

Successful execution of ING Group's strategy requires a world class asset manager. Asset management is a core competency of ING which includes three key businesses: ING Investment Management (ING IM, our principal asset manager), ING Real Estate and ING Private Banking. ING IM gives ING a significant global presence through its broad offerings of a diversified mix of products with strong performance. In 2007, ING IM made a significant contribution to ING Group's overall results. ING Real Estate recorded another year of strong growth and ING Private Banking continues to attract new customers.

FINANCIAL DEVELOPMENTS

Assets under management increased EUR 36.9 billion (6.1%) to EUR 636.9 billion in 2007. Growth was driven by a net inflow of EUR 40.4 billion, mainly through Insurance Asia/Pacific, which contributed EUR 14.2 billion, Retail Banking EUR 8.6 billion, Insurance Americas EUR 8.5 billion and ING Real Estate EUR 6.6 billion. Furthermore, changed asset prices of equity and fixed income securities contributed EUR 16.2 billion and the positive impact of acquisitions and divestments amounted to EUR 12.7 billion. Growth was offset by the negative impact of exchange rates (mainly US dollar) of EUR 32.5 billion. Growth was achieved for the greater part in third-party assets, which increased by 13.8% to EUR 460.1 billion by year-end 2007. Proprietary assets decreased 9.6% to EUR 176.8 billion.

ING INVESTMENT MANAGEMENT

ING IM's goal is to become a top-10 global asset manager. The mission is already under way across all three regions – Europe, the Americas and Asia/Pacific – which are delivering a wide range of innovative investment solutions to ING's vast network of internal and external clients. Our strategy focuses on distributing these successful investment strategies globally. This will be achieved by working closely across regions to leverage both scale and investment expertise, while bringing the best of our manufacturing expertise efficiently to clients wherever in the world they are located. Additionally, where we see opportunities we develop alternative investments and structured solutions.

ING IM's key priorities are to achieve above market growth in our assets under management by further strengthening partnerships with ING businesses and developing third party business opportunities. The business also strives to increase investment performance for our clients and to maximise the use of ING's risk management skills. We are expanding our IT infrastructure capabilities. We will focus both on organic growth and acquisition opportunities.

Sound investment performance

In 2007, ING IM has delivered sound investment performance. On a three-year basis, 77% of mutual fund assets performed above their benchmark. Compared to peers, 60% of the funds ranked in the first or second quartile as measured on a three-year basis.

Additionally, 14 funds received 5 stars and 53 funds received 4 stars from Morningstar ratings agency; the highest and second highest ratings a fund can receive. These 5- and 4-star rated fund assets represented EUR 21.4 billion or 35% of total ranked mutual fund assets. ING IM increased its third party assets by EUR 23.2 billion, bringing the total to EUR 232.2 billion.

ING continued to have success with its strategy of leveraging its strong global investment capabilities to provide regional opportunities for both retail and institutional customers. Client demand for yield has increased as rates dropped around the world. In Europe, ING IM experienced inflows of EUR 172 million into its Total Return Bond strategies. Close cooperation between ING IM Europe and ING IM Asia/Pacific created net inflows of about EUR 2.2 billion in several fixed income related mandates in Japan. The global manufacturing of some of ING IM's fixed income flagship investment strategies has generated regional and cross-regional sales of EUR 4.3 billion. In every region, ING IM has benefited from a strong global product offering combined with a good local customer-centric focus.

The growth in alternative asset classes combined with the needs of ING IM's clients has led to a continued focus in this area during the year. Pomona Capital, ING IM's private equity firm, introduced its first Fund of Funds in Asia/Pacific.

ING IM also stands to gain from the expanding global wealth management activities of ING. In addition to scale and cost benefits from having a large proprietary portfolio, strategies that have been developed from effective pension risk management, such as asset liability management and liability driven investing, and with variable annuities, expertise can be translated for use within the institutional and retail third party product and distribution channels.

Europe

ING IM Europe witnessed strong organic growth in its third party assets during the year helped by continued sales of solidly performing existing product, new product launches and the trend towards open-architecture. Our Central European operations continued to generate strong sales of EUR 1.25 billion driven by ING Bank Slaski in Poland. We entered a new market through ING Group's acquisition of Oyak Bank in Turkey.

As for products, we saw continued interest in our higher yielding strategies with good inflows driven by a strong three-year track record. There was also renewed interest in our Money Market offering. Also in 2007, ING IM Europe created the Multi-Asset Group. The objective of this group is to enhance investment opportunities across asset classes. The Multi-Asset Group launched the ING Opportunity Aandelen Fonds, which successfully generated sales of EUR 147.9 million. The objective of this fund is to increase yield through superior allocation of assets within asset classes using several different strategies (style, size, regions).

To enhance our scale and market strength in the European pension business, ING IM and Nationale-Nederlanden completed their acquisition of AZL, an independent Dutch provider of pension fund management services.

1.2 Report of the Executive Board

Asset management (continued)

Americas

ING IM Americas continued to grow through existing areas as well as in targeting new opportunities with significant growth potential. ING IM Americas maintained strong asset management sales figures and launched new funds despite market challenges, particularly in the second half of 2007.

Taking advantage of growth in the post retirement market and investors need for income in retirement, the Multi-Asset Structured & Solutions Group added two more target date funds to a suite of 'in-retirement' solutions for plan participants. On the retail side, ING IM America's successful 'Going Global' campaign continued to attract significant inflows, adding EUR 945 million. Several new funds expanded the international line-up including the ING Asia Pacific Real Estate and the ING European Real Estate funds, and two new closed-end funds, the ING Asia Pacific High Dividend Equity Income Fund and the ING International High Dividend Equity Income Fund. The launch of these two funds brings total assets in ING IM's closed-end fund assets to over EUR 3.3 billion. All new funds use ING's varied investment capabilities and regional expertise to create customised global solutions for investors.

ING IM's Institutional Markets business saw business volume increase as spreads widened and market conditions turned more favourable during the second half of the year.

With the Santander pension deal, ING in Latin America gained EUR 3.3 billion in assets under management.

Asia/Pacific

ING IM Asia/Pacific saw continued strong organic growth in assets in every country in which it operates, driven by inflows from institutional and retail clients and by market performance. ING IM maintained its position as a top-three investment manager in the region.

In China, assets under management for ING's 33.3% equity in the China Merchant Fund Company rose to EUR 2 billion on strong inflows. In India, assets under management increased to EUR 1.74 billion in 2007 from EUR 1.22 billion in 2006, a substantial increase of about 141%. In Taiwan, ING IM won several institutional onshore equity mandates worth EUR 257 million.

In Australia, ING IM added EUR 203 million in enhanced cash management products through institutional investors. In Hong Kong, net inflows totalled EUR 385 million in fixed income, equity and real estate investment funds during the year.

The successful launch of Global Yield Maximiser, with assets under management of EUR 102 million at the end of 2007, reflected close cooperation between ING IM Australia and ING Private Banking in Asia. The launch of the China Access Fund was also successful and raised EUR 80 million during the IPO. The joint venture with China Merchant Bank proved fruitful with a Core Value fund launch which raised EUR 1.55 billion. ING Funds Malaysia set another industry record when its ING Baraka Capital Protected Fund raised EUR 106.4 million, far surpassing its initial issue of EUR 42.4 million and thus making it the country's largest closed-end capital protected fund.

To build scale and market position, ING IM acquired the full ownership of Landmark Investment Management Company Ltd (Landmark) in Korea on 30 August 2007 and subsequently completed the merger with ING Investment Management Korea Ltd on 1 October. This created the 10th largest asset management company in Korea, managing assets of EUR 8.27 billion at year-end.

Prizes and awards

ING IM Americas again received the Best Shareholder Relations award for a non-US closed-end fund family, from a panel of leading Wall Street closed-end fund analysts. ING IM was also voted third most reputable international fund manager in the US for the emerging mass affluent in the Financial Reporting Council's *2007 International Investment Manager Report*.

In Europe, the ING (L) Renta Funds Emerging Markets Debt HC was awarded the Best Fund Five Years – Sector Fixed Income Global Emerging Markets in the S&P Switzerland 2007 awards. The ING (L) Invest European Food & Beverages was named the Best Fund over past Five Years Equity – Sector Non-Cyclical Consumer Goods and Services in the Lipper Awards Luxembourg and Switzerland, and Best Fund in 1 Year – Sector Consumer Goods in the S&P Switzerland 2007 Awards.

Goals and ambitions

ING IM is a core competency of ING and has strong growth opportunities throughout the world. We will continue to use our global capabilities and investment talent to service both our internal and external clients with world-class investment performance. The partnership with other parts of the organisation means ING will be in an excellent position to increasingly develop products which blend asset management, insurance and capital markets to meet the demands of both institutional and retail clients. This will put ING at the forefront of a significant growth trend.

ING REAL ESTATE

ING Real Estate had another year of solid growth, with assets under management increasing by 10% over the year, despite the weaker dollar, its loan portfolio growing by 42% and a development portfolio growing by 17%. At the year-end ING Real Estate's total business portfolio was EUR 107.2 billion up 18.2% on 2006 and profit before tax increased by 5.2% to EUR 664 million.

After a sustained period of double-digit returns from real estate, 2007 marked a turning point in the market, with returns from core real estate reverting to more normal levels. The benefits of a well diversified business became especially apparent in the second half of 2007, which saw lower, but still positive, growth from real estate investments and volatile stock markets starting to impact on listed real estate holdings. At the same time, ING Real Estate Finance took advantage of these changed market circumstances which resulted in strong profit growth.

ING Real Estate Investment Management

ING Real Estate Investment Management expanded its product range to incorporate value-added and opportunistic investment strategies as well as new funds such as the China Opportunity Fund and Iberian Value-Added Fund. It continued to be acquisitive. Among a number of notable transactions were the purchase of the Apple 2 hotel portfolio in the US and the acquisition of two