

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.