

ING Canada Reports 2008 Fourth Quarter and Year-End Results

Strong financial position with \$428 million in excess capital and no debt
Continuing equity market weakness led to \$186 million in impairments on common shares

ING Canada Inc. reported a net loss of \$64.1 million or \$0.53 a share for the quarter ended December 31, 2008 compared to a gain of \$95.8 million or \$0.77 per share last year. The decline reflects the impairment of \$185.8 million or \$1.06 per share of common equities as a result of the deep and prolonged drop in value of Canadian common equities.

Net operating income for the quarter was \$75.1 million or \$0.63 per share down from \$116.4 million or \$0.93 per share recorded in the same quarter of last year. The overall combined ratio for the quarter was 98.9%, up 5.7 percentage points from the same quarter of the previous year.

Net income for the year 2008 was \$128.2 million down 74.8% from the previous year while net operating income declined by 21.1% to \$360.7 million. The overall combined ratio for the year was 97.1%. The financial position of the company is strong with \$427.5 million in excess capital, a minimum capital test ratio of 205%, up 5.1 percentage points from the end of the previous quarter, no debt and an untapped \$150 million unsecured committed credit facility. Impairments do not have an impact on either the regulatory minimum capital or the excess capital position of the company since these measures already take into consideration the market value of all assets.

CEO's comments

Charles Brindamour, President and CEO, commented:

"In light of the announcement made earlier today by our majority shareholder, ING Groep, we have decided to advance the publication of our financial results and balance sheet that confirm our strong financial position.

"Our operating performance in 2008 was healthy with a net operating income of \$361 million. Our business insurance continued to perform extremely well in the current pricing environment. However, the severe storms that prevailed during the year impacted the results of our home insurance portfolio. Current accident year results in auto insurance were relatively stable.

"Given the deep and prolonged decline of the Canadian stock market and the level of uncertainty about its recovery, we took a significant impairment on our common equity portfolio. We also continued to reduce the impact of the volatility of the capital markets on our balance sheet. Our financial position is strong with significant excess capital and no debt, which allows us to pursue our growth strategy and to capitalize on the acquisition opportunities that may arise as a result of the current market conditions.

"The increased cost of claims in automobile insurance and the changing weather patterns are likely to drive up the price of home and auto insurance products in 2009. In commercial insurance, there are indications that the pricing may be firming up."

Current Outlook

Personal and business insurance premiums are likely to rise over the next 12 months across the industry. The increase in claims costs in auto insurance in Ontario and Alberta as well as the water-related damages in home insurance could lead to premium increases in personal insurance. In business insurance, current market indications suggest that the pricing environment will become less aggressive.

Unprecedented volatility and instability of the capital markets could result in additional investment losses for the industry. With industry returns and capital levels under pressure, conditions are more conducive to industry consolidation and point to higher premiums overall.

The Canadian economy is weakening under the pressures of the global financial crisis and reduced commodity prices. However, the property and casualty insurance industry has historically been less sensitive to economic slowdown than many other sectors.

ING Canada is well-positioned to continue to outperform the property and casualty industry in the current environment due to its significant scale, pricing and underwriting discipline, prudent investment management and its strong financial position.

Consolidated Highlights

(in millions of dollars, except as otherwise noted)	Q4-2008	Q4-2007	Change	YTD 2008	YTD 2007	Change
Direct Premiums Written (excluding pools)	968.2	961.3	0.7%	4,145.5	4,108.6	0.9%
Underwriting Income ¹	11.0	68.2	(83.9)%	117.0	189.1	(38.1)%
Net Operating Income ²	75.1	116.4	(35.5)%	360.7	457.0	(21.1)%
Net Operating Income Per Share	0.63	0.93	(32.3)%	2.96	3.61	(18.0)%
Net Income (loss)	(64.1)	95.8	(166.9)%	128.2	508.3	(74.8)%
Net Income Per Share (\$) Basic and Diluted	(0.53)	0.77	(168.8)%	1.05	4.01	(73.8)%
Return on Equity - last 12 months	4.4%	15.4%	(11.0) pts			
Combined Ratio (excluding MYA)	98.9%	93.2%	5.7 pts	97.1%	95.2%	1.9 pts

¹ Underwriting income is defined as underwriting income excluding market yield adjustment (MYA)

² Net operating income is defined as the sum of underwriting income, interest and dividend income and corporate income after tax

Operating Highlights

- **Net operating income**, which is defined as the sum of underwriting income, interest and dividend income and corporate income after tax, declined 35.5% to \$75.1 million during the quarter as a result of lower underwriting results and investment income. For the year, net operating income was \$360.7 million, down from the previous year, mainly as a result of the impact of the severe storms that prevailed during the year.
- **Direct premiums written** increased marginally to \$968.2 million in the quarter and \$4,145.5 million for the year. The slow pace of growth reflects our continued pricing discipline in both personal and commercial lines.
- **Underwriting income**, excluding the market yield adjustment, declined during the quarter to \$11.0 million as a result of a 5.7 percentage point increase in the combined ratio to 98.9%. Our business insurance portfolio continued to improve during the quarter with a 78.7% combined ratio and underwriting income of \$57.8 million, up 36.6%. Personal auto insurance results, which improved in the last quarter, deteriorated in the current quarter with an overall combined ratio of 102.9%. Lower favourable prior year claims development than the corresponding period of last year and a higher average cost of claims led to an underwriting loss of \$14.8 million in personal auto. Home insurance results were severely impacted by the weather conditions that prevailed in the last two weeks of the year. Overall, the combined ratio of our home insurance business was 114.1%, resulting in a loss of \$32.0 million.

For the year, underwriting income declined by \$72.1 million to \$117.0 million as a result of a \$73.7 million increase in the costs of claims associated with severe storms that took place throughout the year. The combined ratio for the year was 97.1% up 1.9 percentage points.

- **Interest and dividend income, net of expenses** decreased 9.5% during the quarter to \$78.3 million and 4.6% for the year to \$328.8 million. The decline reflects lower returns on fixed income investments as well the reduction of the size of our equity portfolio.

Investments

- **Net losses on invested assets**, excluding held-for-trading debt securities, totalled \$194.2 million, compared to \$19.0 million last year. The losses reflect impairments to the common equity portfolio as a result of the prolonged decline of the Canadian stock market and the level of uncertainty about its recovery. Impairments do not have an impact on either the regulatory minimum capital or the excess capital position of the company since these measures already take into consideration the market value of all assets. For the year, the net losses amounted to \$316.4 million compared to a gain of \$94.6 million the previous year.

The common share portfolio was reduced by \$249 million and the proceeds were reinvested in Canadian government T-Bills as well as dividend and interest income received during the quarter. These actions reduced the risk level associated with the company's investment portfolio and benefited the MCT ratio as capital markets continued to deteriorate late during the year.

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 \$0.48 and \$0.73 respectively.

Conference Call

ING Canada will host a conference call to review its earnings results at 11:00 a.m. ET. To listen to the call via live audio webcast and to view the presentation slides, the statistical supplement and other information not included in this press release, visit our website at www.ingcanada.com and click on "Investor Relations".

The conference call is also available by dialling 416-644-3416 or 1-800-732-9307 (toll-free in North America). Please call ten minutes before the start of the call.

A replay of the call will be available at 2:30 p.m. ET today through 11:59 p.m. ET on Tuesday, February 3rd. To listen to the replay, call 416-640-1917 or 1-877-289-8525 (toll-free in North America). The passcode is 21296087#. A transcript of the call will also be available on ING Canada's website.

About ING Canada

ING Canada offers automobile, property and liability insurance to individuals and businesses through its insurance subsidiaries. It is the largest provider of property and casualty insurance in the country with more than \$4 billion in direct premiums written.

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