



Unaudited Interim Consolidated Financial Statements
For the first quarter ended March 31, 2008

ING Canada Inc.

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)

	As at March 31, 2008	As at December 31, 2007
Assets		
Cash and cash equivalents (note 7c)	\$ -	\$ 8.1
Invested assets (note 3)		
Debt securities	3,695.9	3,886.7
Equity securities	3,174.7	3,140.3
Loans and equity investments	220.0	210.8
	7,090.6	7,237.8
Premium receivables	1,329.7	1,440.8
Accrued interest and dividend income	62.0	46.2
Other receivables	277.2	264.8
Deferred acquisition costs	353.2	379.6
Reinsurance assets	271.5	273.5
Other assets	284.2	280.1
Income taxes receivable	196.6	168.4
Future income tax asset	62.2	68.7
Intangible assets	59.4	61.8
Goodwill	158.8	159.9
	\$ 10,145.4	\$ 10,389.7
Liabilities		
Cash and cash equivalents (note 7c)	\$ 18.3	\$ -
Claims liabilities (note 4)	4,081.4	3,989.0
Unearned premiums	2,181.1	2,333.5
Other liabilities	721.3	862.6
Income taxes payable	19.8	32.5
	7,021.9	7,217.6
Shareholders' equity		
Share capital (note 5)	1,097.8	1,101.9
Contributed surplus	98.6	97.2
Retained earnings	2,063.1	2,091.3
Accumulated other comprehensive loss	(136.0)	(118.3)
	3,123.5	3,172.1
	\$ 10,145.4	\$ 10,389.7

ING Canada Inc.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME

For the three months ended March 31

(in millions of Canadian dollars, except as otherwise noted)

	2008	2007
Revenues		
Premiums written		
Direct	\$ 862.3	\$ 854.0
Ceded	22.5	23.2
Net	839.8	830.8
Changes in net unearned premiums	152.0	125.8
Net premiums earned	991.8	956.6
Interest and dividend income	89.8	91.5
Net (losses) gains on invested assets and other gains	(25.8)	26.1
Distribution and other	8.7	25.4
	1,064.5	1,099.6
Expenses		
Underwriting		
Claims	734.6	625.6
Commissions	148.6	153.6
Premium taxes	34.7	33.6
General expenses	114.6	103.5
	1,032.5	916.3
Distribution and other	9.8	11.9
	1,042.3	928.2
Income before income taxes	22.2	171.4
Income tax (benefit) expense	(0.8)	45.2
	\$ 23.0	\$ 126.2
Net income		
Earnings per share, basic and diluted (dollars)	\$ 0.19	\$ 0.95
Dividends per share (dollars)	\$ 0.31	\$ 0.27
Basic and diluted average number of common shares (in thousands)	124,449	133,526

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended March 31

(in millions of Canadian dollars)

	2008	2007
Net income	\$ 23.0	\$ 126.2
Unrealized (losses) gains on available for sale securities		
Change during the period	(101.8)	19.0
Income taxes	33.9	(5.6)
	(67.9)	13.4
Reclassified to income		
From available for sale securities	69.2	(24.8)
Income taxes	(19.0)	13.4
	50.2	(11.4)
Other comprehensive (loss) income	(17.7)	2.0
Comprehensive income	\$ 5.3	\$ 128.2

ING Canada Inc.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of Canadian dollars)

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income	Total
Balance as at December 31, 2007	\$ 1,101.9	\$ 97.2	\$ 2,091.3	\$ (118.3)	\$ 3,172.1
Comprehensive income	-	-	23.0	(17.7)	5.3
Common shares repurchased for cancellation (note 5)	(4.1)	-	(12.6)	-	(16.7)
Dividends paid	-	-	(38.6)	-	(38.6)
Stock-based compensation	-	1.4	-	-	1.4
Balance as at March 31, 2008	\$ 1,097.8	\$ 98.6	\$ 2,063.1	\$ (136.0)	\$ 3,123.5
Balance as at December 31, 2006	\$ 1,183.9	\$ 93.5	\$ 2,143.4	\$ -	\$ 3,420.8
Transition adjustments	-	-	(4.3)	109.1	104.8
Comprehensive income	-	-	126.2	2.0	128.2
Common shares repurchased for cancellation (note 5)	(82.0)	-	(419.2)	-	(501.2)
Dividends paid	-	-	(36.1)	-	(36.1)
Stock-based compensation	-	1.8	-	-	1.8
Balance as at March 31, 2007	\$ 1,101.9	\$ 95.3	\$ 1,810.0	\$ 111.1	\$ 3,118.3

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31

(in millions of Canadian dollars)

	2008	2007
Cash flows from (used in) operating activities		
Net income	\$ 23.0	\$ 126.2
Adjustments for non-cash items	(69.3)	(114.7)
Changes in net claims liabilities	94.0	42.7
Changes in other operating assets and liabilities	(90.0)	(151.8)
Cash used in operating activities	(42.3)	(97.6)
Cash flows from (used in) investing activities		
Proceeds from sale of invested assets	1,401.2	4,261.6
Purchase of invested assets	(1,315.2)	(3,653.8)
Purchase of property and equipment and other	(14.8)	(8.0)
Cash provided by investing activities	71.2	599.8
Cash flows from (used in) financing activities		
Common shares repurchased for cancellation	(16.7)	(501.2)
Dividends paid	(38.6)	(36.1)
Cash used in financing activities	(55.3)	(537.3)
Net decrease in cash and cash equivalents	(26.4)	(35.1)
Cash and cash equivalents, beginning of period	8.1	126.0
Cash and cash equivalents, end of period (note 7)	\$ (18.3)	\$ 90.9

ING Canada Inc.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Canadian dollars, except as otherwise noted)

1) BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of ING Canada Inc. (“ING” or the “Company”) have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) for interim financial statements and do not include all the information required for annual financial statements. Except as described below, these interim unaudited consolidated financial statements use the same accounting policies as were used for the Company’s audited consolidated financial statements for the fiscal year ended December 31, 2007 and should be read in conjunction with the Company’s annual consolidated financial statements for the year then ended. Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.

2) ACCOUNTING POLICY CHANGES

a) Applied During the Period

Financial Instruments and Capital

Effective January 1, 2008, the Company applied the new Canadian Institute of Chartered Accountants’ (“CICA”) Handbook Sections 3862, *Financial Instruments – Disclosure*, 3863 *Financial Instruments – Presentation* and 1535 *Capital Disclosures* revising and enhancing disclosure requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Company manages those risks and require the disclosure of both qualitative and quantitative information that enables users of financial statements to evaluate the Company’s objectives, policies and processes for managing capital. The risk management policies and procedures of the Company as well as certain disclosures required by Sections 3862 and 1535 were provided in the 2007 annual Management Discussion & Analysis under Section 9 and in notes 3, 4, 5 and 13 of the 2007 annual consolidated financial statements. The impact of changes in risk variables such as market prices and interest rates are described in the Risk Management section of the 2008 first quarter Management Discussion & Analysis.

Effective March 15, 2008, the Company also applied the new Emerging Issues Committee (“EIC”) abstract 169 *Determining Whether a Contract is Routinely Denominated in a Single Currency*, which deals with multicurrency contracts and provides further guidance for Section 3855 *Financial Instruments – Recognition and Measurement*. The adoption of this new CICA abstract has not had any significant impact on the Company’s results or financial condition.

b) Future Accounting Changes

Goodwill and Intangible Assets

Effective January 1, 2009, the Company will apply the recommendations of the CICA of Section 3064, *Goodwill and Intangible Assets*. This Section will replace Section 3062, *Goodwill and Other Intangible Assets*, and Section 3450, *Research and Development Costs*, which establish standards for the recognition, measurement and disclosure of goodwill and intangible assets. The provisions relating to the definition and initial recognition of intangible assets, including internally generated intangible assets, are equivalent to the corresponding provisions of International Financial Reporting Standard IAS 38, *Intangible Assets*.

ING Canada Inc.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Canadian dollars, except as otherwise noted)

International Financial Reporting Standards ("IFRS")

The Accounting Standards Board ("AcSB") has issued an exposure draft proposing to incorporate IFRS into the CICA Handbook over the period ending December 31, 2010. After this transitional period, the Company will cease to use Canadian GAAP and will adopt IFRS on January 1, 2011. The Company monitors this transition to IFRS and is analyzing the impact that the adoption of the IFRS will have on its consolidated financial statements.

3) INVESTED ASSETS AND OTHER FINANCIAL INSTRUMENTS

a) Invested Assets

The Company's invested assets are separated into three categories: available for sale ("AFS"), held-for-trading ("HFT") and loans.

	AFS	Classified as HFT	Designated as HFT	Loans	Total
As at March 31, 2008					
Debt securities					
Short-term notes	0.4	-	-	-	0.4
Fixed income securities	2,049.2	-	1,646.3	-	3,695.5
Equity securities					
Preferred shares	1,464.4	-	-	-	1,464.4
Common shares	1,448.4	69.9	192.0	-	1,710.3
Loans and equity investments	19.6	-	-	200.4	220.0
	4,982.0	69.9	1,838.3	200.4	7,090.6
As at December 31, 2007					
Debt securities					
Short-term notes	18.9	-	-	-	18.9
Fixed income securities	2,162.8	-	1,705.0	-	3,867.8
Equity securities					
Preferred shares	1,430.8	-	-	-	1,430.8
Common shares	1,427.6	72.9	209.0	-	1,709.5
Loans and equity investments	22.6	-	-	188.2	210.8
	5,062.7	72.9	1,914.0	188.2	7,237.8

ING Canada Inc.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Canadian dollars, except as otherwise noted)

b) Unrecognized Gains and Losses

	HFT invested assets	Other invested assets			Total invested assets
	At fair value	Unamortized cost	Unrealized gains	Unrealized losses	At carrying value
As at March 31, 2008					
Debt securities	1,646.3	2,008.9	47.2	(6.5)	3,695.9
Equity securities	261.9	3,159.8	50.8	(297.8)	3,174.7
Loans and equity investments	-	222.5	-	(2.5)	220.0
	1,908.2	5,391.2	98.0	(306.8)	7,090.6
Net unrealized losses			(208.8)		
As at December 31, 2007					
Debt securities	1,705.0	2,179.1	21.2	(18.6)	3,886.7
Equity securities	281.9	3,036.3	83.1	(261.0)	3,140.3
Loans and equity investments	-	211.7	-	(0.9)	210.8
	1,986.9	5,427.1	104.3	(280.5)	7,237.8
Net unrealized losses			(176.2)		

The Company's exposure to structured investment vehicles capital notes, directly and through the use of total return swap derivatives, amounts to \$8.8 million (December 2007 - \$19.8 million).

c) Positive and Negative Fair Values of Derivative Financial Instruments

	Fair values	
	Positive	Negative
As at March 31, 2008		
Designated as fair value hedge	1.5	-
Not designated in a hedging relationship	6.9	11.6
As at December 31, 2007		
Designated as fair value hedge	2.4	-
Not designated in a hedging relationship	4.7	18.4

d) Equities Sold Short

	As at March 31, 2008		As at December 31, 2007	
	Fair value	Fixed income securities pledged as collateral	Fair value	Fixed income securities pledged as collateral
Long positions	59.3	-	62.1	-
Short positions	60.7	64.6	62.0	63.7

ING Canada Inc.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Canadian dollars, except as otherwise noted)

4) NET CLAIMS LIABILITIES

For the three months ended March 31, 2008	Direct claims liabilities	Reinsurers' share	Net claims liabilities
Balance, beginning of period	3,989.0	256.9	3,732.1
Transition adjustment	-	-	-
Claims incurred	694.0	1.9	692.1
Prior year unfavourable (favourable) claims development	9.2	8.3	0.9
Increase (decrease) due to changes in discount rate	45.9	4.4	41.5
Claims paid	(656.7)	(16.2)	(640.5)
Balance, end of period	4,081.4	255.3	3,826.1
For the three months ended March 31, 2007			
Balance, beginning of period	3,823.5	270.4	3,553.1
Transition adjustment	18.0	2.0	16.0
Claims incurred	639.9	2.1	637.8
Prior year unfavourable (favourable) claims development	(10.8)	(0.1)	(10.7)
Increase (decrease) due to changes in discount rate	(1.8)	(0.2)	(1.6)
Claims paid	(591.6)	(8.8)	(582.8)
Balance, end of period	3,877.2	265.4	3,611.8

5) SHARE CAPITAL

a) Normal Course Issuer Bid

On February 22, 2008, the Company commenced its normal course issuer bid to purchase for cancellation during the ensuing 12-month period ending February 21, 2009, up to 6,223,638 common shares. The actual number of common shares which may be purchased and the timing of any such purchases will be determined by the Company. Under the terms of the normal course issuer bid, ING Canada's majority shareholder, ING Groep, is permitted to participate to maintain its proportionate share ownership at 70%. As at March 31, 2008, 465,422 common shares have been repurchased under the issuer bid at an average price of \$35.94 per share for a total consideration of \$16.7 million and ING Groep participated proportionately. Total cost paid, including fees, was first charged to share capital to the extent of the average carrying value of the common shares purchased for cancellation and the excess of \$12.6 million was charged to retained earnings.

b) Substantial Issuer Bid

The Company completed a substantial issuer bid under which it purchased for cancellation on March 30, 2007, 9,259,239 of its common shares at \$54.00 per share for a total consideration of \$500.0 million plus fees of \$1.2 million, net of income taxes. Total cost paid, including fees, was first charged to share capital to the extent of the average carrying value of the common shares purchased for cancellation and the excess of \$419.2 million was charged to retained earnings.

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(in millions of Canadian dollars, except as otherwise noted)

c) Issued and Outstanding

	As at March 31, 2008			As at December 31, 2007		
	Authorized (shares)	Issued and outstanding (shares)	Amount	Authorized (shares)	Issued and outstanding (shares)	Amount
Common	Unlimited	124,007,339	\$ 1,097.8	Unlimited	124,472,761	\$ 1,101.9
Class A	Unlimited	-	-	Unlimited	-	-
Special	One	1	-	One	1	-

d) Stock-based Compensation

The following table reconciles the beginning and ending balances of the share units outstanding for both the Company's long-term incentive plan ("LTIP") and employee share purchase plan ("ESPP").

For the three months ended March 31	2008	2007
LTIP (share equivalents)		
Outstanding, beginning of period	616,115	545,274
Net change in estimate during the period	(208,852)	201,245
Outstanding, end of period	407,263	746,519
ESPP (restricted common shares)		
Outstanding, beginning of period	66,228	22,892
Awarded during the period	21,176	14,290
Vested or forfeited during the period	(14,377)	-
Outstanding, end of period	73,027	37,182

6) RELATED-PARTY TRANSACTIONS

a) Revenues and Expenses

For the three months ended March 31	2008	2007
Reinsurance ceded to related entities		
Ceded premiums earned	3.5	5.0
Ceded claims expenses	0.7	1.2
Expenses		
Commissions	9.6	8.4
General expenses	4.6	4.5

b) Balance Sheet Amounts

As at	March 31, 2008	December 31, 2007
Reinsurance receivable	6.3	2.4
Loans	108.0	90.4

ING Canada Inc.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Canadian dollars, except as otherwise noted)

7) ADDITIONAL INFORMATION

a) Consolidated statements of income

For the three months ended March 31	2008	2007
Amounts included in net (losses) gains on invested assets:		
Related to HFT financial instruments		
Realized (losses) gains	(2.2)	1.5
Unrealized gains	16.0	0.8
Derivative financial instruments gains (losses)	27.1	(1.9)
Impairment of AFS invested assets	(47.9)	(12.6)

b) Consolidated statements of cash flows

For the three months ended March 31	2008	2007
Amounts included in non-cash items:		
Amortization	(8.9)	(0.1)
Stock-based compensation	(1.4)	(1.8)
Employee future benefits	(2.9)	(0.3)
Income taxes paid	(18.7)	(96.5)

c) Other

Cash and cash equivalents are presented net of outstanding cheques.

ING Canada Inc.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Canadian dollars, except as otherwise noted)

8) SEGMENTED INFORMATION

The Company has two reportable segments, the underwriting segment and the corporate and distribution segment.

The Company's core business activity is property and casualty ("P&C") insurance underwriting. Underwriting segment includes two lines of business: personal lines and commercial lines. Classes in personal lines include automobile and property. Classes in commercial lines encompass primarily automobile and other, primarily property and liability.

Corporate and distribution segment includes the results of the Company's broker operations and the results of other operations.

a) Results of the Company's Reportable Segments and their Assets

	Underwriting	Corporate and distribution	Inter-segment eliminations	Total
For the three months ended March 31, 2008				
Revenues	991.8	21.0	(12.3)	1,000.5
Expenses	1,032.5	18.9	(13.3)	1,038.1
Subtotal	(40.7)	2.1	1.0	(37.6)
Interest and dividend income, net of expenses				85.6
Net losses on invested assets and other gains				(25.8)
Total income before income taxes				22.2
As at March 31, 2008				
Goodwill	74.4	84.4	-	158.8
Invested assets	6,715.1	375.5	-	7,090.6
Other	2,651.8	247.7	(3.5)	2,896.0
Total assets	9,441.3	707.6	(3.5)	10,145.4
For the three months ended March 31, 2007				
Revenues	956.6	38.7	(13.3)	982.0
Expenses	916.3	20.4	(13.3)	923.4
Subtotal	40.3	18.3	-	58.6
Interest and dividend income, net of expenses				86.7
Net gains on invested assets and other gains				26.1
Total income before income taxes				171.4
As at March 31, 2007				
Goodwill	74.4	73.1	-	147.5
Invested assets	6,477.2	475.1	(18.1)	6,934.2
Other	2,869.9	342.9	(337.1)	2,875.7
Total assets	9,421.5	891.1	(355.2)	9,957.4

ING Canada Inc.

NOTES TO UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(in millions of Canadian dollars, except as otherwise noted)

b) Results by Line of Business

For the three months ended March 31	2008	2007
Direct premiums written		
Personal	606.4	597.1
Commercial	255.9	256.9
Underwriting (loss) income		
Personal	(46.4)	37.0
Commercial	5.7	3.3
