

ING Canada Reports 2007 Fourth Quarter and Year-End Results

Solid underwriting performance but lower results from invested assets Quarterly dividend to increase by 14.8%

ING Canada Inc. (TSX: IIC) reported net income of \$95.8 million or \$0.77 per share for the quarter ended December 31, 2007 down from \$109.4 million or \$0.82 per share in the same quarter of 2006, mainly due to lower results from invested assets. Net operating income increased to \$102.8 million or seven cents per share to \$0.83. Direct premiums written, excluding pools, increased slightly during the quarter to reach \$961.3 million.

For the year 2007, net income was \$508.3 million or \$4.01 per share compared to \$658.1 million or \$4.92 per share for the previous year. Net operating income per share dropped 6.5% to \$3.71 while direct premiums written, excluding pools, reached \$4,108.6 million, a 2.9% increase.

CEO's comments

Charles Brindamour, President and CEO, commented:

"Our operating performance was solid during the last three months of the year and outpaced our results of the previous quarter. Overall, our underwriting income also improved year-over-year, excluding an increase to claims liabilities to reflect lower market interest rates. Direct premiums written were stable during the quarter as a result of our continued pricing discipline. Our investment activities continue to generate substantial interest and dividend income but recent unfavourable capital markets conditions led to a net loss of \$3.3 million on invested assets.

"Despite a more challenging environment in 2007, our profitability for the year remains strong with a net income of \$508.3 million and a 15.4% return on equity. As we move forward in 2008 we intend to continue creating shareholder value through the effective deployment of our capital as reflected by the 14.8% increase of our quarterly dividend and our planned share repurchase."

Dividend

ING Canada also announced it will increase its quarterly dividend by 4.0 cents to 31.0 cents per share on its outstanding common shares. The dividend will be payable on March 31 to shareholders of record on March 14.

Recent Events

ING Canada announced earlier today that it intends to proceed with a normal course issuer bid to purchase for cancellation up to 6,223,638 common shares during the next 12 months, representing five percent of the currently outstanding common shares of the company. The actual number of common shares which may be purchased and the timing of any such purchases will be determined by the company. ING Canada majority shareholder, ING Groep, will be permitted to participate in order to maintain its proportionate share ownership at 70%. ING Canada has been advised that ING Groep intends to participate on a proportionate basis.

On February 8, the Court of Queen's Bench of Alberta rendered a decision which resulted in the lifting of the \$4,000 cap on pain and suffering awards for minor injuries resulting from auto accidents. The decision has been appealed by the Government of Alberta. Uncertainty remains over the ultimate outcome of the court's decision. The December 31, 2007 financial statements include a provision for this item. Management continues to assess the potential impact of the judgement on claims costs and premiums. If the changing situation results in a reassessment of the provision, changes will be recorded in future quarters.

Outlook

Management expects several key factors to affect the property and casualty insurance industry over the coming twelve months.

- Both top-line growth and underwriting ratios for the property and casualty insurance industry will continue to trend back towards historical levels.
- The automobile insurance product has been favourable over the last 36 months both from a consumer and a competitive point of view. The stable cost environment and the reforms adopted over the years have been effective in making the product more affordable and available to consumers. Accident benefit and bodily injury claims in Ontario have risen and the cap on pain and suffering awards for minor injuries has been challenged in Alberta. These developments will likely lead to premium increases.

- Increases in water-related damages caused by weather conditions and construction cost inflation could drive increases in industry premiums in personal property insurance.

- Commercial insurance continues to be competitive and increases in construction costs could put additional pressure on underwriting margins. We remain disciplined in pricing and underwriting and committed to superior service.

Financial Highlights

In millions of dollars, except as otherwise noted	<u>2007</u> <u>Q4</u>	<u>2006</u> <u>Q4</u>	<u>Change</u>	<u>2007</u>	<u>2006</u>	<u>Change</u>
Direct Premiums Written	961.3	955.6	0.6%	4,108.6	3,993.6	2.9%
Underwriting Income	47.5	62.3	(23.8)%	208.9	403.8	(48.3)%
Net Income	95.8	109.4	(12.4)%	508.3	658.1	(22.8)%
Earnings Per Share (\$)						
Basic and Diluted	0.77	0.82	(6.1)%	4.01	4.92	(18.5)%
Return on Equity				15.4%	20.8%	(5.4) pts
Combined Ratio	95.3%	93.6%	1.7 pts	94.7%	89.4%	5.3 pts

Financial Summary

- **Net income** for the fourth quarter of 2007 was \$95.8 million, a 12.4% decrease from the same quarter in 2006. The decrease was driven by lower underwriting income and lower gains on invested assets reflecting impairments on equity and debt securities. Higher claim activities during the year in personal auto insurance were the main cause of lower underwriting income.

For the year 2007 net income was \$508.3 million, down 22.8% from 2006, as a result of a combination of lower underwriting income and a decline in net gains on invested assets caused by unfavourable market conditions.

- **Direct premiums written** reached \$961.3 million during the quarter, a 0.6% increase over the same quarter of last year. For the year, direct premiums written were \$4,108.6 up from \$3,993.6 million, a 2.9% increase driven by higher personal lines premiums both during the quarter and the year despite an overall annual rate decrease of 1.4%. Commercial lines premiums decreased by 3.1% both during the quarter and the year, as our commercial portfolio shifted towards smaller accounts that are less price-sensitive.

- **Underwriting income** for the quarter amounted to \$47.5 million down 23.8% from the corresponding quarter of last year but increased year-over-year, excluding the impact of a \$20.7 million increase to net claims liabilities to reflect lower interest rates. Increases in underwriting income in personal property and commercial non-auto largely offset lower results in auto insurance. Overall the combined ratio increased by 1.7 percentage points during the quarter to reach 95.3%. For the year 2007 underwriting income fell 48.3% to \$208.9 million with a 94.7% combined ratio as a result of higher claims in personal auto and in property.

In personal insurance, automobile insurance underwriting income was \$9.1 million during the quarter down from \$60.9 million in the same quarter of 2006. Higher accident benefit and bodily injury claims in Ontario continued to weigh on underwriting results. Property insurance registered a gain of \$3.7 million during the quarter compared to a loss of \$18.7 million last year. Overall personal insurance underwriting income amounted to \$12.8 million during the quarter and \$105.3 million for the year. Combined ratios for personal lines during the quarter and the full year were 98.3% and 96.3% respectively.

Commercial insurance underwriting income increased by 73.1% during the quarter to \$34.8 million. For the year 2007, commercial insurance underwriting income amounted to \$103.4 million down from \$161.7 million in 2006. The combined ratio for commercial lines during the quarter and the year were 87.2% and 90.5% respectively.

- **Interest and dividend income, net of expenses** amounted to \$86.5 million during the quarter with an overall market yield of 5.1%. For the whole year, it increased 7.3% to reach \$344.8 million.

- **Net losses on invested assets** amounted to \$3.3 million during the quarter, down from a gain of \$15.3 million as a result of asset impairments. Net gains on invested assets for the year 2007 were also down by approximately \$120 million before taxes.

- **Net operating income**, which is defined as net income excluding net gains on invested assets and other gains after tax, increased to \$102.8 million or \$0.83 per share from \$101.8 million or \$0.76 per share. Net operating income per share declined by 6.5% during the year.

- **Shareholders' equity** decreased by 7.3% in 2007 as a result of the completion of a \$500 million Substantial Issuer Bid on March 30. The book value per share at the end of the year was \$25.48.

Analyst Estimates

The average estimate of earnings per share and operating earnings per share for the fourth quarter among the analysts that follow the company were \$0.91 and \$0.77 respectively.

Conference Call

ING Canada will host a conference call to review its earnings results later this morning 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 416-644-3415 or 1-800-733-7560 (toll-free in North America). Please call ten minutes before the start of the call.

A replay of the call will be available at 1:00 p.m. ET today through 11:59 p.m. ET on February 27. To listen to the replay, call 416-640-1917 or 1-877-289-8525 (toll-free in North America). The passcode is 21261391#. 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.
