

retail assets in Japan. In early 2008, a transaction had been concluded with ABP Pension Fund, in respect to the KFN office portfolio, following which the KFN EUR 1.6 billion Dutch office portfolio will be held by two ING Real Estate funds. Performance and customer service remained a central theme: 69% of funds outperformed their benchmarks on an asset-weighted basis. Eleven new funds were launched in 2007 in response to investors' needs, and during the year 150 new investors and 23 new separate accounts were gained.

ING Real Estate Finance

ING Real Estate Finance had a very strong year, growing its loan portfolio, increasing income, and continued very low risk costs. It achieved further international diversification while remaining market leader in the Netherlands. Almost half its loan portfolio is now international, up from 35% last year. Market conditions in the latter part of the year were positive and ING Real Estate Finance took advantage of the dearth of lenders in the real estate markets to grow its portfolio. During the year it also embarked on a comprehensive change programme to ensure that it remains at the forefront of real estate lending.

ING Real Estate Development

ING Real Estate Development maintained its focus on Europe while strengthening its position as an area developer. Major regeneration and inner city projects in Amsterdam, Hamburg and Hull were progressed, projects that require strong relationships and a shared vision across a wide group of stakeholders. It also concentrated on building sustainability and enhancing its research capabilities. It continued to expand its activities, opening a Romanian office in 2007 and acquiring Geo-de, a Lyon-based small French developer, in January 2008.

Ambitions

ING Real Estate anticipated that 2007 would be the last year of exceptional performance for real estate but demand from investors and borrowers remains robust and, while growth may moderate, with a diverse business model ING Real Estate believes it is well-placed to weather the current turmoil in property markets.

ING PRIVATE BANKING

ING Private Banking is well positioned to capitalise on the global growth in personal wealth. ING Private Banking is growing rapidly. In 2007, growth came from all regions. Private Banking posted a 8.7% increase in underlying profit before tax to EUR 263 million. The increase was driven by strong growth in assets under management, especially in Asia.

ING Private Banking aims to grow rapidly its assets in the next five years. The objective is to become one of the top-20 players globally by increasing brand awareness, improving customer loyalty and promoting new innovative investments platforms.

For more information on Private Banking see the Retail Banking chapter on page 40.