

ING Canada Reports Fourth Quarter and Full Year Results

- **2-Cent Quarterly Dividend Increase**
- **Substantial Issuer Bid Announced**

ING Canada Inc. (TSX: IIC) reported net income of \$109.4 million for the quarter ended December 31, 2006, down from \$196.9 million reported in the same quarter last year. Direct premiums written for the quarter were \$963.6 million, an increase of 4.6% over the fourth quarter of 2005 after adjusting for industry pool premiums.

Net income for the full year 2006 was \$658.1 million compared to \$781.8 million in 2005. Direct premiums written for the year amounted to \$3.99 billion, a 2.7% increase over 2005 after adjusting for AGR and industry pool premiums.

Claude Dussault, President and CEO, commented, "Overall, our insurance businesses performed well throughout 2006 although profitability for the quarter reflects lower underwriting results and a decrease in realized investment gains. Underwriting results for the quarter were adversely affected by weather-related catastrophes and lower favourable prior year claims development."

"However, despite a challenging fourth quarter, ING Canada demonstrated its ability during the year to provide continued value to its shareholders, with net income of \$658.1 million generating a return on equity of 20.8%."

ING Canada also announced that the Company will increase its quarterly dividend by 2.0 cents to 27.0 cents per share on its outstanding common shares. The dividend will be payable on March 30 to shareholders of record on March 15.

Corporate Developments

The Company also announced its intention to repurchase for cancellation up to \$500.0 million of its common shares through use of a substantial issuer bid, by way of a modified Dutch Auction. ING Groep, ING Canada's majority shareholder, has informed ING Canada of its intent to submit common shares sufficient to maintain its holding at 70%.

Current Outlook

Several key factors will affect the property and casualty ("P&C") insurance industry over the coming twelve months.

Top line growth for the property and casualty insurance industry will continue to remain below historical levels. However, we believe underwriting results should continue to exceed historical averages.

Existing automobile insurance systems have been effective at containing and stabilizing claims costs. Furthermore, automobile claims frequency remains low and we believe frequency will either increase or continued low frequency will lead to premium reductions. Sustainability of the cost containment measures, as well as potential rate reductions, will continue to be key performance drivers.

Commercial insurance markets remain competitive, and although prices are continuing to soften, returns are expected to be above historical levels.

Financial Summary

	2006 Q4	2005 Q4	Change	2006 12-month	2005 12-month	Change
Revenue (in millions)	\$1,095.8	\$1,111.6	(1.4)%	\$4,406.4	\$4,446.0	(0.9)%
Direct premiums written (in millions)	963.6	905.0	6.5%	3,990.4	3,904.9	2.2%
Net premiums earned (in millions)	979.6	961.3	1.9%	3,826.6	3,840.2	(0.4)%
Underwriting income (in millions)	62.3	126.3	(50.7)%	403.8	537.7	(24.9)%
Net income (in millions)	109.4	196.9	(44.4)%	658.1	781.8	(15.8)%
Earnings per share (in dollars)						
Basic and diluted	0.82	1.47	(44.2)%	4.92	5.85	(15.9)%

Return on equity - last 12 months				20.8%	31.6%	(10.8) pts
Combined ratio	93.6%	86.9%	6.7 pts	89.4%	86.0%	3.4 pts

Financial Highlights

- Net income for the fourth quarter of 2006 was \$109.4 million, a decrease of \$87.5 million from the same quarter in 2005. Net income for all of 2006 was \$658.1 million, down 15.8% from the record high of \$781.8 million achieved in 2005. The drop in income was primarily driven by lower underwriting income and lower realized investment gains.
- Revenue for the fourth quarter of 2006 was \$1.096 billion compared to \$1.112 billion in the fourth quarter last year. Net premiums earned during the quarter increased by \$18.3 million or 1.9 % to \$979.6 million compared to \$961.3 million in the fourth quarter of 2005. Investment income from property and casualty (P&C) insurance companies during the quarter amounted to \$77.7 million, an increase of 13.7% from the same quarter in 2005. Realized gains on the sale of investments decreased in the fourth quarter of 2006 to \$15.3 million from \$67.2 million in the fourth quarter of 2005 reflecting lower trading activity.
- For the full year 2006, total revenue amounted to \$4.41 billion. Net premiums earned were \$3.83 billion, approximately the same level as in 2005. Investment income from P&C companies decreased 2.0% to \$294.8 million from \$300.7 million, while realized gains on the sale of investments decreased \$30.0 million or 13.4% to \$193.5 million.
- Earnings per share for the fourth quarter of 2006 amounted to \$0.82 compared to an average estimate of \$1.11 among the nine analysts that follow the Company. Earnings per share were \$1.47 for the same quarter in 2005. For the full year 2006, earnings per share were \$4.92 against \$5.85 in 2005.
- Shareholders' equity increased by \$528.2 million or 18.3% in 2006 to \$3.4 billion.

Business Highlights

- For the fourth quarter, direct premiums written amounted to \$963.6 million, a 4.6% increase from the same quarter in 2005 after adjusting for industry pool premiums. For the year, direct premiums written amounted to \$3.99 billion, a 2.7% increase compared to the previous year after adjusting for AGR and industry pool premiums. The increase both for the quarter and for the year is mainly attributable to an increase in the number of written insured risks driven by strong growth in personal auto and property.
- For personal lines, direct premiums written during the quarter amounted to \$661.2 million, a 9.2% increase after adjusting for industry pool premiums. This change was driven by an increase in the number of written insured risks as well as by increases in the average amount insured. Average rates in personal property increased slightly while written premium rate decreases in automobile amounted to 3.3%. Personal lines direct premiums written for the year also showed solid growth, increasing 5.8% after adjusting for industry pool premiums.
- Commercial lines for the quarter performed very well in a softening market with an improved combined ratio of 92.8%, 2.6 points below the previous year. Volumes dropped only 1.0% in terms of the number of written insured risks despite a very competitive market. Furthermore, direct premiums written in commercial lines during the quarter declined as the mix of insured properties moved toward smaller accounts. For the year, the combined ratio for commercial lines also showed improvement.
- Lower underwriting results for the quarter are reflected in a 6.7 point increase in the combined ratio, which stood at 93.6%. This was largely due to catastrophe losses of \$26.4 million compared to no catastrophes in the same quarter of 2005, higher severity in personal property losses, and less favourable prior year claims development in auto insurance. Although lower underwriting results for the year are reflected in a 3.4 point increase in the combined ratio, it remained low by historical standards at 89.4%.

Conference Call

ING Canada will host a conference call to review its earnings results today at 10:00 a.m. ET. To listen to the call via live audio webcast and to view the presentation slides and supplementary financial information, visit our website at www.ingcanada.com and click on "Investor Relations".

The conference call is also available by dialling 617-614-3474 or 1-800-706-7749 (toll-free in North America). The passcode is 51957322. Please call ten minutes before the start of the call.

A replay of the call will be available starting at 1:00 p.m. ET today through 5:00 p.m. ET on February 22. To listen to the replay, call 617-801-6888 or 1-888-286-8010 (toll-free in North America). The passcode is 13750128. A transcript of the call will also be available on ING Canada's website.

About ING Canada

ING Canada is the largest provider of property and casualty insurance in the country, offering automobile, property and liability insurance to individuals and businesses through its insurance subsidiaries.

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[Click here](#) for the complete earnings release, including the Management Discussion & Analysis and Consolidated Financial Statements.

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