

ING Canada Reports First Quarter Results

- Strong premium growth and steady net operating income
- Net income down on lower gains on invested assets

ING Canada Inc. (TSX: IIC) reported net income of \$126.2 million or \$0.95 per share for the quarter ended March 31, 2007, down from \$185.9 million or \$1.39 per share recorded in the same quarter last year, mainly as a result of lower gains on invested assets. Underwriting income also contributed to the decline. Net operating income, which is defined as net income excluding net gains on invested assets and other gains, after tax, remains stable at \$113.9 million or \$0.85 per share while direct premiums written increased to \$854.0 million, a 4.2% improvement after adjusting for industry pools.

CEO's comments

Claude Dussault, President and CEO, commented, "Overall, our insurance businesses delivered strong top-line performance. The numerous initiatives adopted over the last twelve to eighteen months to improve our product and service offering to consumers and insurance brokers resulted in an impressive growth both in terms of the number of risks insured and of our direct premiums written."

"Lower gains on invested assets and, to a lesser extent, underwriting results reduced our profitability. Our realized gains on invested assets decreased by more than \$80 million due to less favourable equity market conditions and lower turnover in our fixed income portfolio. The reduced contribution of our underwriting activities to our net earnings reflects the overall rate reductions, lower favourable prior year claims development and an increase in severity in commercial property."

Dividend

ING Canada declared a quarterly dividend of 27.0 cents per share on its outstanding common shares. The dividend will be payable on June 29 to shareholders of record on June 15.

Current Outlook

Management expects several key factors to 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 while underwriting results should continue to trend back to historical averages.

Automobile claims frequency remains low and we believe frequency will either increase or continued low frequency will lead to further premium reductions. Sustainability of the cost containment measures, which may atrophy after a period of time, 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 Highlights

	2007 Q1	2006 Q1	Change
Direct premiums written (millions)	854.0	812.5	5.1%
Net premiums earned (millions)	956.7	936.9	2.1%
Underwriting income (millions)	40.3	79.9	(49.6)%
Net income (millions)	126.2	185.9	(32.1)%
Earnings per share (dollars)			
Basic and diluted	0.95	1.39	(31.6)%
Net operating income (millions) ¹	113.9	113.9	0.0%
Net operating income per share (dollars) ²	0.85	0.85	0.0%
Return on equity - last 12 months	19.4%	30.1%	(10.7) pts

Combined ratio	95.8%	91.5%	4.3 pts
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¹ A non-GAAP measure defined as net income excluding net gains on invested assets and other gains, after tax

² Net operating income per share is defined as net operating income divided by the average number of shares outstanding during the period

Financial Summary

- Net income for the first quarter of 2007 was \$126.2 million, a 32.1% decrease from the same quarter in 2006. The decrease was primarily driven by a decline in gains on invested assets and lower underwriting income.
- Direct premiums written amounted to \$854.0 million during the quarter, compared to \$812.5 million in the same quarter of last year, a 5.1% increase. After excluding pools, the increase stood at 4.2%. The growth in direct premiums written was particularly strong in personal insurance standing at 8.5% while commercial insurance fell back 2%. Overall, the number of written risks also increased by 3.9% to reach more than 950,000 in the quarter. While the increased number of risks insured had a positive impact on the direct premiums written, the growth rate was constrained by a 4.1% rate reduction in personal automobile insurance.
- Net premiums earned for the first three months were \$956.7 million, up 2.1% compared to the same period last year.
- Underwriting income for the quarter amounted to \$40.3 million down 49.6% from the first quarter of last year. The decline reflects the overall impact of rate reductions, lower favourable prior year claims development as well as an increase in severity in commercial insurance. Overall, the combined ratio increased by 4.3 points to reach 95.8%.

In personal insurance, property insurance underwriting income increased from \$9.6 million to \$23.1 million. Automobile insurance underwriting income fell 54.3% to 13.9 million, as a result of lower favourable prior year claims development, rate reductions and modest increases in frequency.

Commercial insurance underwriting income fell to \$3.3 million, down from \$40.0 million, due to increased severity of claims in product lines other than auto and a number of large losses.

- Interest and dividend income, net of expenses increased 18.4% to reach \$86.7 million due to higher dividend and interest yields.
- Net gains on invested assets amounted to \$26.1 million, a \$81.6 million decline from the unusually high level of the first quarter of 2006, when the portfolio of debt securities was realigned.
- Corporate and distribution income also increased by \$10.7 million to reach \$18.3 million.
- Shareholders' equity decreased by 8.8% partly as a result of the completion of the \$500.0 million Substantial Issuer Bid on March 30.

Analyst estimates

Earnings per share for the quarter amounted to \$0.95 compared to an average estimate of \$1.00 among the analysts that follow the company. On an operating basis, net operating income per share amounted to \$0.85 compared to an average estimate of \$0.84 by analysts. Analysts commonly estimate net operating income, which excludes gains on invested assets, after tax, to obtain a more predictive earnings measure of P&C insurance companies.

Conference Call

ING Canada will host a conference call to review its earnings results tomorrow, Wednesday, May 16 at 10:00 am 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 tomorrow through 5:00 p.m. ET on May 23. To listen to the replay, call 617-801-6888 or 1-888-286-8010 (toll-free in North America). The passcode is 25799711. 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.

Media enquiries:

Gilles Gratton
Vice President – Corporate Communications
416-217-7206
Email: gilles.gratton@ingcanada.com

Investor enquiries:
Michelle Dodokin
Vice President – Investor Relations
416-344-8044
Email: michelle.dodokin@ingcanada.com

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

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