

Shareholder 02

Behind the figures

Quarterly Magazine ING Group

May 2008

Incredible India

Aiming high in
developing markets

Robust commercial
growth



Dear reader,

The financial industry is going through tough times. A number of financial companies have taken significant impairments. The financial crisis has had relatively limited direct impact on ING. The feature story in this edition of ING Shareholder on ING's first quarter 2008 results shows that although profit has been impacted by the situation in financial markets, the underlying commercial performance is going strong. ING remains confident given its solid risk management, a strong capital position and a large retail customer base. The feature story also explains the important difference in accounting terms between impairments and revaluations.

ING continues to pursue its strategic objectives. One important element is the focus on developing markets. Most people nowadays are aware that the world's developing markets are 'the place to be', with buoyant economies, impressive rates of growth and favourable long-term economic prospects. But to make the most of the opportunities 'out there' requires more than an entrepreneurial spirit (though that's also important). You need a long-term strategy based on a deep understanding of the regions in which you are operating and of how to leverage your local and global strengths. This certainly applies to India. Our cover story highlights ING's rapidly developing businesses there, particularly insur-

ance, banking, and asset management, which are a springboard for long term sustainable growth in the country.

As you will discover further in this magazine, ING has a long history in arguably the world's three most important high-growth regions: Latin America, Central & Eastern Europe and Asia/Pacific. In a series of articles, we explain why ING believes it is now well-positioned to reap the benefits of its long-standing commitment to these regions and provide an insight into how, underpinned by the company's global strategy, our tailored approach in each region is designed to develop and maintain leading positions in the key local economies.

Also in this edition, we look back at the Annual General Meeting of Shareholders that took place on 22 April in Amsterdam.

And finally, ING Gallery examines the work of the winner of the inaugural REAL Photography Award and looks at ING's sponsorship of the Zuiderzeemuseum in the Dutch city of Enkhuizen.

The editorial team

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Business & Markets

4 Incredible India

ING is uniquely positioned to harness growth in the world's second most populous nation. The only foreign player with banking, insurance and asset management operations in India means ING can leverage the relationship between all three to build a strong, sustainable business.



Strategy & Results

10 Developing markets

The world's developing markets are displaying exciting rates of growth. ING has a strong presence in these markets. This special feature looks at ING's growth strategies in its three key developing markets – Latin America, Asia/Pacific and Central Europe.



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Shareholders at the 2008 GMS heard chairman Michel Tilmant present ING's sharpened strategic focus.

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Kshitij Jain (left) and
Vaughn Richtor

Monsoon growth in India

Rarely a day passes now without India appearing in headline news. Whether it be India's Tata Motors acquiring the prestigious British motoring marques Jaguar and Land Rover or the establishment of the multi-million dollar Indian Premier League (cricket), the country is on a stellar growth trajectory.

India is the second most populous nation in the world and has one of the fastest growing economies with GDP growth exceeding 8.5% for the last three years. Put in perspective, it is running at roughly double that achieved in the United States and Europe. A fast growing middle class, a stable economy, rising foreign exchange reserves and lower inflation all explain why companies are queuing up to invest in the country.

For ING, India is a showcase developing high-growth market in the Asia/Pacific region along with China. Other more mature developing high-growth markets include South Korea and Taiwan. ING has an extensive business presence in the country spanning banking, insurance and investment management. More than 7,200 staff are employed and the company operates under the ING Vysya brand for its banking and insurance businesses, and under the ING name for funds. ING owns a 26% stake in ING Vysya Life (IVL), a 44% stake in ING Vysya Bank (IVB) and a 42.5% shareholding in ING Investment Management. ING is the only foreign company with a controlling stake in a local bank. In fact, ING is the only multi-national company in India with a bank and a life insurance business as well as an asset management operation. In this respect, it occupies quite a unique position in the country's rapidly expanding financial services industry and gives the company a major competitive advantage.

The insurance, banking and asset management businesses form the bulk of ING's activities in India. The heads of IVL, Kshitij Jain and IVB, Vaughn Richtor have ambitious plans to harness growth from the rapidly expanding economy and to leverage the unique relationship between the insurance and banking businesses.

IVL plans to grow at twice the rate of the market and double its current size by the end of 2009. "We expect the market to grow at 30% so we hope to grow our business at 60% a year. The entire idea is grow faster than the market and gain market share as we go along," says Jain. IVB intends to open 56 new branches and 100 offsite ATMs this year, after establishing 10 new branches and 66 ATMs in 2007. In India, granting of licences is regulated by the Reserve Bank of India.

Vaughn Richtor puts the potential for growth into perspective. "We have a great platform in India through our 44 per cent stake in the bank. What we are talking about is operating in a market of 1.2 billion people, GDP growth of between 8 and 10%, with still 60% of the population not in the banking population. It therefore means the number of people coming into the banking market every year is bigger than the population of many countries. Given that India and China have 40% of the world's population, it represents great potential for the future."

Life in the fast lane

Ever since 1999, when the Indian life insurance market was liberalised after being nationalised since 1956, and new players were allowed to enter the market, life sales have boomed. According to research from UBS, life sales have surged 30% a year compound over the past five years to March 2007 and further growth of 30 to 50% per annum is possible in the foreseeable future. In 2007, IVL recorded 60% growth in life premiums.

Since 2004, ING Vysya Life has embarked on a major expansion path. The company now operates in 253 cities compared to 28 in 2004, has 300 branches (62 in 2004) and by the end of 2007 had 51,000 tied agents compared to 10,000. Tied agency continues to be the dominant distribution channel for ING in India. In 2007, IVL's agency sales force stood at 51,000, almost double what it was in 2006 (26,000). The agency sales force accounts for 80 per cent of business. Growing multi-distribution channels is the main priority in the company's distribution strategy.

"You need to do so much just to participate in a market which is growing as fast as the Indian life industry. In 2007, we upped our ambition level as an organisation in order to be able to become a significant player in the industry on a five year horizon," Jain says. "IVL has invested significantly to increase its captive distribution and we have made modest gains in market share, but need to accelerate further."

Banking on strong growth

IVB has recorded rapidly rising profits since 2005 and has just locally announced a record profit of INR 157 crores

(EUR 26.2m) for the year ended March 2008. The formula for success has been very much a focus on profitable growth while expanding the bank's franchise. IVB is looking to double in size over the next three years.

To achieve that, Richtor believes it is critical to establish a strong foundation for growth and to get the fundamentals for providing top customer service in place. "We have focused the business around a clear strategy: building a strong operational platform with a core focus on governance, compliance, technology, process and people. We have also defined and are implementing the desired culture to achieve that strategy."

Product and technology rationalisation are also central components of the strategy. Richtor sees opportunities for growth lying principally in lifting branch productivity and expanding to other parts of India. "Compared to many, we already have the branch distribution in place. We have now automated and networked the bank, so productivity will improve largely by focusing the branches around their product and customer targets. In this way, we have the opportunity to grow the business significantly by cross-and deep selling into our existing customer base.

"The new branch licenses also present us with opportunities. Of the 56 new licenses, 49 are actually for branches in the north where we are under-represented." IVB is well represented in the south and is looking to expand its business in the north and the west of the country, where there are significant growth opportunities, particularly in and around Mumbai and Delhi.

Key Facts

- ING's business presence in India has evolved over the past 16 years.

ING Vysya Bank

- Both IVB and IVL are based in Bangalore in southern India. Vysya Bank was one of India's premier private-sector banks and its history dates back to 1930. ING acquired its stake in the bank in 1998 with the acquisition of BBL. In 2002, ING lifted its stake to 43.93% and it was renamed ING Vysya Bank Limited. IVB's stronghold is in the four southern states of India, but in particular Karnataka and Andhra Pradesh.
- Wholesale Banking and Private Banking all have rapidly growing businesses in the country, and in an operations sense, come under ING Vysya Bank.

- Wholesale Banking is ranked among the top five multinational banks on the basis of its total loan book and off balance sheet operations.
- Private Banking opened operations in three new cities in 2007 with Kolkata, Chennai and Hyderabad added to complement existing operations in Bangalore, Delhi, Mumbai and Pune.
- There are three groups of banks in India: state owned, private sector and foreign. The bank market has grown at more than 15% annually and foreign banks now hold around 20% of the market.

ING Vysya Life

- Entered the industry in September 2001.
- The Indian life insurance industry

has grown to 4.1% of GDP from 2.5% in 2000 and is expected to reach 6.2% by 2012.

- In just seven short years, the private share of the market has grown to 45%. The state insurance company, the Life Insurance Corporation (LIC), still retains significant market share.

ING Investment Management India

- ING owns 42.5% of ING IM India, which was established in 1999.
- ING's investment management services are split across two divisions of ING Investment Management (India) Pvt. Ltd: ING IM (the Single Manager division) and OptiMix (the multi manager division).
- ING IM India offers a full range of investment products to retail,

institutional and wholesale clients.

- A strong management team, a comprehensive product range and consistent investment performance have driven inflows despite challenging markets.
- ING IM has enjoyed first mover advantage by being the first to introduce multi-manager funds in the country, building up inflows of about EUR 200 million in just two years.
- MD and CEO of ING IM India, Vineet Vohra believes growth will be achieved by introducing a greater range of funds, such as global funds to Indian investors. "Once we open investors' minds to new products and ideas, we then plan to provide them with easy access to global solutions."



An advertisement, part of the Mera farz brand positioning campaign, which helped IVL create a distinct identity.

Vital statistics

ING Vysya Bank

- 406 branches
- 5,750 employees
- 1.5 million clients, 11,000 SME clients and 1,000 corporate clients

ING Vysya Life

- 51,000 tied agents
- 300 branches
- 253 cities
- 720,000 policies in force

ING IM India

- EUR1.67 billion in AuM
- 229% growth in AuM since December 2006
- 14 investment employees

Insurance through the banks

Although tied agents write the lion's share of the life business, bancassurance is rapidly developing as an important distribution channel. IVL's close relationship with IVB puts IVL in a very strong position to boost sales through the bank channel. Much effort and planning is going into leveraging this relationship. According to Jain, the fact that IVL has had success in southern India where the Vysya name is well known and well established means that it is possible to replicate that success elsewhere in India. "ING Vysya Bank does 10% of our business, but 70% of their business is done in the two home states of southern India, Karnataka and Andhra Pradesh. As a result of the bank and our own efforts, we are a top five player in these home states.

"The bank's contribution to our business in these two states is very large. We find it much easier to get through to customers and to build our franchise where our name and credibility are known. Life insurance is a business of trust and if trust has been established and people are familiar with the business it tends to help a lot." In 2008, IVL plans to see 200 dedicated life sales people working in IVB branches. "It is an agreement we have come to recently which I think is going to change completely the pace of customer acquisition by the bank, because we have

insurance specialists operating out of the branches selling and offering advice to customers. I believe this will be a very effective way of going to market."

For Richtor, it is all about meeting the customers needs. "The challenge for us is to capture the client demand. Insurance and mutual funds are new products for many people. The bank has 1.5 million clients with 50,000 joining a month. There is a tremendous opportunity for clients to buy insurance and investment products. Traditionally, banks have not sold these products, so we have to promote their importance. The reality is customers want these products. If we don't deliver on the customer need, they will go elsewhere. So that is the opportunity."

IVB has not been slow to seize the initiative. In 2007, sales of insurance products in terms of number of policies sold rose by 500% and mutual funds rose by 35%. "It (selling insurance products via IVB) is in the early days, but it is extremely important, because we recognise that clients want it and it also builds strong fee income. It's about building the customer franchise and customer stickability as well. "The branches are a good channel to deliver that product as we have the relationship with the customer and we understand their requirements." ■

ING makes planning for retirement easier

ING in the US has launched a campaign to help simplify retirement planning. The "Your Number" campaign is aimed at encouraging Americans to think about and calculate the savings they will require to retire comfortably. The campaign was conceived after recent research by ING found that almost 50% of Americans had problems calculating how much they will need in retirement and wouldn't know where to begin.

Senior vice president Brand Marketing for Insurance Americas Tricia Conahan said the campaign was designed to make thinking about saving for retirement less intimidating. "We believe one of the easiest ways to do this is to start by knowing your retirement number. This

"number" is unique to everyone, because it depends upon individual goals and circumstances."

Print, web and TV ads show different people busy with their daily routines, such as shopping or waiting for an elevator at the office, and carrying a large orange six- or seven-figure number in dollars. Viewers or readers are directed to www.INGyournumber.com where they can calculate their "number" via an interactive, user-friendly tool.

As Conahan said, "We found this such an easy way to approach the complicated topic of retirement."



A commercial from the "Your Number" campaign

Wholesale Banking aims big in home market

ING has launched a major programme, including marketing and recruitment campaigns, to become the leading wholesale bank in the Netherlands. The rationalisation of the Dutch wholesale banking market, offers a unique opportunity to win clients and attract senior personnel.

Wholesale Banking launched a marketing campaign in April to position itself as "the right hand of Dutch corporates." The campaign highlights ING's Dutch heritage and deep knowledge of the local market, key strengths in attracting and retaining corporate clients

who want a bank with a true Dutch identity.

The campaign also includes a number of client events. Executives from ING Group and Wholesale Banking are hosting breakfast and dinner meetings with chief executives, chief financial officers and other key corporate players in the Netherlands.

A recruitment campaign introduced in January invites "financial high flyers" who are interested in pursuing a career at ING to meet senior management for breakfast at ING in Amsterdam. The response has been very favourable.

"We have committed to becoming the number one wholesale bank in the Netherlands," said Eric Boyer, the executive board member responsible for Wholesale Banking. "To do that, we will invest strongly in people and high-value products."

The Dutch efforts are part of a wider Wholesale Banking strategy to be a first-class business in selected markets, segments and products areas. "We will achieve that by being fitter as an organisation, more focused on our clients, and by further growing our business in chosen areas."

► www.ingwholesalebanking.com



'Megaoficina' launched in Seville

Following the launch in Madrid in 2006, ING Direct Spain recently opened its second 'megaoffice' in Seville in the Andalusia region of southern Spain. A high percentage of ING Direct's business comes from this region, so it was considered important to have a major physical presence there. These offices cater to the growing demand from customers for face to face contact, and for expert advice on more complex financial matters, such as mortgages or retirement planning. This stems from more and more customers transferring their entire financial relationship to ING Direct. Currently, more than 2,500 customers a month visit the office.

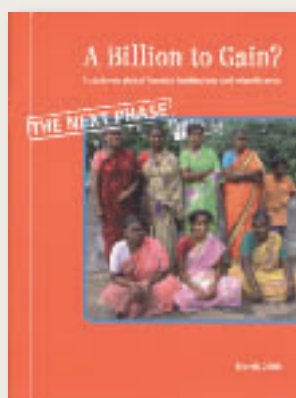
The branch offers full banking services but customers will continue to operate primarily over the phone and via the internet as the megaoffices are an addition to the ING Direct concept, similar to the cafés, not a departure from the key principles of direct banking. They merely serve to raise the company's profile and help overcome initial resistance among customers and prospects to deal with a branchless bank.

Additional megabranches might be opened according to demand, but there are no firm plans as yet.



ING Direct's 'megaoficina' in Seville, Spain

Microfinance loans double



International banks doubled funds to microfinance loans to USD 1.4 billion in 2007, a recent ING study found, with a notable increase in loans to African microfinance institutions.

This third study by ING into microfinance, entitled *A Billion to Gain? The Next Phase*, also found that international banks had become more involved in share and stock options in microfinance institutions, as well as in the distribution of knowledge and technical expertise to microfinance institutions through partnerships.

Gera Voorrips, program manager ING Microfinance support, said

that ING's microfinance activities had also grown over the last year. ING Vysya in India increased its loans to microfinance institutions fivefold and 70 people have so far been sent from ING Netherlands to provide technical assistance in microfinance. "A great way to share ING's expertise."

"ING is a globally-operating financial services provider and very focused on contributing to the socio-economic development of the countries where we're active. Efficient and reliable credit and savings facilities can contribute to economic development, and microfinance is a major instrument

for entrepreneurs and individuals to escape poverty."

ING will hold an international microfinance seminar in ING's head office in Amsterdam on 16 June 2008 to highlight the report and discuss the latest trends.

For more information, and to download the report *A Billion to Gain? The Next Phase*, go to: www.ingmicrofinance.com



Carlos Muriel at ING's recent Investor Relations Symposium in Amsterdam, chaired by CFO John Hele (right).

Plenty of salsa and samba

The world's developing markets are increasingly the "places to be" with their buoyant economies, impressive rates of growth and favourable long-term economic prospects. Over the following six pages we profile the three key developing regions for ING: Latin America, Asia/Pacific and Central and Eastern Europe.



Developing markets
Latin America

Latin America is populous, young and rapidly growing – an attractive market for long-term growth in the financial services industry and one which ING is well positioned to tap into after the purchase last year of pension businesses that now make it the region's second largest pension provider.

Back in 2006, ING's business in Latin America was predominantly non-life insurance. Fast forward two years and the company is now a major player in the pension and insurance markets. The transformation of ING's business profile has been dramatic and reflects an underlying strategy of entering select high-growth markets in the region. The acquisition of the pension businesses, announced in July last year, was a very exciting moment for

ING. For some time, it had been exploring various options to transform and upscale its business in the region. A EUR 1.15 billion investment in pension and insurance businesses across six countries (Mexico, Chile, Peru, Argentina, Uruguay and Colombia) gives the company the platform it needs to significantly raise its regional profile.

Carlos Muriel, CEO of ING Latin America, says ING is now focused on businesses which take advantage of the region's demographic, economic and regulatory drivers of growth: pensions, investments and life insurance. "There are almost 500 million people in this region, more than 60% of the population is under 30, and there's strong and increasingly stable economic

growth.” Added to which, projected GDP growth for 2008 in Latin America remains above expected growth levels in more industrialised nations.

“ING’s business is now focused on our core competencies. We’re basically concentrating on investments, pensions and life insurance business in the region, which are probably the three activities with the largest growth potential. I believe ING is very well placed in this respect. It has a global investment management capability that most of our main competitors at the regional level do not have. And on the demographic front, we have a strong presence in seven countries that together make up more than 90 per cent of the region’s total population.

“What we’ve done so far is restructure our business portfolio. We’ve sold our insurance business in Mexico - mainly a commercial P&C (property & casualty) operation - to AXA Group and our health insurance operation in Chile to a local investor group. We’ve then redeployed that capital into pensions and asset management, by acquiring the pension businesses. Our long-term vision is for ING to become the region’s number one pension provider, number one life insurance provider and a top five investment manager. Today we’re the second largest pension provider, third largest life insurance provider and on the investment management front we’re in the top 20. So we’ve a very ambitious agenda for the next three to five years.”

Future growth

How will ING deliver this growth? “We’ll leverage ING Group’s strength in pensions, investments and life insurance to drive greater growth, focusing on the best growth opportunities and being guided by ING’s core strengths.” Muriel says ING will concentrate on its product manufacturing and asset management capabilities. “Banks dominate the distribution of wealth management products, so ING will seek out alliances and partnerships. We have much to offer the banks: ING has strong and broad investment management skills, a long history, and an excellent track record in insurance and banking. We also enjoy a leading position in the US market and have solid expertise in

annuities, which will help guide us in accessing growth opportunities in the region.”

Muriel says merger and acquisition activity will play a significant role in driving both top and bottom line growth for ING in Latin America. Possible acquisition targets include pension, asset management, life insurance and distribution businesses. “ING Latin America aspires to leadership in businesses where its client balances are greatest. Strategies for growth will focus mainly on Brazil and Mexico, as 71% of the region’s wealth management assets are in those two countries.”








He says ING will also explore alternative distribution channels, utilising ING’s successful models from other parts of its operation. For example, in direct distribution ING has the success of ING Direct to draw upon, while the company’s leading position in US Retirement Services will guide local management in developing institutional and workplace marketing.

Favourable regulation changes

While with good recent growth, bank deposits continue to be an important personal financial asset, future growth in investment assets is projected to come from mutual funds, pensions and life insurance. Much of the growth in pensions should come from reforms now being introduced that will broaden the system to incorporate new participants, such as government employees and the self-employed. Increased government incentives, such as those already provided in Colombia, are also being introduced across the region to expand voluntary savings. “New and pending pension regulatory changes across Latin America favour ING,” says Muriel.

For ING, the acquisition of the pension businesses was nothing less than a transformational event. “In Latin America we now have scale, we’re working closely with regulators to enact the new regulations, we have very solid distribution through tied agents and we have a brand that relays trust and global strength.” ■

ING in Latin America

| Countries | Pensions | Life Insurance | Investments | Wholesale |
|--|----------|----------------|-------------|-----------|
|  Mexico | ✓ | | ✓ | ✓ |
|  Chile | ✓ | ✓ | | ✓** |
|  Peru | ✓ | ✓ | ✓ | |
|  Argentina | ✓ | | | ✓** |
|  Uruguay | ✓ | | | |
|  Colombia | ✓ | | | |
|  Brazil* | ✓ | ✓ | ✓ | ✓ |

* JV with SulAmerica
** Representative Office

ING’s strategy in developing markets

The total global savings pool is growing at 7.3% a year and this is largely being driven by strong growth in developing markets. A key part of ING’s strategy is to focus on these developing and high-growth markets in order to capture opportunities arising from the increasing personal wealth in these regions. The emergence of a mass-affluent middle class, particularly in developing markets, is bringing with it a real need for banking, investments, life insurance and retirement services products to meet the needs of these people. ING is an excellent position to meet this demand due to its strong product capabilities, its extensive distribution reach and a strong brand.

Riding the Asian tiger



The Asia/Pacific region offers attractive growth potential for financial services providers. ING is well positioned in the region and is capturing this growth by successfully executing the ING Group strategy there.

What distinguishes ING from its peers in the Asia/Pacific region is that ING doesn't just have a big regional hub in either Hong Kong or Singapore with satellite sales offices in other markets. ING has an extensive geographic footprint with full-fledged operations in many of the chosen markets. Hans van der Noordaa, ING Group Executive Board member responsible for ING's insurance and investment businesses in Asia/Pacific explains why: "We believe retail financial services is a local game and we therefore aim to build local strongholds in our chosen markets. Having a local infrastructure is the key to success."

Well positioned in the "right" markets

ING has a strong presence in life insurance, investment management, private banking and real estate business in the region. "And by choosing the fourteen markets where the bulk of the financial services activity in the region occurs, we are where the money is today," says van der Noordaa. "The markets in which we operate together represent 97% of the region's life insurance premiums, 99% of assets under management and 94% of banking assets. These are not just the 'right markets' of today but also the right markets of the future."

ING is a regional "heavy-weight" in Asia/Pacific with approximately EUR 150 billion in client balances: this includes current accounts, savings, mortgages, annuities, life insurance, mutual funds and institutional assets managed. "We are the 2nd largest foreign life insurer and the 2nd largest regional asset manager in Asia/Pacific with top-5 positions in several key markets," van der Noordaa adds, "and have been selectively building our retail

banking presence across the region with a unique positioning in all existing markets. For example, in India, ING is the only international financial services company with a controlling stake in a local bank (ING Vysya Bank) in the country with access to over 400 branches. This provides a clear distribution advantage over our international peers who do not have such an extensive distribution network. In Thailand, ING is the only international company with a 30% stake in a top-5 bank, TMB Bank, which also provides a strong distribution platform for our life insurance and asset management businesses in Thailand. In Australia, ING Direct is the largest direct bank with over EUR 30 billion in client balances. ING also ranks among the top 10 regional private banks in Asia/Pacific with onshore and offshore private banking businesses in 10 markets and over EUR 14 billion in assets under management." In China, ING's investment in Bank of Beijing has already provided a strong return following the Bank's IPO last year.

Targeting the mass affluent retail customers

The Asia/Pacific financial services market is not homogenous and certainly not one to generalize about. Australia, Japan and Hong Kong can be considered mature markets, followed by South Korea and Taiwan. Other markets like Thailand are moving fast, as are India and China. Each has its own unique regulatory system and market characteristics. However, one generalisation holds: across most Asian markets, personal financial assets held by mass affluent clients are large and growing rapidly. In other words, personal wealth of mass affluent individuals is expected to increase significantly over time, making this the

ING in Asia/Pacific

| Countries | Life insurance | Investment management | Retail banking | Private banking | Wholesale banking | Real Estate |
|---------------------|----------------|-----------------------|----------------|-----------------|-------------------|-------------|
| Japan | ✓ | ✓ | | ✓ | ✓ | ✓ |
| South Korea | ✓ | ✓ | | ✓ | ✓ | ✓ |
| China | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Taiwan | ✓ | ✓ | | | ✓ | ✓ |
| India | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Hong Kong | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Malaysia | ✓ | ✓ | | ✓ | ✓ | ✓ |
| Thailand | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Australia | ✓ | ✓ | ✓ | | | ✓ |
| New Zealand | ✓ | ✓ | | | | ✓ |
| Singapore | | ✓ | | ✓ | ✓ | ✓ |
| Indonesia | | | | ✓ | ✓ | |
| Philippines | | ✓ | | ✓ | ✓ | |
| Dubai | | ✓ | | ✓ | ✓ | |
| ING presence | 10 | 13 | 4 | 11 | 12 | 9 |

Note: ING's retail banking presence in Asia includes strategic stakes in 3 Asian banks (ING Vysya Bank in India, Bank of Beijing in China and TMB Bank in Thailand) and ING Direct in Australia.

ING's rankings in the Asia/Pacific region

- Second largest foreign life insurer
- Top 5 positions in 5 key markets - Australia, New Zealand, South Korea, Japan and Malaysia
- Second largest regional asset manager
- EUR100 bn in AuM
- Top 5 positions in 4 markets - New Zealand, Philippines, Taiwan and Thailand

ideal customer segment for ING to target in the region. ING has made significant investments in the region to expand its points of sale to reach these retail clients. ING has over 87,000 tied agents in Asia and access to over 16,000 branches of partner banks for insurance distribution. Today, ING has seven million insurance policyholders, and access to several million others through our ties with more than 200 banks in the region.

Bank distribution on the rise

Tied agency continues to be the dominant distribution channel for ING's life insurance business in Asia, although reliance on this channel is gradually reducing. Bancassurance and alternate distribution channels now account for almost 50% of our sales in the region, up from 35% in 2003. "ING's tied agency strategy is tailored towards the maturity levels of respective markets in the region as a 'one size fits all' strategy will not work in Asia," explains van der Noordaa.

"For example in the growth markets of India and China, the focus is on expanding agent numbers and boosting sales. In the relatively mature markets of Hong Kong and Malaysia, ING's emphasis is on improving productivity. And in the sophisticated markets of South Korea and Taiwan, ING is successfully transitioning agents towards becoming financial planners by selling more complex products with advise-based selling."

ING is a market leader in bancassurance sales in Asia/Pacific with over 60% growth in sales since 2003. Currently, ING partners with over 200 different banks in the region and continues to seek more partnerships. Key new bank partnerships established in 2007 include TMB Bank in Thailand; Public Bank in Malaysia and Hong Kong; HSBC in the region; China Construction Bank in Hong Kong; and Shinhan Bank and Woori Bank in South Korea. ING Life Japan has been recently selected as one of the principal product providers for Japan Post, the biggest savings bank in the world.

Strengthening asset management and asset gathering capabilities

"Asset management and asset gathering capabilities are a key pillar of ING's strategy and we aim to further strengthen these capabilities in the region," says van der Noordaa. "ING's insurance portfolio is geared towards the less capital-intensive unit-linked products and within unit-linked business, the share of more profitable regular premium business is increasing. 68% of ING's insurance sales in the region in 2007 were from unit-linked products, up from 12% in 2003 and regular premium sales accounted for 52% of unit-linked business in 2007."

ING's investment management business has grown rapidly, largely driven by strong growth in retail assets. ING has approximately EUR 100 billion of assets under management in Asia, which have grown at a CAGR of 23% since 2003. The more profitable retail assets has grown by 27% over the same period and now accounts for 55% of total assets under management. The product mix has also evolved favourably with the more profitable equity assets now accounting for 30% of ING's assets under management in Asia/Pacific. This rapid growth has been driven by consistently strong investment performance. "In Asia/Pacific, our investment management business finished the year well with 68% of assets under management outperforming benchmarks and the same proportion of competitive funds above median," adds van der Noordaa.

Executing ING Group strategy

Van der Noordaa summarises: "Our achievements and initiatives show that ING is successfully executing the ING Group strategy in Asia/Pacific. This is a strategy that revolves around the growth in developing markets; a focus on banking, investments, life insurance, retirement services; targeting retail mass affluent clients; and expanding bank distribution and strengthening asset management and asset gathering capabilities." ■

Multi – distribution is the key to success



Developing markets
Central and Eastern Europe

A pioneer with entrepreneurial vision. ING now has leading positions in Central and Eastern Europe in banking and insurance.

In Central & Eastern Europe ING has an extensive geographic footprint (see table on following page) with 11 million customers generating EUR 641 million in profit and EUR 52 billion in retail client balances, and an annual growth rate of 37% in 2007. Since first entering the region, almost every ING operation has been built from scratch (so-called greenfields with an emphasis on insurance). First in Greece in 1982; then Hungary in 1991 (the first of former eastern bloc countries ING entered), followed by the Czech Republic and then the purchase of Bank Slaski in Poland; and thereafter franchises in Slovakia, Romania, Bulgaria, Russia and most recently Turkey in 2007 and Ukraine this year.

Before many others, ING saw the region's prospects for high economic growth and attractive business opportunities, and being an early mover allowed the company to build solid market positions. Today, ING's pioneering vision has been borne out, as most countries in the region are EU members enjoying economic growth that outperforms the EU-zone average by around four times.

Markets in Central & Eastern Europe tend to be large, with a growing middle-class and incomes on the rise: demographic conditions that strongly favour growth in savings and retirement services. Jacques de Vaucleroy, ING Group Executive Board member responsible for Insurance Europe, gave an update recently on ING's position in Central & Eastern Europe at the ING's Investor Relations Symposium, "As less people will be working compared with the number of retirees, it'll be necessary for the current working population to save more and over a longer period of time." ING targets developing markets that meet a number of criteria: steady economic growth, political stability, low financial penetration and large potential client bases. Greenfields start out by offering a limited, standard product range through ING's preferred distribution channel - Self-banks and tied agents - and

then move on to multi-channel distribution so as to leverage other products and services once the business is mature. ING's retail banking, insurance and pension greenfields in Central & Eastern Europe have already created over EUR 4.3 billion of value. "And that's without any acquisitions. A fantastic success, delivering outstanding coverage in the region."

Bank distribution

The multi-channel approach is one that ING uses across the region, with the blend of tied agents, brokers and direct (internet) distribution adapted to suit the market's unique circumstances and ING's local product mix. However, tied agents are the largest distribution channel in the region for life insurance and pensions and remain extremely effective in a greenfield start-up. At the same time, De Vaucleroy sees bank distribution as key to a multi-channel strategy that offers a wide range of products, "Retail banks are increasingly important platforms for different products, including investments, life insurance and retirement services." ING has proprietary retail banking platforms in the three large markets of Poland, Romania and Turkey, and is currently preparing the launch of a fourth one in Ukraine, where the first branches are to open soon.

Focus on four

ING's product mix of banking, investments, life insurance and retirement services offers significant growth opportunities. Pensions provide solid opportunities, driven by pension reforms as well as increases in wages and savings. In retail banking, savings and mortgages are the primary growth drivers. And in life insurance, where ING leads the way regionally, growth is enhanced by wage increases and the relative under-penetration of insurance. Following earlier introductions in the US and Japan, variable annuities have now been launched in other ING markets, including Hungary and Poland, and de Vaucleroy believes the future outlook for this product line is "very promis-

ing". Meanwhile, in investments, ING expects an expansion of mutual funds as customers increasingly seek higher returns. The region's mutual fund client balances increased by 28% in 2007 to EUR 9.3 billion with a net inflow of EUR 1.2 billion.

ING's retail banking strategy is focused on large countries with significant growth potential: Poland, Romania, Turkey and Ukraine together make up 47% of GDP in Central and Eastern Europe and 55% of its population (some 218 million). And with a low per capita GDP, de Vaucleroy is confident of ample room for significant future catch-up, "All countries will get the right attention, but in these four countries we see the biggest future growth opportunities."

ING is growing rapidly in Poland, where ING Bank Slaski offers a full range of products across the customer's life cycle. "We've been active in Poland since 1995 and it's clearly a leader in every area." At year-end 2007, ING Bank Slaski had 2.3 million retail clients and a 9.38% market share. In pensions, ING Insurance is number two with 2.6 million clients and 19.7% market share. ING Insurance has nearly half a million life insurance customers in the country, and in wholesale banking ING offers a full range of products and services including leasing, payments & cash management, and commercial finance.

ING is also a leader in Romania, where it is number one in both pensions (market share 33%) and life insurance (35%), and number five in retail banking (4%). Its banking assets nearly doubled in 2007 to EUR 1.2 billion, while client numbers had a compound annual growth rate of 125% between 2004 and 2007. ING has also secured 1.4 million pension clients by early 2008 following recent pension reforms in the country. "Romania has strong potential to grow further across all business lines and we have seen tied agents playing a key role in the Romanian greenfields."











ING Romania's retail concept of self-service banking, launched in 2004, has proved a cost-effective greenfield model for retail banking across the region and is now being expanded to Ukraine, where ING has been active in wholesale banking since 1994. Ukraine is a large country with a population of over 48 million. The economy has been growing rapidly. GDP growth was 7.1% in 2006 with significant room for further GDP growth. The Ukraine greenfield fits with the ING strategy of having its own banking platform in Poland, Romania and Turkey and with retail banking activities about to start, ING is now researching opportunities in life insurance and pensions.

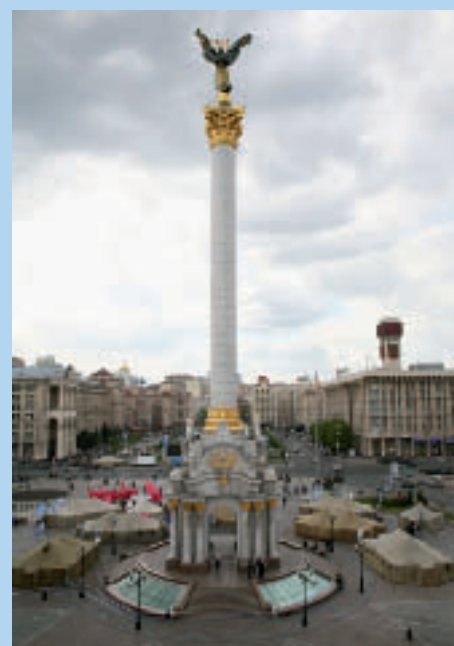
Turkey is another major, rapidly growing economy with a large, relatively young population. 45% of the 76 million inhabitants is under 25. In 2007 GDP stood at USD 418 billion. Inflation looks steady with an expected rise of 4% per annum over the period 2008-11. Just before Christmas 2007, ING completed the acquisition of Oyak Bank, which presented ING with its best option for acquiring scale in Turkey in the short-term. In the Turkish market Oyak is a prominent mid-sized bank that will now focus on mortgages, corporate and SME loans, leasing and factoring. ING is now also considering expansion in Turkey in the fields of pensions and mutual funds.

Outlook

ING's overall outlook in the region is more than promising. The above-average economic growth is expected to continue, which will mean greater accessing of financial services by consumers. ING will continue to launch programmes that can deliver efficiency gains and pursue acquisitions that fit the company's overall strategy, underpinned by on-going organic growth. As Jacques de Vaucleroy puts it, "ING sees strong prospects for accelerating growth in what we feel is an exciting area of our business where we're well positioned to reap the benefits." ■

ING in Central & Eastern Europe

| Countries | Retail Banking | Wholesale Banking | Life / Pensions | Mutual Funds |
|--|----------------|-------------------|-----------------|--------------|
|  Poland | ✓ | ✓ | ✓ | ✓ |
|  Romania | ✓ | ✓ | ✓ | |
|  Ukraine | ✓ | ✓ | | |
|  Turkey | ✓ | ✓ | | ✓ |
|  Hungary | | ✓ | ✓ | ✓ |
|  Bulgaria | | ✓ | ✓ | |
|  Greece | | | ✓ | ✓ |
|  Czech Republic | | ✓ | ✓ | ✓ |
|  Slovak Republic | | ✓ | ✓ | ✓ |
|  Russia | | ✓ | ✓ | |



Independence Square in Kiev, the capital of Ukraine, an important market for ING.

Results Q1, 2008

Profit declines on market downturn – commercial growth remains robust

On Wednesday 14 May, ING announced its first quarter 2008 results. While commercial growth remained robust, the downturn in financial markets impacted investment returns. Underlying net profit declined 15.2% to EUR 1,589 million. Michel Tilmant, CEO of ING, said: "Market declines reduced investment income at the insurance businesses, particularly compared with the first quarter last year when investment returns were above long-term assumptions. Lower real estate and private equity valuations and lower realised gains on equities had a negative impact of EUR 436 million after tax compared with the first quarter last year. The decline in most currencies against the euro reduced earnings by EUR 55 million.

"While the credit and liquidity crisis deepened in the first quarter, extending the disruption of global financial markets, ING's impairments on pressurised asset classes remained limited to EUR 55 million after tax. Market prices for these assets were inevitably impacted with fluctuations in valuation reflected in shareholders' equity. ING's capital position remained strong, with key ratios within target and a spare leverage capacity of EUR 6.2 billion at the end of March.

"Commercial growth momentum was maintained across the group despite competitive and turbulent markets. ING generated a net inflow of EUR 34 billion in client balances in the quarter with total client balances of EUR 1,456 billion at the end of March. Customer deposits at the banking businesses increased by EUR 14 billion excluding currency effects despite intense competition for savings as many banks face tight liquidity and higher wholesale funding costs. Higher volumes and an improvement in the interest margin drove the interest result on the banking side up 17.2%. Sales of life insurance and investment products remained robust despite the stock market volatility. New life sales were up 23.1% excluding currencies and the value of new business reached EUR 320 million. "As we saw in the first quarter, earnings and shareholders' equity are affected by movements

Key figures ING Group

| In EUR million | Quarterly results | | |
|--|-------------------|--------------|---------------|
| | 1Q2008 | 1Q2007 | Change |
| Underlying profit before tax¹ | | | |
| Insurance Europe | 339 | 442 | -23.3% |
| Insurance Americas | 317 | 533 | -40.5% |
| Insurance Asia/Pacific | 182 | 159 | 14.5% |
| Corporate line Insurance | -117 | -84 | |
| Underlying profit before tax from Insurance | 722 | 1,050 | -31.2% |
| Wholesale Banking | 570 | 665 | -14.3% |
| Retail Banking | 638 | 610 | 4.6% |
| ING Direct | 155 | 165 | -6.1% |
| Corporate line Banking | 43 | -56 | |
| Underlying profit before tax from Banking | 1,405 | 1,384 | 1.5% |
| Underlying profit before tax | 2,127 | 2,434 | -12.6% |
| Taxation | 514 | 495 | 3.8% |
| Profit before minority interests | 1,613 | 1,939 | -16.8% |
| Minority interests | 24 | 65 | -63.1% |
| Underlying net profit | 1,589 | 1,874 | -15.2% |
| Net gains/losses on divestments | 45 | | |
| Net profit from divested units | | 20 | |
| Special items after tax | -94 | | |
| Net profit (attributable to shareholders) | 1,540 | 1,894 | -18.7% |
| Earnings per share (in EUR) | 0.74 | 0.88 | -15.9% |
| Net return on equity ² | 16.5% | 20.8% | |
| Assets under management (end of period) | 620,800 | 619,400 | 0.2% |
| Total staff (FTEs end of period) | 129,546 | 118,592 | 9.2% |

1 Underlying profit before tax and underlying net profit are non-GAAP measures for profit excluding divestments and special items

2 Year to date

in fixed-income securities, equity and real estate markets. Although we have perceived some improvement in equity markets and credit spreads since the close of the first quarter, investment returns and asset values will likely remain under pressure with the correlated impact on earnings. However, with ING's broad client access and product range, strong capital base and solid liquidity position we remain confident that ING is well positioned to help our customers manage their financial future while generating long-term profitable growth for our shareholders."

Earnings analysis: First quarter

The business environment continued to become more challenging as equity markets declined and investment returns on real estate and private equity came down sharply compared with the first quarter of 2007. Competition for savings intensified as many banks faced tighter liquidity and increased funding costs on wholesale markets. However, credit issues in the US housing market have not yet led to contagion in the corporate mortgage market or significant losses in the corporate bond markets. Tighter liquidity has led to wider spreads on corporate lend-

ing. The reduction of short-term interest rates, particularly in the US, has led to an improvement in the interest margin of the banking operations, notably at ING Direct. Loan losses increased from previous quarters but remain well below expected over-the-cycle levels.

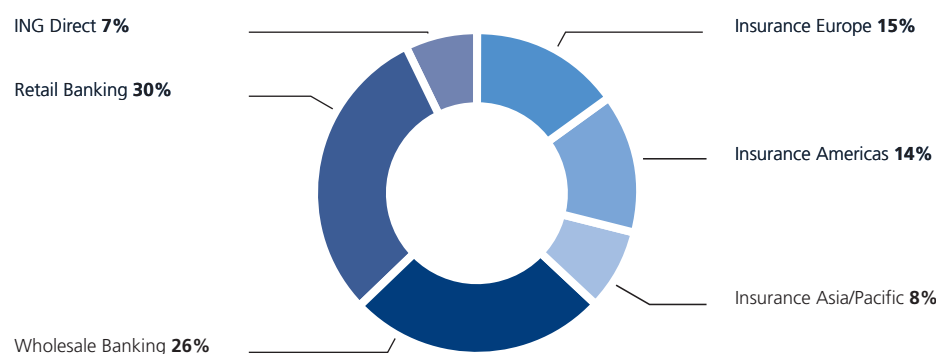
Despite the turmoil in financial markets, ING Group continued to show strong commercial momentum. Total client balances recorded a net inflow of EUR 34 billion. Acquisitions contributed another EUR 20 billion. That was offset by EUR 33 billion in negative currency effects and EUR 21 billion from declines in asset prices as markets deteriorated, bringing total client balances to EUR 1,456 billion at the end of March. Customer deposits of the banking business increased by EUR 14 billion excluding currency effects despite increased competition for savings. Lending grew by EUR 23.9 billion excluding currency impacts, driven by corporate lending and mortgages. Life insurance generated a net inflow of EUR 6.4 billion.

Sales of life insurance remained robust. New life sales were up 23.1% excluding currencies and the value of new business rose to EUR 320 million.

Lower equity capital gains were realised due to market declines, resulting in a negative swing of EUR 232 million after tax compared with the first quarter last year. That was partially offset by EUR 115 million from hedges on the equity portfolio. Pressure on property prices led to negative revaluations of real estate investments in some markets, resulting in a negative swing of EUR 182 million after tax compared with a year ago. Negative revaluations of private equity and alternative assets resulted in a swing of EUR 137 million. Currency fluctuations had a negative impact of EUR 55 million. Excluding those items, and EUR 55 million after tax from the impairments on pressurised assets, profit increased 20.7%.

Operating expenses remained under control with mature businesses showing a decline

Underlying profit contribution of business lines Q1*



* excluding corporate line

of 3.2% from a year ago, while expenses at the growth businesses have been allowed to increase 16.7% to support expansion.

The effective tax rate rose from 20.3% in the first quarter of 2007 to 24.2% this quarter. For the full-year, the effective tax rate is expected to be at the low end of the normal 20-25% range.

Net profit declined 18.7% to EUR 1,540 million. This includes a EUR 62 million gain on the sale of the Chilean health business, an additional loss of EUR 17 million on the sale of NRG and EUR 94 million restructuring provisions for the Dutch retail transformation. Net earnings per share were EUR 0.74, down from EUR 0.88 in the same quarter last year.

Insurance

Underlying profit before tax from insurance decreased by 31.2% to EUR 722 million, reflecting the impact of lower equity, real estate and private equity markets.

Profit from Insurance Europe declined 23.3%, reflecting lower investment income following negative revaluations on real estate and private equity investments as well as the upstream

of EUR 5.0 billion in capital from the Dutch business last year. Profit from Central & Rest of Europe was up 17.1%, despite higher start-up investments in new operations in Russia and Romania.

Insurance Americas' profit before tax fell 40.5%, as the market decline triggered EUR 101 million in DAC unlocking as well as EUR 46 million lower revaluation results on private equity and alternative assets. Credit losses amounted to EUR 51 million before DAC, including EUR 30 million on pressurised asset classes. The continued weakening of underwriting results at the non-life business in Canada led to a 35.3% decline in profit there.

Underlying profit from Insurance Asia/Pacific increased 14.5%, mainly due to a positive swing on hedge results in Japan. Excluding Japan, underlying profit was down 28.7%, or 19.4% excluding currency effects, resulting from a EUR 13 million negative revaluation of a CDO in South Korea.

The Corporate Line Insurance recorded a loss of EUR 117 million, including interest on core debt as well as EUR 29 million higher impairments

on equities. Realised gains on equities were less than the 3% notional income allocated to the three insurance business lines, with the balance reported in the Corporate Line.

Total gross premiums increased 10.0%, or 18.5% excluding currency impacts, driven by strong sales in Asia and the Americas. Operating expenses were flat, but increased 6.1% on a constant currency basis due to business growth in the Americas and Asia/Pacific and the pension acquisition in Latin America.

New life sales (APE) increased 23.1% and the value of new business more than doubled excluding currency impacts. VNB nearly tripled in Central & Rest of Europe, supported by the new pension fund in Romania, which added EUR 47 million in VNB. Latin America's VNB more than quadrupled, benefiting from the acquisition of Santander. Expense policy changes had a positive impact of EUR 20 million. Margins also improved, with the internal rate of return at 15.3%, up from 12.2%.

Banking

Underlying profit before tax from Banking increased 1.5% to EUR 1,405 million, supported by continued volume growth and an improvement of the interest margin. Risk costs increased, but remained well below normalised

levels. Expenses showed a modest increase.

Profit before tax from Wholesale Banking declined 14.3%, mainly due to negative revaluations in the real estate investment portfolio and higher risk costs, which were partly mitigated by a record quarter for Financial Markets. The transfer of the mid-corporate business from Wholesale to Retail Banking took effect from the first quarter, and 2007 figures have been adjusted to reflect that change.

Profit from Retail Banking was up 4.6% from the first quarter and 22.2% from the fourth quarter supported by strong volume growth in Central Europe and cost control in the Benelux. The acquisition of Oyak Bank added EUR 18 million to profit, or EUR 52 million excluding internal capital charges.

Profit from ING Direct declined 6.1% compared with the first quarter last year, but more than doubled from the fourth quarter, driven by an improved interest rate environment in the US and a narrowing of losses in the UK. Excluding the UK, profit before tax rose 12.5% from the first quarter last year.

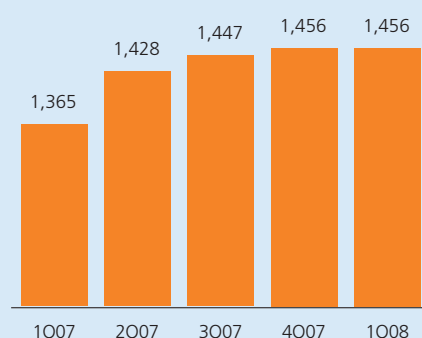
The Corporate Line Banking recorded a profit of EUR 43 million, as higher income on the capital surplus more than offset expenses that are not allocated to the business lines.

New initiatives year-to-date

- The acquisition of CitiStreet LLC was announced on 2 May for a total consideration of EUR 578 million. Its high technology platforms position ING to compete effectively in the US retirement savings market. The acquisition makes ING the third largest defined contribution business in the US in terms of assets under management and the second largest when ranked in terms of plan participants.
- ING Life Japan was selected by Japan Post as one of the principal product providers for both variable annuities (SPVAs) and corporate life insurance products (COLI) to be sold through its extensive branch system. Japan Post operates the world's largest savings bank.

Total underlying income from Banking rose 4.3% to EUR 3,920 million, driven by volume growth and an improved interest result. The interest margin increased to 1.02%, up 7 basis points from the first quarter of 2007 and 8 basis points from the fourth quarter, driven by an improvement in the interest rate environment, particularly in the US.

ING Group - Total Client Balances (billions)



- Net inflow of EUR 34 billion in Q1 driven by growth in retail lending
- Commercial growth and impact of acquisitions were fully offset by negative currency impact and market performance

Total loans and advances to customers of the banking operations grew by EUR 23.8 billion, driven by corporate lending and mortgages. Including EUR 7.5 billion of negative currency effects, total loans and advances rose 3.1% to EUR 542.7 billion at the end of March. Corporate lending increased 4.7%, or EUR 12.5 billion, while personal lending was up 1.4%, or EUR 3.7 billion, driven by growth in mortgages.

Customer deposits and other funds on deposit grew by EUR 14 billion in the first quarter as the growth of current accounts outpaced the decrease in savings. Including negative currency effects of EUR 8.7 billion, customer deposits increased 1.0% to EUR 533.5 billion at the end of March.

Total risk-weighted assets declined 23.3% in the first quarter to EUR 308.7 billion, due to the implementation of Basel II from 1 January 2008. Basel II risk-weighted assets increased 5.4% from January to the end of March.

Operating expenses were up 1.9% as the acquisition of Oyak Bank and higher investments to support business growth were largely offset by lower expenses in the mature businesses.

Net risk costs remained low despite the ongoing turmoil in credit markets. In total, ING added EUR 98 million to the provision for loan losses, compared with nil in the first quarter of 2007.

Due to the introduction of Basel II, credit risk-weighted assets (CRWAs) have been reduced substantially. As a result, the risk costs expected over-the-cycle has increased from 25-30 bps of average Basel I CRWAs to 40-45 bps of Basel II CRWAs. In euro terms the expected loss is more or less unchanged.

Returns, measured by risk-adjusted return on capital (RAROC) after tax, declined to 17.8% from 23.4%, reflecting higher tax charges and a strong increase in economic capital. Higher economic capital stemmed from the acquisition of Oyak Bank and increases due to model refinements in Wholesale Banking.

Assets under Management

ING achieved a strong net inflow of EUR 11.0 billion in assets under management, despite the negative impact of the credit crisis on market sentiment. Lower asset prices for equity and

fixed-income securities had a negative impact of EUR 23.6 billion on assets under management, while exchange rates reduced AUM by EUR 19.5 billion. Acquisitions added EUR 10.1 billion, bringing total assets under management to EUR 620.8 billion at the end of March.

Capital Management

The adverse market environment inevitably had a negative impact on ING's capital position, however all key capital ratios remained within target.

The debt/equity (D/E) ratio of ING Group increased marginally to 9.75% at the end of the first quarter from 9.53% at year-end. The D/E ratio of ING Insurance decreased from 13.63% at year-end to 12.30%.

ING Bank's tier-1 ratio increased significantly from 7.4% at the end of 2007 under Basel I to 9.9% under Basel II at the start of 2008. The Basel II tier-1 ratio ended the first quarter at 8.3% following a dividend upstream to the Group, as well as growth in risk-weighted assets. Basel II risk-weighted assets rose 5.4% to EUR 309 billion at the end of the first quarter from EUR 293 billion on 1 January.

ING calculates spare leverage as cash that can be generated at Group level if all leverage and capital ratios are brought to target. The spare leverage declined from EUR 9.6 billion on 1 January 2008 to EUR 6.2 billion at the end of March due to the decline in equity markets, credit spread widening, lower interest rates and the impact of the share buyback. If needed for acquisitions or as an additional buffer in exceptional market circumstances, the debt/equity ratio for ING Group can potentially be extended to 15%. Including that additional capacity, the spare leverage would be EUR 9.0 billion. ■

P&L impact and revaluations in Q1

• P&L impact from subprime, Alt-A and other pressurised asset classes limited to EUR 80 million before tax (EUR 55 million after tax) in first quarter:

- US subprime RMBS: EUR 33 million
- US Alt-A RMBS: EUR 17 million
- CDOs/CLOs: EUR 16 million
- Monoline insurers: EUR 4 million
- 3rd party SIVs/ABCP: EUR 10 million

• Market prices impacted by lack of market liquidity with a revaluation of EUR -3.6 billion (EUR -2.3 billion after tax) on pressurised asset classes through shareholders' equity in first quarter:

- US subprime RMBS:
Market value EUR 2.3 billion; revaluation EUR - 0.2 billion; valuation 81%
- US Alt-A RMBS:
Market value EUR 22.8 billion; revaluation EUR - 3.3 billion; valuation 84%
- CDOs/CLOs:
Market value EUR 2.1 billion; revaluation EUR - 0.1 billion; valuation 90%

Accounting policy (IFRS)

- There are important differences in the accounting treatment of revaluations and impairments depending where assets are held
- For assets classified as available for sale, fair value changes are recognised in shareholders' equity
 - At the end of the reporting period assets are assessed for impairment (if principal and/or interest are not expected to be fully repaid)
 - If impaired, the unrealised revaluation is taken out of equity and recognised in the P&L
 - If a debt security is fair valued below par for a prolonged time, this would by itself not trigger an impairment
- For assets held in the trading book, fair value changes are recorded in the P&L

Strong interest at Shareholders' meeting

The 2008 annual General Meeting of Shareholders was held on Tuesday, 22 April 2008. Around 500 shareholders, depositary-receipt holders and representatives of institutional investors and interest groups met in Amsterdam. In the chair was Jan Hommen, ING's new Supervisory Board chairman as from 1 January 2008.

During his presentation of the 2007 results, Michel Tilmant, chairman of the Executive Board, looked back on 2007 and ING's strategy going forward. "Our starting position for 2008 was good as a result of the performance over 2007 (underlying net profit +19% and total net profit amounted to EUR 9.2 billion). The direct impact from the financial crisis was limited thanks to our solid risk management and business profile. ING also has a strong capital position. This all resulted in a proposed dividend increase of 12%."

ING has sharpened its strategic direction, following key trends in the financial services sector. "Many people want to retire at 60, but live to see 90 or beyond and therefore need to save more. That's great news for us," Tilmant said. "We see a strong emerging middle class in some countries and these people have the same

expectations and requirements for retirement as we do." In the future, ING will specifically target the mass-affluent retail customers segment.

People also want simple products and easy access and ING is working on further developing this. Tilmant: "We want to become the easiest financial institution to deal with in the next few years."

Another trend is the worldwide shift in life insurance to investment products, increasingly provided through the banking channel. "This provides great opportunities for ING. We will capitalise on this trend and further develop our product suite." ING is overall well positioned thanks to its full range of products through its distribution platforms, its good positions in high-growth markets and the fact that we are one of the leading financial services brands. ING is a leading savings bank worldwide. Collecting

savings and putting them to work is ING's core business.

"Responding to the trends, we've decided to focus our strategy on banking, investments, life insurance and retirement services going forward," Tilmant concluded in his presentation.

Q&As

Following the presentation, there was ample time for questions by attendees. One wanted to know the reason why the merger between ING and ABN AMRO had not materialised. Chairman Jan Hommen responded that "it was not responsible to do from an economical point of view. ING now has a very strong position."

Another attendee wanted to know ING's vision on its non-life activities, to which Tilmant responded: "Non-life is not part of our core strategy, as we have to make choices. In the Netherlands, the activities of our life and non-life operations are far more interwoven than elsewhere, so dismantling them is not a key priority. If we see good opportunities, for example with our Belgian car insurance which is successfully distributed by banks, we will develop this part of our business."

On ICT outsourcing, Eli Leenaars, Executive Board member and responsible for Retail Banking, said that ING's outsourcing activities have been modest, certainly compared to competitors. "We feel that on IT we should always be in control of the essential parts, while others can cover remaining areas. Those areas in which we can achieve a competitive advantage should remain in-house." Leenaars also explained the progress made on integrating Postbank and ING



Michel Tilmant presents ING's sharpened strategy at the GMS

Bank. Customers will be served under the single ING brand as from 2009. "It has proven to be successful worldwide. We also do it in Belgium, Turkey and Poland."

Dividend

The Meeting accepted the dividend proposal for 2007. This means that the total dividend for 2007 has been determined at EUR 1.48 per (depository receipt for an) ordinary share. Taking into account the interim dividend of EUR 0.66, which was paid in August 2007, the final dividend amounts to EUR 0.82 per (depository receipt for an) ordinary share, which will be paid fully in cash.

Corporate governance

During the meeting, Jan-Willem Vink, head of Legal Affairs, said that ING is very much in favour of electronic voting (voting via the internet) and that at ING the legal infrastructure is in place. "But we haven't been able to find a supplier due to the high security demands and cross-border identification requirements. What's more, there is no legislative infrastructure to support cross-border voting; for example, there is no uniform definition of 'shareholder' within the EU. Under such circumstances, it's hard to facilitate e-voting."

The 'turnout' at the meeting again triggered remarks on the position of the ING Trust Office. Several in the audience wanted to know what the plans were for the ING Trust Office after the 2009 GMS, when the hurdle (at least 35% of the votes on ordinary shares represented for three consecutive years) will – hopefully – be met for the third time. They wanted to know whether the Trust Office would then be abolished or not, to which Jan Veraart, chairman of the ING Trust Office, responded: "Next year, if the 35% hurdle will be met again, which we sincerely hope, we will look at how to proceed further with the Trust Office following the meeting. Chairman Hommen added: "that when the 35% hurdle will be met again in 2009, we will look at the position of the Trust Office, also considering the circumstances at that moment, which is a very common thing to do in business."

At the meeting 38.69% (excluding ING Trust Office) of the total number of ordinary shares could be voted on (2007: 36.7%).

The Meeting also approved the reappointments to the Executive Board of Eric Boyer de la Giroday and Eli Leenaars for another 4-year term. They were first appointed in 2004. Boyer is responsible for Wholesale Banking and Leenaars for Retail Banking. ■

Four new supervisory directors

The GMS reappointed supervisory director Eric Bourdais de Charbonnière and appointed four new members to the Supervisory Board as from 22 April 2008.



Joan Spero (1944, American nationality) is president of the Doris Duke Charitable Foundation and was US Undersecretary of State for Economic, Business and Agricultural Affairs from 1993 to 1997. She was appointed because of her knowledge and experience in the field of international economic policy and international economic relations as well as her experience in senior management positions with a large financial institution.



Harish Manwani (1953, Indian nationality), currently president Asia, Africa, Central & Eastern Europe of Unilever. Manwani was appointed on the basis of his experience in senior management positions with a listed multinational company and his extensive international marketing experience



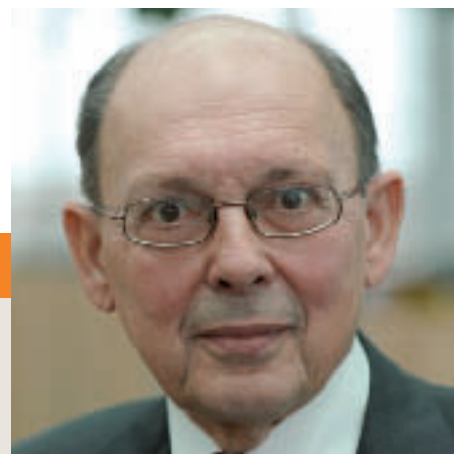
Jackson Tai (1950, American nationality), former vice-chairman and CEO of DBS Group Holdings and former managing director in the Investment Banking Division of JP Morgan. Tai's international experience, his experience in investment banking and as CEO, CFO and COO of a listed international financial company as well as his in-depth understanding of the US and Asian financial markets formed the basis for his appointment.



Aman Mehta (1946, Indian nationality) was chief executive officer of Hong Kong & Shanghai Banking Corporation in Hong Kong. His appointment is based on his experience as CEO and as a senior manager of an international financial institution, his in-depth understanding of the financial markets and his close connections with Asia.

Cor Herkströter retired from the Supervisory Board on 1 January 2008 and **Luella Gross Goldberg** stepped down after the 2008 GMS.

35% threshold reached for the second time



Appreciation was expressed on all sides during the Annual General Meeting (AGM) on 22 April for the good results that ING achieved during a tough year in 2007. The Trust Office concurs fully with this.

In my column of February 2008, I encouraged you to make your vote count at the AGM. We were very pleased to see that turnout was once again higher, at 38.8% of the holders of ordinary shares and depositary receipts for ordinary shares. We applaud this development, since the participation of depositary receipt holders and shareholders cannot be high enough for us. It was, therefore, no surprise that the subject of abandoning depositary receipts was once again raised during the meeting. I repeated that we will review how we can proceed with or without the Trust Office after the 2009 AGM, when I very much hope that the 35% will again be reached. We are deliberately leaving all options open, although, as specified in our Constitution, the Board of the Trust Office can only wind up the Trust Office with the approval of ING and Euronext.

ING uses depositary receipts as a way of preventing a chance minority of shareholders controlling decision-making. Despite the sharp increase in turnout in recent years, a considerable majority still do not participate in decision making. Their absence would not be solved by a separate meeting of depositary receipt holders as recommended by the Dutch Corporate Governance Code. We regard separate meetings of depositary receipt holders ahead of the AGM as a 'flaw' in the code as it gives already active depositary receipt holders a second forum to

be heard while non-active depositary receipt holders will still not be taking part. Our role is to represent the interests of all shareholders and depositary receipt holders while keeping the interests of the company and all its stakeholders in mind.

During the last AGM, the Trust Office again

"Flaw in the Dutch Corporate Governance Code"

only voted on the depositary receipts on which no voting instructions had been given, in other words for those depositary receipt holders who were not present at the meeting and who had not made use of the opportunity to vote by proxy. Our voting is guided in part by our own insight and opinion, the proxies and voting instructions received, the consistency of ING's policy, the outcome of votes at earlier AGMs, relevant reports and developments in corporate governance and, of course, the discussion during the AGM itself. The Trust Office voted in favour of all resolutions. We issue a report on our voting in situations where the Trust Office's vote would be decisive. This was not the case on any agenda item this year.

An issue of special interest to the Trust Office is the system of lending shares to third parties ('stock lending'). This hampers a transparent participation by shareholders in the decision-

making process, as Jan-Willem Vink, ING's head of Legal Affairs, explained during the AGM. Lenders cannot exercise the voting rights on these shares. The Trust Office is in favour of good European regulation on this but the EU Shareholders' Rights Directive, which took effect in the autumn of 2007, does not address it. Subsequently, however, there has been a consultation by the European Commission, but this has not yet led to measures by the EU.

A recommendation of the Committee on Corporate Governance ('Tabaksblat Committee') and part of subsequent legislation was to facilitate voting by the internet ('e-voting'). During the AGM, Mr Vink explained that ING supports e-voting and has the legal framework for it. Unfortunately, the right technology is not currently available given the high security and cross-border identification requirements. There is also no legal framework to facilitate cross-border voting. Although it is possible to follow the meeting on the internet, voting by internet during the meeting is still something for the future.

The next shareholders' meeting will be on Tuesday 28 April 2009. In the meantime, we, as the Trust Office, will continue to work on encouraging the highest possible shareholder participation. My next column will be in February 2009. If you have any questions in the meantime, please sent them to us through our website www.stichtingingaandelen.nl

Jan Veraart
Chairman of the ING Trust Office



The magazine of the 'My Art, collectors share their passion' exhibition



Hans-Christian Schink, 9/17/2006, 8:45 am - 9:45 am, N 78°13.370' E 015°40.024', 2006. Black and white print on silver gelatine fibre paper, mounted on aluminium 135 x 180 cm



Zebra, by Mayuca Yamamoto (Japan, 2005) oil painting on canvas, 61 x 50 cm

Private collection on show in Zuiderzeemuseum

This year marks the 60th anniversary of the Zuiderzeemuseum (ZZM) in the Dutch town of Enkhuizen. ZZM offers Dutch contemporary art and design, linked with the country's history, culture and legacy. The museum wants its collection to be accessible and open to everyone and on this anniversary, it plans to hold a special exhibition, entitled 'My art, collectors share their passion'. This exhibition aims at emphasising the importance of the private collector and his or her collection. It also indicates that a museum must welcome more than just 'professional' collections.

ING recently became the main sponsor of ZZM and head of ING Art Management Annabelle Birnie is the guest curator of this special exhibition. "A museum collects and exhibits collections. Very often, these are the museum's own collections or they have been borrowed from other museums, corporate collections and private collectors. But only very occasionally, they dedicate an exhibition completely to private collectors. The importance of these collectors is often underestimated. The passion a person has for the art he or she buys has often formed the beginning of all collections, which in turn has led to the establishment of important museums," Annabelle said. The exhibition runs from 5 June till 2 November 2008. For more information see www.zuiderzeemuseum.nl

REAL Photography Award for Hans-Christian Schink

CEO Michel Tilmant recently awarded the inaugural REAL Photography prize to Hans-Christian Schink. His winning black and white print was part of a long-term project entitled '1h' which uses a photographic effect known as 'true solarisation'. Schink won EUR 50,000 in prize money.

Intriguing

Jury chairman Roger Hargreaves commenting on the winning photograph said that the jury was "drawn to, and intrigued by the exquisite landscape between the violent gash that streaked across an otherwise tranquil landscape. This, we discovered, was the mark of the sun as it aired across the sky in the one hour it took to make the exposure. Hans-Christian Schink's photograph has reinvigorated black and white photography with a new contemporary verve and has created a visual tension that hints at trouble to come in a wilderness paradise. His work truly reflects the award theme."

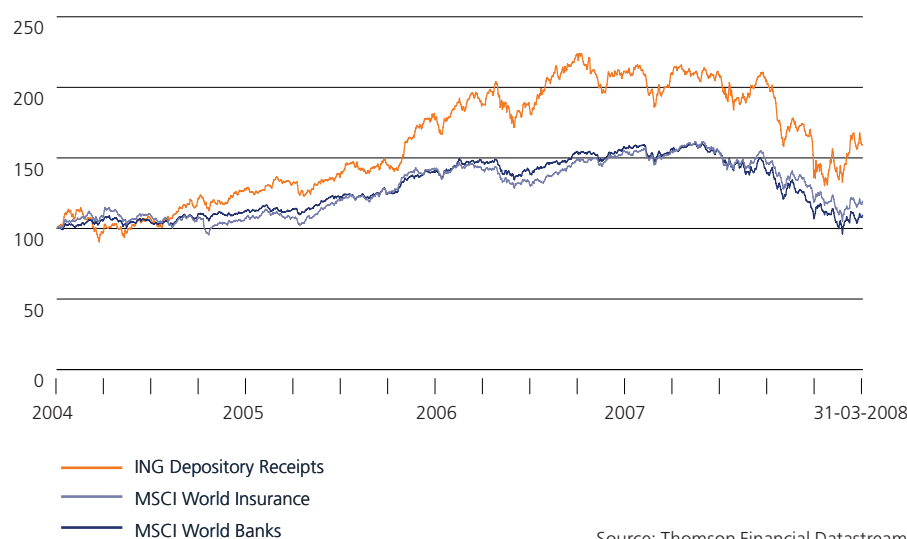
The biennial REAL Photography Award was initiated by ING Real Estate in March 2007 to encourage and promote contemporary photography. Artists from all over the world were invited to submit their photographic interpretation of the integration of nature, development and architecture.

Asian and Dutch art in Hong Kong office

Art from ING's collection will be on permanent display in the regional head office in Hong Kong from 15 May together with newly acquired figurative art by Asian artists. The six meeting rooms of the office in the International Financial Centre in Hong Kong all have their own country theme, which is matched by art from that specific country. These country themes coincide with the Asian countries in which ING is active in the region.

The new works include paintings by Nao Tanabe (Japan), Mayuca Yamamoto (Japan, see illustration Zebra), Zang Xiaogang (China), Han Quig (China), Kwang-Ho Cheong (Korea) and Narelle Autio (Australia). Art works by Ed van der Kooij, Quangli Liang and photographer Marijn Scheeres, who contributed to ING's Art in the Office catalogue, have been relocated from the art collection in Amsterdam to Hong Kong.

Total return index



Global financials top 20 (based on market value in EUR billion)

| | | |
|----|--------------------------|-------------|
| 1 | HSBC Holdings | 123.4 |
| 2 | Bank of America Corp | 106.4 |
| 3 | JPM Chase | 91.3 |
| 4 | Banco Santander | 78.9 |
| 5 | Citigroup Inc | 70.0 |
| 6 | Amer Intl Group | 69.4 |
| 7 | Wells Fargo | 61.7 |
| 8 | Mitsubishi UFJ Financial | 59.4 |
| 9 | BNP Paribas | 57.8 |
| 10 | Unicredito | 56.6 |
| 11 | Allianz | 56.5 |
| 12 | Intesa Sanpaolo | 52.9 |
| 13 | ING | 52.8 |
| 14 | BBVA | 52.3 |
| 15 | AXA | 48.8 |
| 16 | Royal Bank of Scotland | 42.4 |
| 17 | Goldman Sachs | 41.6 |
| 18 | Generali (Assicurazioni) | 40.1 |
| 19 | Royal Bank Of Canada | 38.3 |
| 20 | UBS | 38.2 |

Source: MSCI, Bloomberg, 31 March 2008

Forbes: ING is 9th largest public company

ING is the world's 9th largest public company, according to the latest Forbes 2000 list of largest companies.

Forbes used four measures- sales, market value, assets and profits- for this list of the world's 2000 top companies. HSBC is number one on the list, knocking off Citigroup from the top position after four years. Five of this year's top-ten companies are financial services institutions compared to seven last year.

ING's #9 ranking is one place higher than last year, when it was ranked in the tenth spot.

For the full list, visit www.forbes.com

ING climbs 10 places in the "BrandZ Top 100" for 2008

| | | | |
|----|-----------------------|-----|-----------------|
| 1 | Google | 35 | HSBC |
| 2 | GE (General Electric) | 43 | ING |
| 3 | Microsoft | 48 | Banco Santander |
| 4 | Coca-Cola | 52 | Chase |
| 5 | China Mobile | 57 | Goldman Sachs |
| 6 | IBM | 63 | Morgan Stanley |
| 7 | Apple | 64 | UBS |
| 8 | McDonald's | 97 | AXA |
| 9 | Nokia | 100 | Standard |
| 10 | Marlboro | | Chartered Bank |

Ranking based on a combination of market capitalisation and brand appreciation. Source: Millward Brown Optimor – Top 100 Most Powerful Brands 08

Key dates in 2008 and 2009

Wednesday, 13 August 2008

Publication results Q2 2008

Wednesday, 13 August 2008

Record date (NYSE)

Thursday, 14 August 2008

ING share quotation ex-interim dividend (NYSE Euronext and NYSE)

Monday, 18 August 2008

Record date (NYSE Euronext)

Thursday, 21 August 2008

Payment date interim dividend 2008 (NYSE Euronext)

Thursday, 28 August 2008

Payment date interim dividend 2008 NYSE

Wednesday, 12 November 2008

Publication results Q3 2008

Tuesday, 28 April 2009

General Meeting of Shareholders

(All dates are provisional)



Disclaimer

ING Group's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU').

In preparing the financial information for this publication, the same accounting principles are applied as in the 2007 ING Group Annual Accounts. All figures in this publication are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained in this publication 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.