

Chairman's statement

ING shows strength in challenging environment

Dear stakeholder,

I am pleased to report that ING performed strongly in what has been a very difficult year for the financial sector, with a weak dollar, a flat yield curve and obviously the financial market turbulence. We generated attractive profits for our shareholders, while our strong balance sheet, our large customer base and our solid risk management have helped to shield us from the direct impact of the market turmoil.

We report a raise in net profit by 20.1% to EUR 9,241 million. Our underlying net profit – total profit without the impact of divestments and special items – increased by 19.4%.

ING has systematically invested over the recent years to improve its risk management capabilities and has weathered the credit market turmoil with limited direct impact. This illustrates the importance of having solid risk management in times of stress.

We enjoyed strong performance on the commercial front. Our banking businesses continued to show solid volume growth and ING Direct passed the 20 million customer mark, a big achievement after only ten years of operation. And we achieved strong sales growth in our life insurance businesses in Central Europe, Asia and in the United States.

It is my firm belief that companies can only be successful if they put their customers first and know exactly how to best serve them. Customers' preferences are changing rapidly and are reshaping the financial industry. As customers live longer, accumulate more wealth, and expect easy access to financial products, we witness strong growth in client retail balances, particularly in developing markets. We also see a major shift in the distribution of financial products where banks are increasingly taking the lead.

This creates strong growth opportunities and I am convinced that ING is well positioned to capture these. We have a large customer base, strong product skills, and a good position in high-growth markets. And we have a track record for building innovative distribution platforms illustrated best by the creation of the world's leading direct bank. We also established one of the world's leading retail financial brands, enhanced in 2007 with the successful sponsorship of the ING Renault Formula One team.

Capitalising on changing customer preferences and building on our solid business capabilities, we have decided to sharpen our strategic focus to banking, investments, life insurance and retirement services. We want to provide retail customers with the products they need during their lives to grow savings, manage investments and prepare for retirement with confidence. We will build and invest more in bank distribution platforms, reinforce our product capabilities in asset management and asset gathering and increasingly allocate our capital to high-growth markets.

In line with our sharpened strategic focus, we have already stepped up our investment efforts in 2007 and started a major acquisition programme that strengthens our positions in important growth markets, including Turkey, South Korea, Thailand, and Latin America. We also sold several non-core businesses, such as our non-life insurance business in Mexico in early 2008.

We also continued to invest in organic growth. We further improved the efficiency and growth potential of our businesses. In the Netherlands we are bringing together ING Bank and Postbank under one single brand, while we are also optimising the service and retail distribution model in the Belgian market. We set up life insurance and retail banking greenfields in Central Europe. Moreover, we signed important bank distribution agreements in Greece and Malaysia. And we invested significantly in further growing ING Direct.

It is clear that we can fulfil our strategic initiatives only with a highly skilled and dedicated work force that is willing to go the extra mile for our clients. We put a lot of effort into attracting and retaining the best people and we are proud that we are recognised as a top-tier employer in an increasing number of countries.

Our role in society is very important to us and we continuously seek to meet the highest levels of sound business ethics. Corporate responsibility is embedded in the daily business activities of our employees. We made important progress in social and environmental areas. ING became 'carbon neutral' in 2007. And, I take great personal pride in the fact that ING and its employees helped raise funds for the education of around 125,000 children for one year; one child for every employee in the company.

As of 1 January 2008, Cor Herkströter retired as chairman of the Supervisory Board of ING Group. Jan Hommen has been appointed as his successor. On behalf of my Executive Board colleagues I wish to express my sincere gratitude and appreciation for the contribution Cor Herkströter made to ING Group for the past nine years. We truly value his contribution to the success of ING. I would also like to thank Luella Gross Goldberg, who will retire from the Supervisory Board at the Shareholders' meeting in April, for her commitment and contribution to ING over the past years.

ING has proven its commitment to enhance shareholder returns through an attractive increase in dividends and a EUR 5 billion share buy-back, which is well under way. Our Total Shareholder Return (TSR) development over the last four years was 74%, well above the average of our peers. Recent developments have been less favourable, also due to the financial markets. Given the strong fundamentals of our company and our sharpened strategic direction, I am confident of ING's growth prospects going forward.



Michel Tilmant
chairman Executive Board