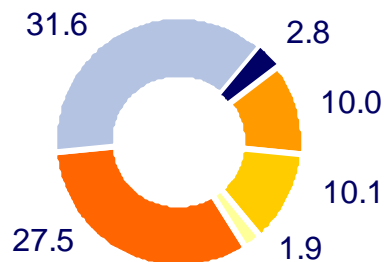


# Risk Management: key points for 4Q 2007

1. Limited impact of the ongoing deterioration of the US housing market:
  - A. ING does not originate or structure US subprime mortgage products
  - B. ING has a negligible exposure to the US housing market via collateralised debt obligations
  - C. ING has carefully invested in high-quality securities with high structural credit protection
  - D. ING is a “buy and hold” investor and categorises these securities predominantly as Available for Sale
2. ING's assets affected by the credit crisis have outperformed:
  - A. ING's US subprime RMBS has outperformed the ABX
  - B. The average credit enhancement of ING Direct's Alt-A RMBS can absorb 8x current pipeline losses in the underlying Alt-A mortgages

# ING's large asset base carefully managed

## ABS: EUR 84 bn



- Prime RMBS
- Alt-A RMBS
- Subprime RMBS
- Other ABS
- CMBS
- CDO/CLO

Slide 56-58

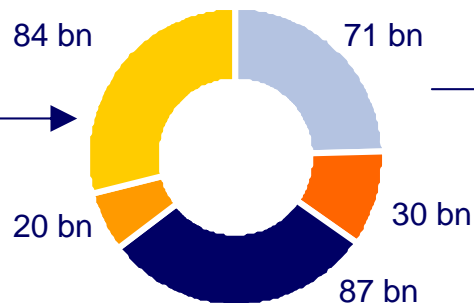
Slide 54-55

Slide 60

Slide 60

Slide 59

## Investments: EUR 293 bn

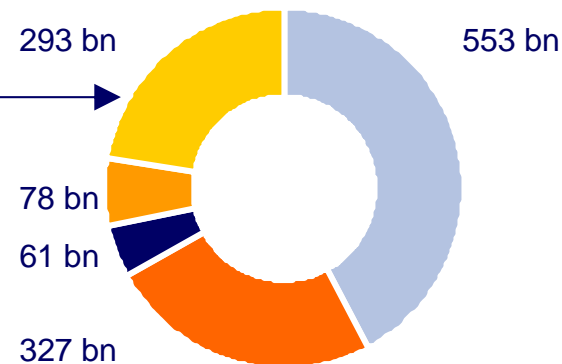


- Corporate bonds
- Covered bonds
- Government bonds
- Equities
- ABS

Slide 61

Slide 61

## Total assets: EUR 1,312 bn



- Loans and advances to customers\*
- Financial assets at fair value through P&L
- Cash and amounts due from banks
- Other
- Investments

Real Estate: Slide 62-63

Leveraged Finance: Slide 64

\* "Loans and advances to customers" contains EUR 13 billion European asset backed products, with market value ~ 100% and an average credit rating of AAA

# AAA RMBS benefit from credit enhancement

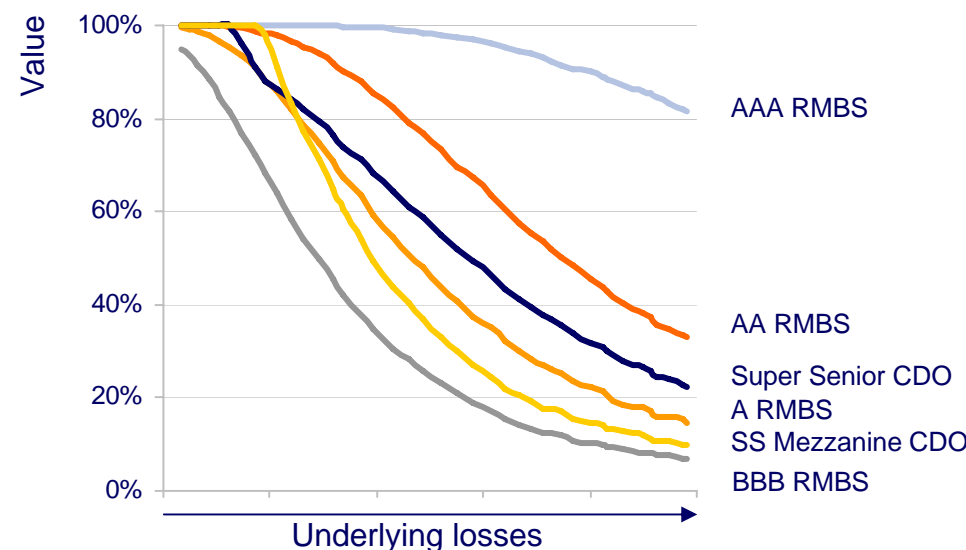
## Subordination creates AAA RMBS

- Subordination: AAA tranche (pre) paid first, losses are absorbed by lower rated tranches
- Over-collateralisation: RMBS principal value lower than value underlying mortgages
- Excess spread: RMBS pays lower coupon than underlying yield of mortgage loans. The excess interest is used to absorb losses
- Value of collateral (houses) > mortgages

## Convexity: deteriorating underlying assets have a non-linear impact on RMBS and CDO tranches

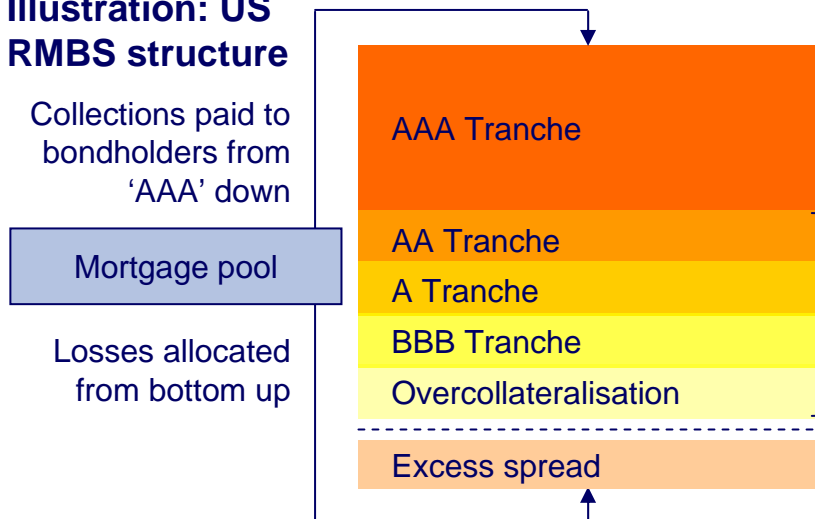
- Underlying mortgage defaults trigger limited losses on AAA RMBS but very substantial losses on lower rated tranches and “super senior” and “mezzanine” CDOs

## RMBS and CDO values



Source: Sanford Bernstein

## Illustration: US RMBS structure



**Credit enhancement** (attachment point) = buffer for absorbing losses in the underlying mortgage pool before the AAA tranche is affected in terms of principal loss



# ING's valuation approach for RMBS and CDOs

## Pricing methodology for RMBS

ING obtains price quotes from various pricing services, being brokers or vendors. Quotes are based on recent actual trades, market maker quotes and models supported by market observable inputs

ING compares quotes between the different brokers and vendors. If there is no significant difference between these prices, the RMBS is categorised as "A"

If quotes cannot be obtained, or there is a significant valuation difference between quotes and/or internal models, which are supported by market observable inputs ING may reassess the value of the security. Then, the valuation is supported by observable market data, which classifies the RMBS as "B"

## Outcome for RMBS and CDOs

### ***RMBS are mostly categorised as "A"***

Majority of subprime RMBS and Alt-A RMBS are based on published price quotations and markets for such AAA RMBS are still active

### ***CDOs are mostly categorised as "B"***

For most CDOs the valuation is based on iTraxx. Most bespoke CDOs have underlying names that are similar to iTraxx. Most bespoke CDOs are "B" as the valuation technique is a market standard model that uses observable market data (CDS, CDx, correlations). Just EUR 17 million of the CDOs are categorised as "C"

Methods applied to determine fair value of RMBS and CDO/CLO – in EUR million

	A	B	C	Total
<b>Total</b>	<b>450,948</b>	<b>147,862</b>	<b>4,217</b>	<b>603,027</b>
Subprime RMBS	2,635	153	-	2,789
Alt-A RMBS	23,312	4,170	-	27,482
CDOs/CLOs	281	1,597	17	1,896

# ING's US subprime RMBS has outperformed the ABX since August 2007

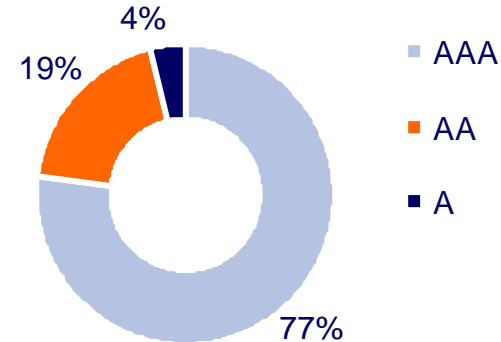
## US subprime RMBS exposure takes EUR 47 million pre-tax P&L hit in Q4 2007

- EUR 2.8 billion RMBS collateralised by subprime mortgages (0.2% of Group's assets)
- Subprime RMBS portfolio fair valued at 90% at 4Q 2007. Pre-tax revaluation of - EUR 307 million vs - EUR 122 million at 3Q due to wider credit spreads
- Impairments of EUR 32 million and negative fair value change of EUR 15 million in WB proprietary trading book reflected in P&L in 4Q
- EUR 31 million of ING's subprime RMBS was downgraded, EUR 145 million on creditwatch

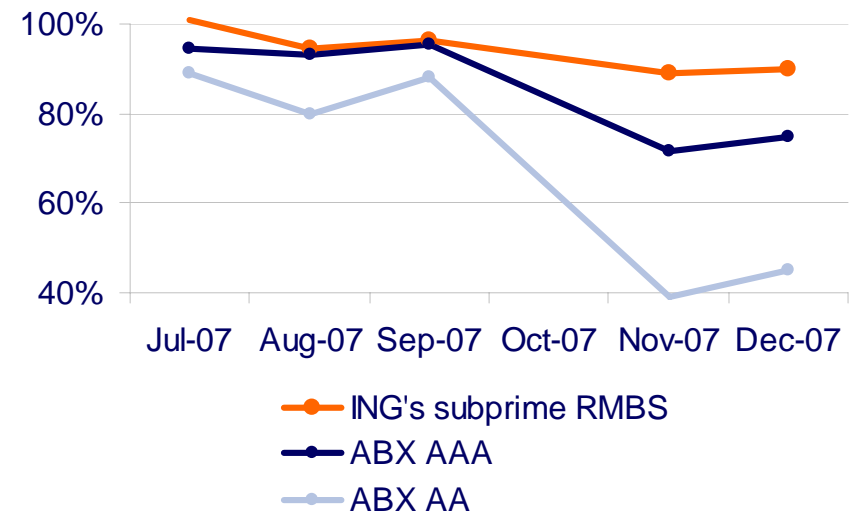
## ING's portfolio has outperformed the ABX

- Portfolio has higher duration than ABX: lower interest rates partly offset wider credit spreads
- Portfolio comprises mainly 'top' AAA tranches with high credit enhancements

## Credit quality by rating class (4Q 2007)



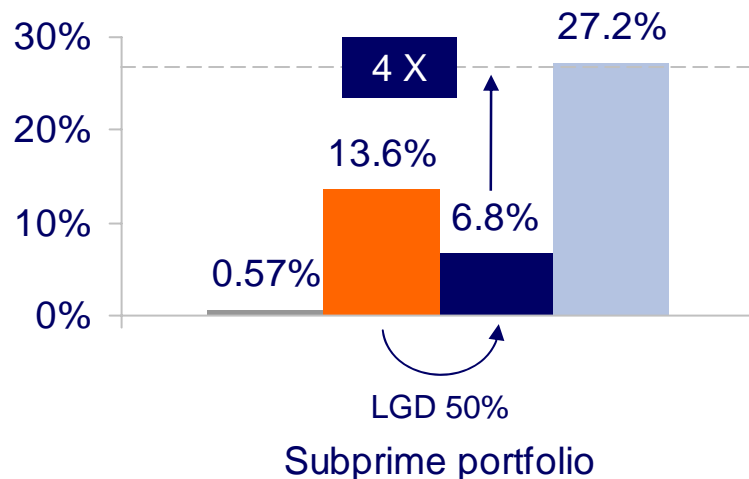
## ING's subprime RMBS vs ABX



# The average credit enhancement can absorb 4x current pipeline losses in underlying subprime mortgages

- Insurance Americas has a EUR 2.5 billion subprime RMBS portfolio with an average credit enhancement of 27.2%. When underlying mortgage losses exceed the credit enhancement, the specific RMBS tranche starts to incur principal losses
- Today's arrears in the underlying mortgage pools point to losses of 6.8%. The current pipeline losses would have to get four times worse before the average credit enhancement in the subprime RMBS portfolio of Insurance Americas is evaporated
- Rating agencies estimate final losses for the 2006 vintage at 18-19% (LGD of 50%). This is still below the average credit enhancement (attachment point) in the portfolio

## Insurance Americas subprime RMBS portfolio and underlying mortgages at 4Q 2007



■ Actual cumulative loss in total mortgage pool

■ Pipeline in total mortgage pool\*

■ Estimated pipeline loss total mortgage pool (= LGD\*pipeline)

■ Buffer: average current credit enhancement

\* Pipeline = proxy for NPL in total mortgage pool = sum of 60+ day delinquencies, bankruptcies, foreclosures, real estate owned

To estimate the pipeline loss, we assume 100% of the pipeline to default



# ING Direct's Alt-A RMBS exposure is near prime

## ING Direct's Alt-A RMBS portfolio 2007 YE

EUR million	pre-2005	2005	2006	2007	Total	%	LTV	FICO	CE
Notional Value	3,359	6,890	5,135	8,991	24,374				
Unrealized Gains / Losses	(94)	(197)	(165)	(355)	(810)				
Market Value	<b>3,265</b>	<b>6,693</b>	<b>4,970</b>	<b>8,636</b>	<b>23,564</b>		<b>71</b>	<b>723</b>	<b>12.0%</b>
vintage in % total	14%	28%	21%	37%	100%				
Fixed & long-dated Hybrid	2,706	5,325	3,283	3,673	14,987	64%	67	730	7.4%
Negative Amortisation	226	1,102	1,540	4,542	7,410	31%	78	712	19.8%
ARMs	334	266	147	420	1,168	5%	69	715	14.0%
<b>Total Market Value</b>	<b>3,265</b>	<b>6,693</b>	<b>4,970</b>	<b>8,636</b>	<b>23,564</b>	<b>100%</b>	<b>71</b>	<b>723</b>	<b>12.0%</b>

## ING's Alt-A RMBS

ING holds EUR 27.5 billion US Alt-A RMBS, of which EUR 23.6 billion in ING Direct and EUR 3.8 billion in Insurance Americas. EUR 10 million was downgraded by rating agencies in 4Q

## No uniform Alt-A RMBS definition

ING Direct has EUR 23.6 bn portfolio on a broad definition\* of which EUR 9.7 billion applies to a more narrow definition\*\*

\* LTV: 70%-100% **or** FICO 640-730 **or** low doc > 50%

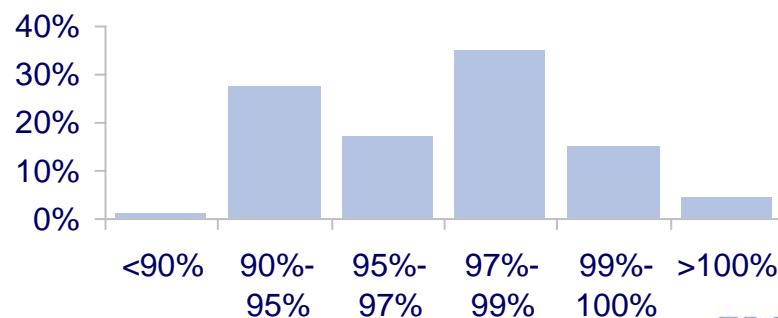
\*\* LTV: 70%-100% **and** FICO 640-730 **and** low doc > 50%

## Market value has held up well

Market value 96.7%

Narrow distribution around mean

## ING Direct Alt-A RMBS: market value distribution 4Q2007





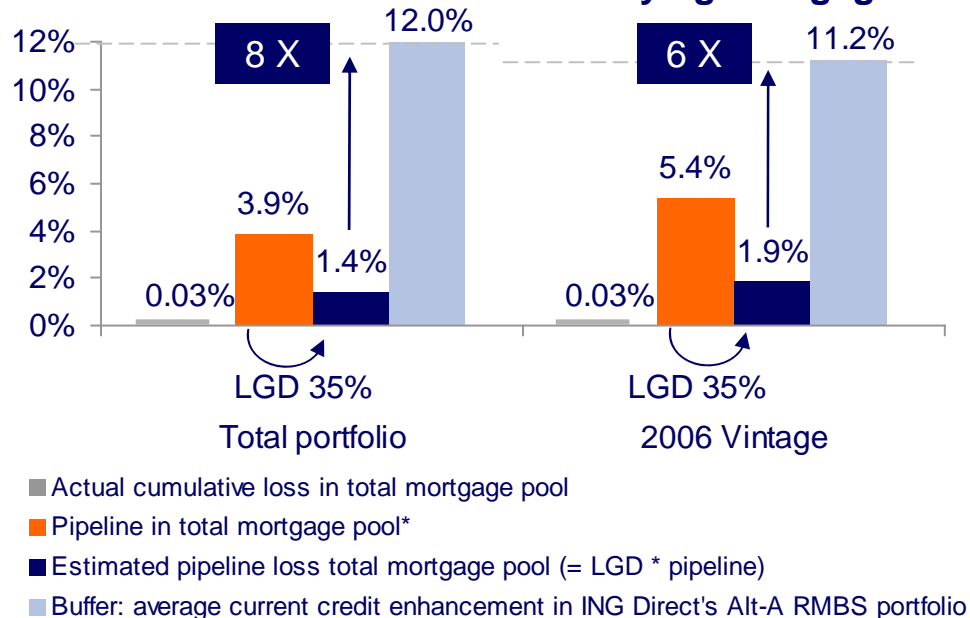
# The average credit enhancement can absorb 8x current pipeline losses in underlying Alt-A mortgages

## High quality Alt-A RMBS portfolio ING Direct

ING Direct purchased high end Alt-A RMBS:

- First lien loans
- Average LTV 71%, average FICO 723
- 99% AAA rated
- No rating agency downgrades
- No impairments

## ING Direct's Alt-A RMBS and underlying mortgages



## High credit enhancement

- S&P's estimates average AAA Alt-A RMBS credit enhancement at c. 7.5%
- ING Direct's Alt-A RMBS portfolio has an 12% average credit enhancement
- The average credit enhancement can absorb 8 times the current pipeline losses in underlying Alt-A mortgages
- S&P's estimates final losses for the 2006 vintage at 2% for fixed rate Alt-A to 6% for Negative Amortisation Alt-A

## Fair value ING Direct's Alt-A RMBS and estimated pipeline loss in underlying mortgages 4Q 2007

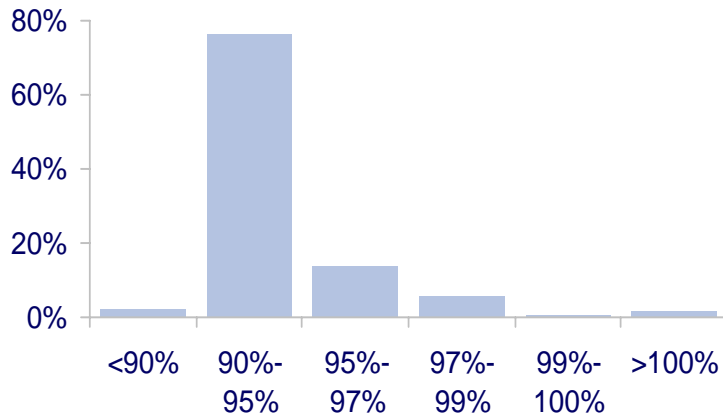
Alt-RMBS	Price   Estimated Pipeline
ARM	97.9%   5.6%
NegAm	93.7%   7.2%
Fixed&Hybrid	97.9%   1.8%
Total	96.7%   3.9%



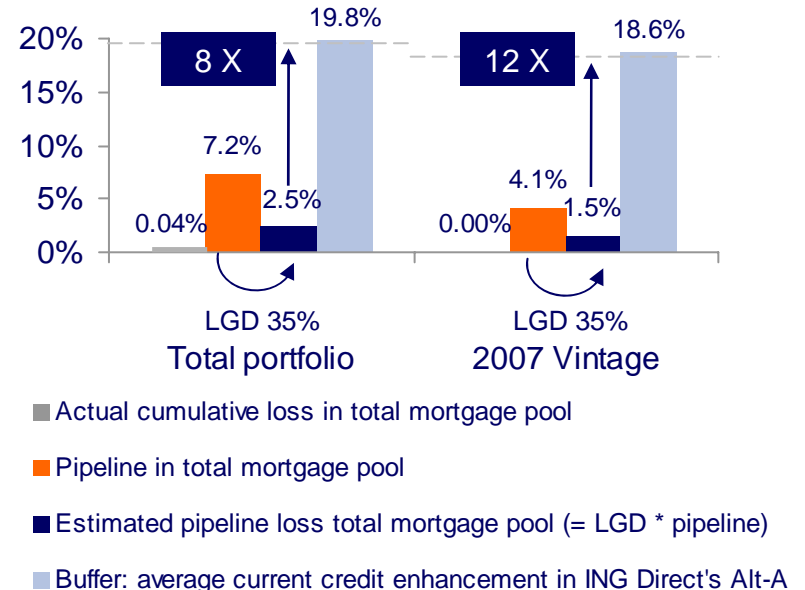
# ING Direct purchased AAA negative amortisation Alt-A RMBS with high credit enhancements

- Negative amortisation mortgages allow interest only or a payment less than the amount of interest due, in which case the interest not paid will be added to the outstanding principal
- ING Direct purchased these RMBS for ALM (short duration) and credit reasons (high credit enhancement). Total exposure EUR 7.4 billion, fair value 93.7%, no impairments.
- Credit enhancement of 19.8% on average vs market average (S&P's) of 9.6%.  
The average credit enhancement within ING Direct's NegAm Alt-A RMBS can absorb 8x current pipeline losses in the underlying mortgages

**ING Direct Negative Amortisation Alt-A RMBS: market price distribution at 4Q 2007**



**ING Direct's NegAm Alt-A RMBS at 4Q 2007**



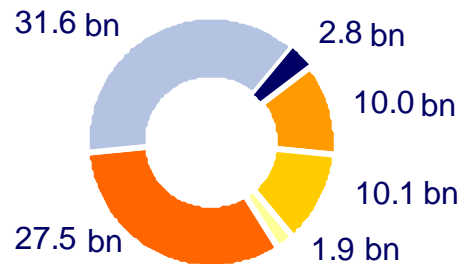
# Limited exposure to Collateralised Debt and Loan Obligations

## CDOs / CLOs (31 December 2007)

- Net CDO/CLO exposure EUR 1.9 billion  
Gross exposure EUR 3.1 billion long and EUR 1.2 billion short
- Net exposure up from EUR 1.1 billion at 3Q driven by inclusion of EUR 630 million CDOs exposure that was previously insured by a monoline insurer
- Negative impact on the P&L in 4Q EUR 36 million on a pre-tax basis
- Portfolio fair valued at 93.4%: pre-tax revaluation of - EUR 134 million at 4Q versus - EUR 45 million in September
- Valuation (market price) benefits from:
  - Only EUR 15 million exposure to CDOs backed by US subprime mortgages
  - ING Insurance has EUR 0.5 billion highly rated CLO exposure

# Corporate Mortgage Backed Securities and Other ABS

## ABS composition (31 December 2007)



- Prime RMBS
- Alt-A RMBS
- Subprime RMBS
- Other ABS
- CMBS
- CDO/CLO

For the total ABS portfolio:

- 89% is rated AAA, 10% is AA rated

## CMBS (31 December 2007)

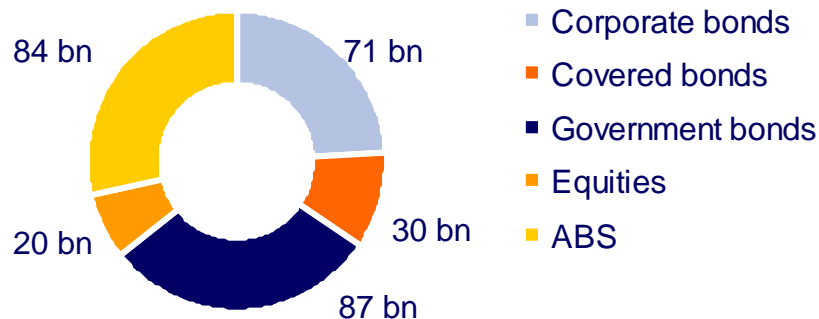
- CMBS portfolio EUR 10.1 billion
- CMBS have high ratings: 98% is AAA or AA rated
- Fair value of 99% at year-end 2007

## Other ABS (31 December 2007)

- Other ABS portfolio EUR 10 billion
- Other ABS consists of student loans, credit cards, auto loans, equipment loans and some smaller categories
- Credit card ABS (EUR 1.8 billion) have high ratings: 76% AAA

# Exposure to equities and corporate bonds

## Investments: EUR 293 bn (31 December 2007)



## Direct equity exposure (31 December 2007)

- EUR 19.9 billion of which EUR 3.2 billion that is invested in listed Real Estate funds
- Positive revaluation EUR 5.9 billion: EUR 3.6 ING Insurance; EUR 2.3 ING Bank
- Group exposure to equity (excluding the RE funds) EUR 16.7 billion: ING Insurance EUR 13.1 billion and ING Bank 3.6 billion
- Hedged by put options on EUR 4 billion underlying equity exposure

## Corporate bonds (31 December 2007)

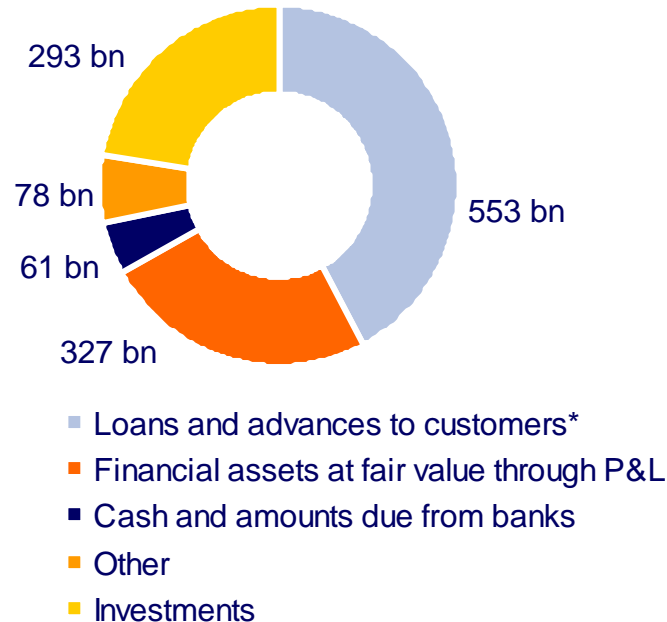
- ING Group has a EUR 71 billion corporate bond portfolio
- 97% of the unsecured corporate bond portfolio is investment grade

## Corporate bonds: EUR 71 billion

AAA	6.4%
AA	36.6%
A	39.1%
BBB	14.6%
BB	2.0%
Other	1.3%
<b>Total</b>	<b>100 %</b>

# Direct Real Estate exposure well diversified over sectors and geographies

Total assets: 1,312 billion



Real Estate assets are included in:

- Investments
- Other: Investments in associates, Investment property and Property & equipment

Real Estate: direct exposure

ING Group has EUR 17.2 billion of direct Real Estate exposure

- Bank: real estate development, participations in funds and property in own use
- Insurance: participations in funds and property in own use

EUR 11.5 billion of this direct Real Estate exposure is revalued through P&L – see next slide

## Real Estate Exposure ING Group: EUR 17.2 billion

	Residential	Office	Retail	Industrial	Other	Total
Netherlands	1,123	2,373	505	28	340	4,368
Spain	56	53	587	115	8	819
UK	106	568	694	115	345	1,827
Other EU	612	1,998	1,979	371	447	5,407
USA	380	319	76	294	192	1,261
Australia	77	81	510	276	35	980
Asia	226	186	409	9	3	833
Global	149	96	125	1,377	8	1,755
<b>Total</b>	<b>2,730</b>	<b>5,673</b>	<b>4,884</b>	<b>2,586</b>	<b>1,377</b>	<b>17,249</b>

# ING's Real Estate exposure that is revalued via the P&L contains EUR 1 billion of US property

## Real Estate revalued via P&L

ING Group has EUR 11.5 billion of the Real Estate exposure that is revalued through P&L:

- Wholesale Banking Real Estate:
  - Investment Mngt seed capital EUR 4.8 billion
  - Development EUR 0.7 billion
- ING Insurance: investments EUR 5.9 billion

Regional diversification: EUR 1 billion in US  
EUR 10 million pre-tax P&L loss in 4Q 2007

## Real Estate Exposure accounted by P&L: EUR 11.5 billion

	Residential	Office	Retail	Industrial	Other	Total
<b>Netherlands</b>	357	1,227	484	28	103	<b>2,199</b>
<b>Spain</b>	2	53	463	104	8	<b>630</b>
<b>UK</b>	24	512	465	59	201	<b>1,260</b>
<b>Other EU</b>	137	1,030	1,498	371	203	<b>3,241</b>
<b>USA</b>	257	176	68	294	192	<b>988</b>
<b>Australia</b>	9	77	375	276	35	<b>773</b>
<b>Asia</b>	226	95	409	9	3	<b>742</b>
<b>Global</b>	149	0	125	1,377	8	<b>1,659</b>
<b>Total</b>	<b>1,163</b>	<b>3,170</b>	<b>3,886</b>	<b>2,519</b>	<b>753</b>	<b>11,490</b>

## Real Estate at amortised cost

- Wholesale Banking Real Estate: projects and asset held for sale EUR 2.2 billion
- ING Insurance: minority stakes in funds EUR 1.5 billion

## Real Estate at fair value through equity

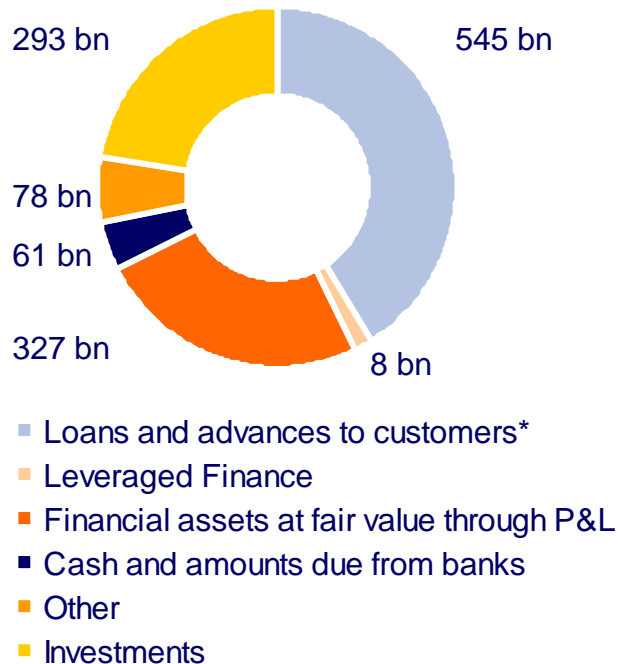
- Group: property in own use EUR 2.1 billion

## Real Estate Exposure accounted at cost: EUR 5.8 billion

	Residential	Office	Retail	Industrial	Other	Total
<b>Netherlands</b>	766	1,146	21	0	236	<b>2,169</b>
<b>Spain</b>	54	0	124	11	0	<b>189</b>
<b>UK</b>	82	57	229	56	144	<b>568</b>
<b>Other EU</b>	474	968	481	0	243	<b>2,166</b>
<b>USA</b>	123	143	8	0	0	<b>273</b>
<b>Australia</b>	68	4	136	0	0	<b>207</b>
<b>Asia</b>	0	91	0	0	0	<b>91</b>
<b>Global</b>	0	96	0	0	0	<b>96</b>
<b>Total</b>	<b>1,567</b>	<b>2,503</b>	<b>998</b>	<b>67</b>	<b>624</b>	<b>5,759</b>

# Limited exposure to leveraged finance loans

Total assets: 1,312 billion



\* Includes Leveraged Finance

## Leveraged Finance

- Tightened underwriting standards (1Q07) and modest leveraged finance limits result in negligible mezzanine / covenant lite lending
- Pipeline: EUR 2.3 billion (0.2% assets), comprised over 13 deals, against EUR 2.4 billion at the end of 3Q.
- Some deals proved difficult to sell: in 4Q 2007, three deals were successfully sold and two new deals were added at market conditions



# Exposure to monoline insurers is limited

## 3Q exposure

- ING has a negligible direct exposure to monoline insurers
- Notional amount of the underlying assets of EUR 5.7 billion insured by eight monoline insurers
- Underlying assets are well diversified and investment grade

## 4Q exposure

- ING has a negligible direct exposure to monoline insurers
- Notional amount of the underlying assets of EUR 3.5 billion insured by seven monoline insurers
- Decline in 4Q due to redemptions and EUR 630 million of underlying assets that are no longer protected by a monoline insurer, which was downgraded by multiple notches in 4Q
- This downgrade triggered a EUR 66 million loss in the trading book of Wholesale Banking

# Negligible impact liquidity crisis: ING Bank benefits from diversified funding base

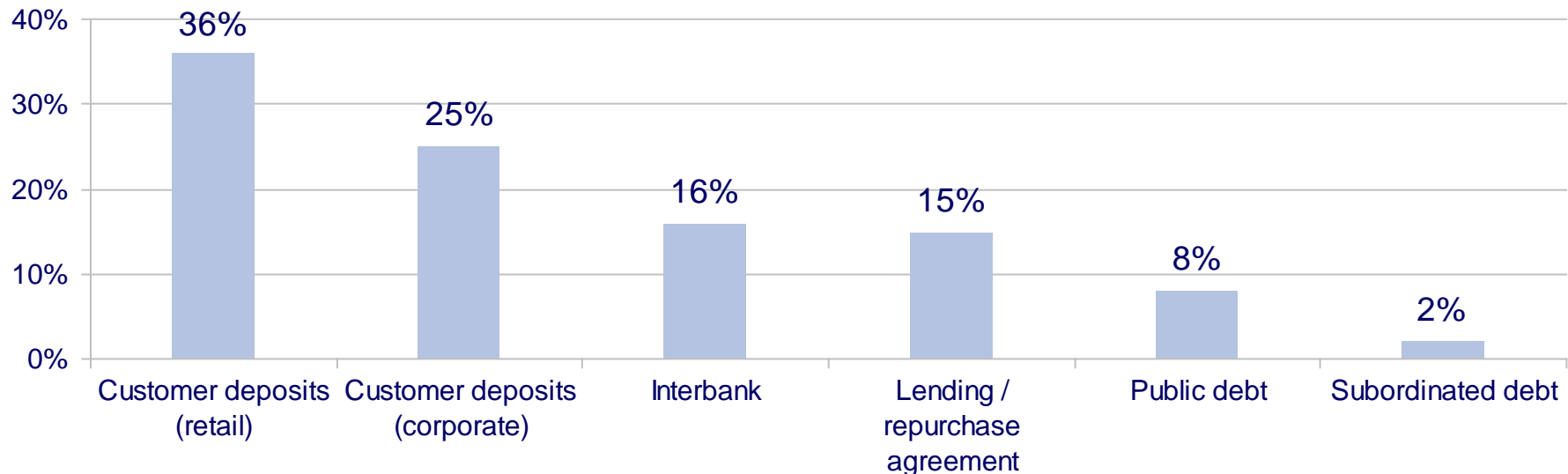
## Favourable funding base

- Customer deposits provide majority of ING Bank's total funding base: 61%
- Retail (36%) and corporate (25%) deposits are relatively stable sources of funding
- ING has a strong balance sheet (no large funding requirements) and capital position

## Funding cost remain low

- Fixed income market recognises ING's sound balance sheet and favourable risk profile
- ING Bank will further enhance the profile of its liquidity sources by starting a covered bond program in 1Q 2008

## ING Bank: well diversified funding base (4Q)



# Asset valuations benefit from prudent investment policy

ING thoroughly analyses a credit before the purchase decision and applies a structural monitoring process to credits and securities afterwards

In 4Q 2007, the negative pre-tax P&L directly related to credit and liquidity crisis was EUR 194 million, of which EUR 47 million subprime RMBS, EUR 36 million CDOs and EUR 111 million due to monoline insurers, SIVs and ABCP

At 31 December, subprime RMBS fair valued at 90.1%, Alt-A RMBS portfolio at 96.7% and CDO/CLO at 93.4%

## Valuations hold up well in environment with widening credit spreads

	3Q 2007		4Q 2007					
	market value		pre-tax revaluation via equity			pre-tax P&L	market value	
	EUR billion	% cost price	at 30/9	in 4Q	at year-end	in 4Q	EUR billion	% cost price
Subprime RMBS	3.1	96.1	-122	-185	-307	-47	2.8	90.1
Alt-A RMBS	26.9	98.3	-459	-477	-936	0	27.5	96.7
CDOs / CLOs	1.1	96.2	-45	-89	-134	-36	1.9	93.4
Total			-626	-751	-1377	-83		

# Risk Management: key points for 4Q 2007

1. Limited impact of the ongoing deterioration of the US housing market:
  - A. ING does not originate or structure US subprime mortgage products
  - B. ING has a negligible exposure to the US housing market via collateralised debt obligations
  - C. ING has carefully invested in high-quality securities with high structural credit protection
  - D. ING is a “buy and hold” investor and categorises these securities predominantly as Available for Sale
2. ING's assets affected by the credit crisis have outperformed:
  - A. ING's US subprime RMBS has outperformed the ABX
  - B. The average credit enhancement of ING Direct's Alt-A RMBS can absorb 8x current pipeline losses in the underlying Alt-A mortgages

Certain of the statements contained in this release are statements of future expectations and other forward-looking statements. These expectations are based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results, performance or events may differ materially from those in such statements due to, among other things, (i) general economic conditions, in particular economic conditions in ING's core markets, (ii) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (iii) the frequency and severity of insured loss events, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) interest rate levels, (vii) currency exchange rates, (viii) general competitive factors, (ix) changes in laws and regulations, and (x) changes in the policies of governments and/or regulatory authorities. ING assumes no obligation to update any forward-looking information contained in this document.

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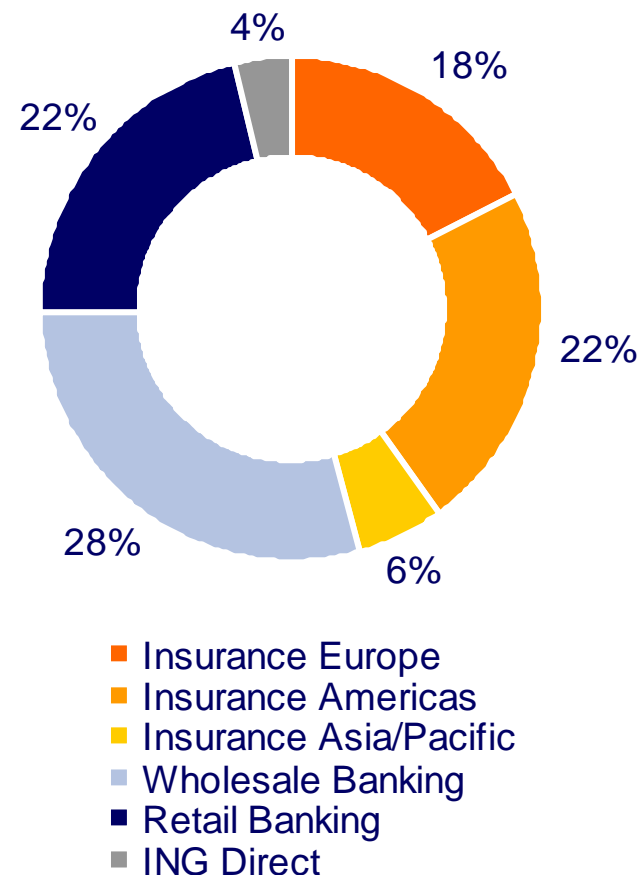
# Appendix

# Profit distribution

## Profit & loss account (underlying) (In EUR million)

	4Q 2007	4Q 2006	% Change
Insurance	1,819	1,331	37
Europe	358	632	-43
Americas	453	539	-16
Asia / Pacific	113	140	-19
Corporate Line Insurance	896	20	
Banking	1,151	1,148	
Wholesale Banking	591	546	8
Retail Banking	442	444	-1
ING Direct	73	172	-58
Corporate Line Banking	45	-14	
<b>Total ING Group</b>	<b>2,970</b>	<b>2,479</b>	<b>20</b>

## Contribution of business lines in 4Q 07\*



\* Excludes component 'Other' in Banking and Insurance

# Continued strong capital position

## Continued strong capital position

	31/12/2007	31/12/2006
<b>ING Group</b>		
Balance sheet total (EUR bn)	1,313	1,226
Shareholders' equity (EUR bn)	37	38
Shareholders' equity per share (EUR)	17.73	17.78
Debt/equity ratio Group	9.5%	9.0%
Net revaluation reserve (EUR bn)		
Shares	5.8	5.2
Fixed income securities	-1.9	2.8
<b>Insurance</b>		
Debt/equity ratio insurance	13.6%	14.2%
Capital Coverage ratio	244%	274%
<b>Banking</b>		
BIS ratio	10.32%	11.02%
Tier-1 ratio	7.39%	7.63%
RWAs (EUR bn)	403	338