

ING Investor Dashboard

Q2 2008 Regional Findings

Presented by ING

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www.ing.com

BANKING - INVESTMENTS - LIFE INSURANCE - RETIREMENT SERVICES



Introduction to the ING Investor Dashboard

- ING Investor Dashboard measures and tracks investor sentiment and behaviour of mass affluent investors each quarter across 13 Asia Pacific markets
 - Markets surveyed include China, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Taiwan, Thailand, Japan, Australia and New Zealand
- Each market covered in the survey is assigned an investor sentiment score ranging from 0 (least optimistic) to 200 (most optimistic)
- First quarterly survey in Asia Pacific that also provides a pan-Asia (ex-Japan) investor sentiment index
 - Pan-Asia investor sentiment index is derived from the median investor sentiment index scores of all 10 Asian markets and excludes Japan, Australia and New Zealand
 - Allows each market in Asia Pacific to be benchmarked and tracked against the pan-Asia index

Introduction to the ING Investor Dashboard

- Launched in Asia Pacific in October 2007 following the success of ING's Investor Barometer in Europe, which measures the sentiment of private investors and is closely tracked by the European financial industry
- Q2 08 survey was conducted in June 08 and involved face-to-face or online interviews. Q3 07, Q4 07 and Q108 surveys were carried out in August 07, December 07 and March 08 respectively
- Respondents are aged 30 years and above, and have disposable assets or investments of US\$100,000* and above
- Total sample size of 1,313 mass affluent investors
- Survey conducted by international and independent research firm TNS

* *Exception for Indonesia (disposable assets or investments of US\$56,000 and above) and the Philippines (disposable assets or investments of US\$100,000 or monthly income of Php250,000 and above)*

KEY FINDINGS

Executive Summary

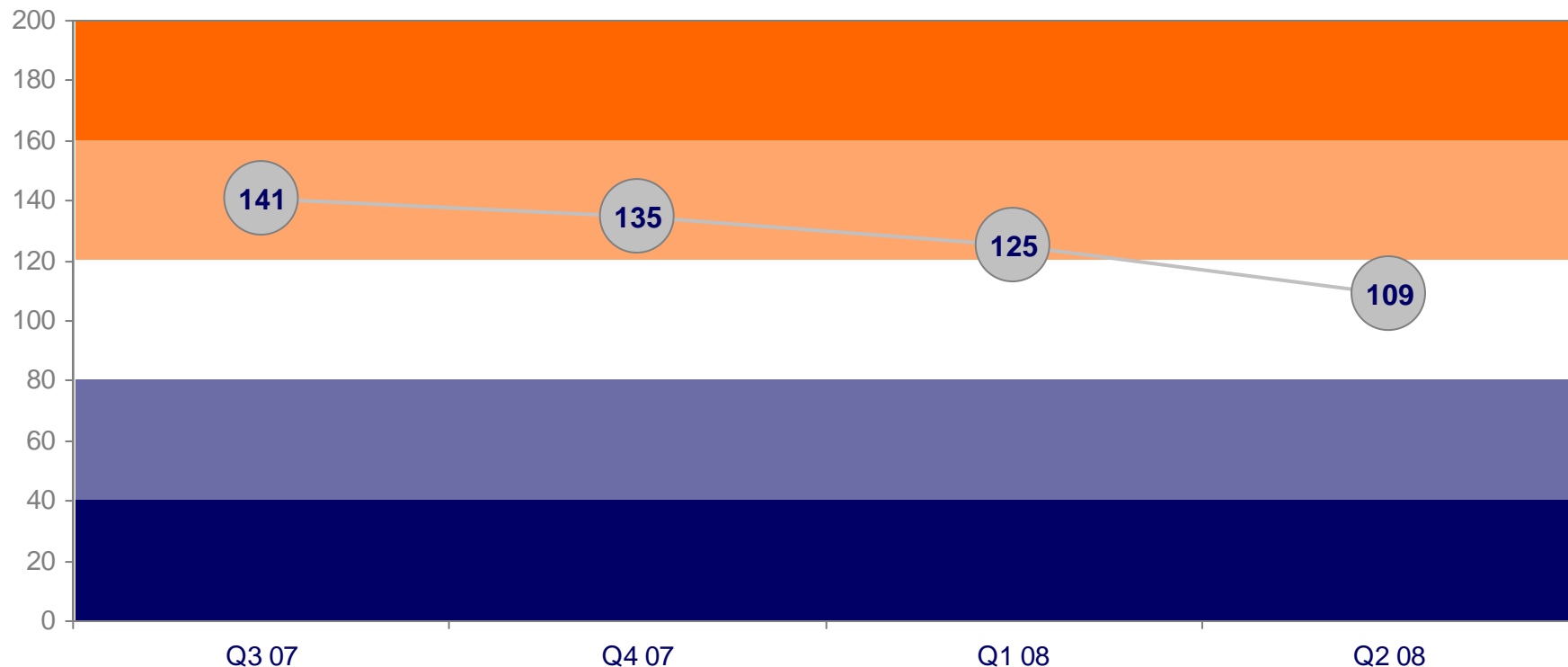
- ING Investor Dashboard pan-Asia (ex-Japan) sentiment index for Q2 2008 declines 13% as the global economic slowdown continues and regional political developments begin to weigh on investors
- Data suggests that high growth markets like China and India lag the more developed markets in investor sentiment cycles
 - China begins to absorb the effects of the global economic slowdown and market pressures
 - India still remains optimistic despite slowdown in economy
- Results show economic and political developments weigh on Southeast Asian investors
 - Southeast Asian markets lead the fall in the region
 - Investor sentiment for Thailand and Malaysia the most impacted in the region

Executive Summary

- Data shows that despite the overall drop in investor sentiment in the region, Asian investors appear fairly optimistic that markets will turn around in Q3 2008
 - Developed markets like Hong Kong appear to believe in a rebound in investment markets
- Results indicate investors expect inflation to continue rising and it remains a key concern in Asia
 - Investors are examining their investment portfolios to hedge against inflation
 - Developed markets like Hong Kong and Singapore, and high growth markets like China and India, are considering reallocating their investment portfolios and/or investing more to beat inflation
 - Developing markets in Southeast Asia are taking a wait-and-see approach and appear unsure about their investment strategies for beating inflation

Pan-Asia ING Investor Dashboard Sentiment Index

The ING Investor Dashboard pan-Asia (ex-Japan) sentiment index falls to 109 for Q2 2008 from 125 for Q1 2008 – from optimistic to neutral for the first time – as the global economic slowdown continues and regional political developments begin to weigh on investors.



The ING Investor Dashboard pan-Asia sentiment index is derived from the median of 10 markets – China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Korea (KR), Malaysia (MY), the Philippines (PH), Singapore (SG), Taiwan (TW) and Thailand (TH)

Very optimistic Optimistic Neutral Pessimistic Very pessimistic

Base: All Respondents - excluding Japan (JP), Australia (AU) and New Zealand (NZ)



Key Findings 1

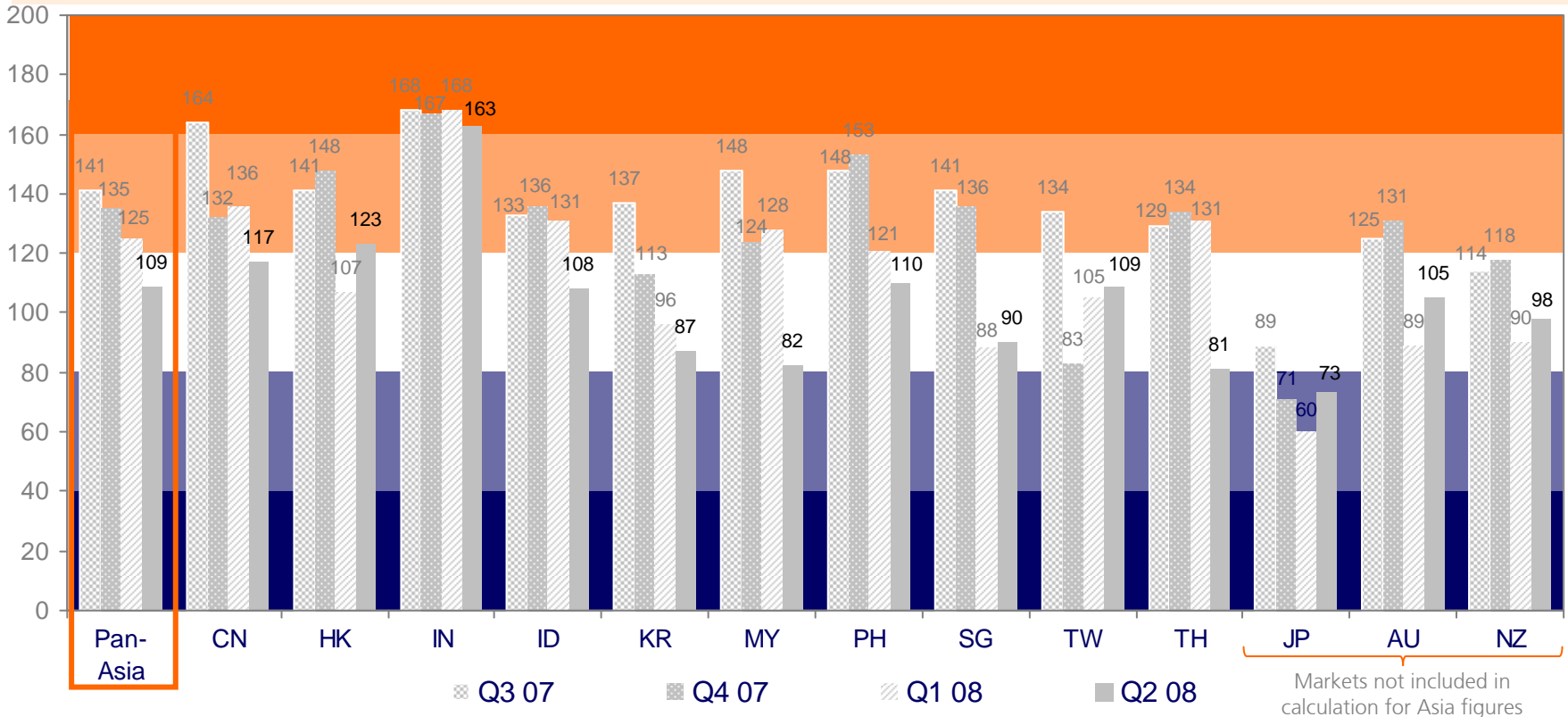
- **Index for China falls considerably despite continued growth in the economy and upcoming Olympic Games in Beijing**
 - China investor sentiment falls from optimistic to neutral for the first time
 - Index falls to 117 for Q2 008 from 136 for Q1 2008
- **India is surprisingly still very optimistic despite a slight fall in investor sentiment**
 - Index for India declines slightly to 163 for Q2 2008 from 168 for Q1 2008 suggesting investors have not yet taken in the reality of the economic slowdown
- **Many developed markets show a rise in investor sentiment**
 - Index for Hong Kong rises considerably to 123 for Q2 2008 from 107 for Q1 2008 – highest increase across Asia
 - Indexes for Singapore and Taiwan also increase slightly
 - Indexes for Australia and New Zealand also show notable increase
 - Index for Japan also rises considerably

Key Findings 1

- **Southeast Asian markets lead the overall decline in investor sentiment**
 - Index for Thailand falls to 81 for Q2 2008 from 131 for Q1 2008
 - Index for Malaysia falls to 82 for Q2 2008 from 128 for Q1 2008
 - Index for Indonesia falls to 108 for Q 2008 from 131 for Q1 2008
 - Index for the Philippines falls to 110 for Q2 2008 from 121 for Q1 2008

ING Investor Dashboard Sentiment Index – 13 Markets

China and many of the Southeast Asian markets including Thailand, Malaysia, Indonesia, and the Philippines lead the fall in investor sentiment in Asia for Q2 2008. More developed markets including Hong Kong, Singapore and Taiwan show a positive increase in investor sentiment for Q2 2008. Hong Kong registers the largest increase in investor sentiment.



The ING Investor Dashboard pan-Asia sentiment index is derived from the median of 10 markets – China (CN), Hong Kong (HK), India (IN), Indonesia (ID), Korea (KR), Malaysia (MY), the Philippines (PH), Singapore (SG), Taiwan (TW) and Thailand (TH)

■ Very optimistic
 ■ Optimistic
 ■ Neutral
 ■ Pessimistic
 ■ Very pessimistic

Base: All Respondents

Key Findings 2

- **Results indicate that Chinese investors' views of the local economic situation, their return on investment (ROI) and personal financial situation have deteriorated:**
 - 46% of Chinese investors say the economic situation in Q2 2008 deteriorated compared to 41% in Q1 2008
 - 56% of Chinese investors say their ROI in Q2 2008 deteriorated compared to 45% in Q1 2008
 - 35% of Chinese investors say their personal financial situation in Q2 2008 deteriorated compared to 15% in Q1 2008

Key Findings 2

- **Despite a fall in overall optimism in the region, Asian investors appear fairly optimistic markets will turn around in Q3 08**
 - 41% of Asian investors (ex-Japan) have a positive outlook for the economy in Q3 08 compared to 25% who say the economy had improved in Q2 08
 - 45% of Asian investors (ex-Japan) expect their return on investment (ROI) to increase in Q3 08 compared to 30% who say their ROI improved in Q2 08
 - 46% of Asian investors (ex-Japan) expect their personal finances will improve in Q3 08 compared to 35% who say it improved in Q2 08
 - 34% of Asian investors (ex-Japan) believe the U.S. economy will improve in Q3 08, higher than the 29% who indicated so for Q2 08 the previous quarter

Key Findings 2

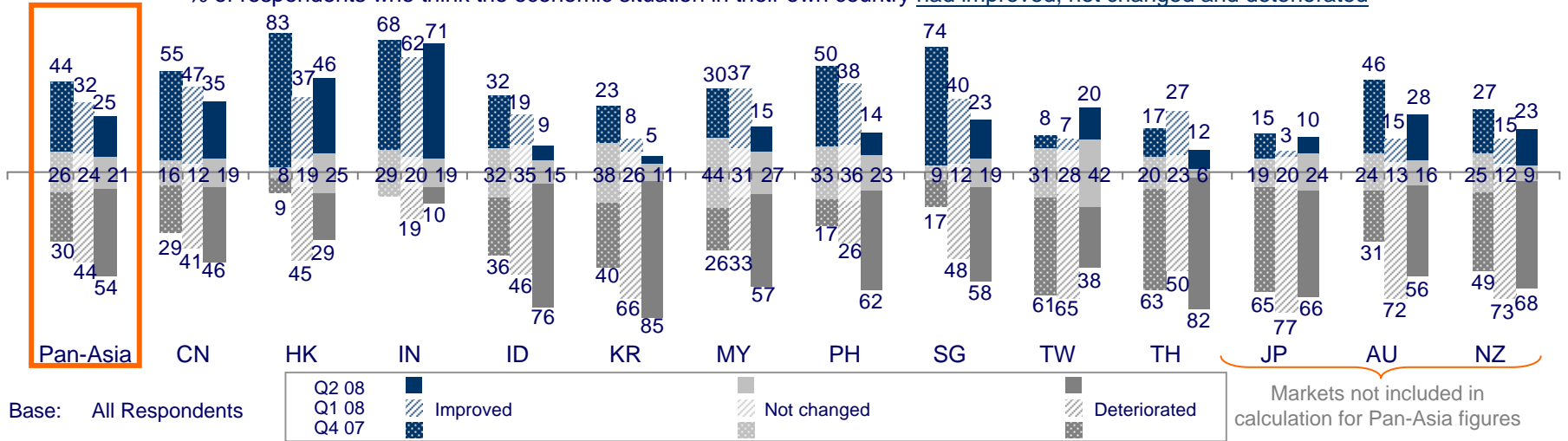
- **This is despite concerns about the subprime crisis and inflation**
 - 71 % of Asian investors (ex-Japan) expect the subprime crisis to affect their investment decisions in Q3 08
 - 81% of Asian investors (ex-Japan) expect inflation to affect their investment decisions in Q3 08

View on Economic Situation

41% of Asian investors (ex-Japan) have a positive outlook for the economy in Q3 08 compared to 25% who say the economy improved in Q2 08.

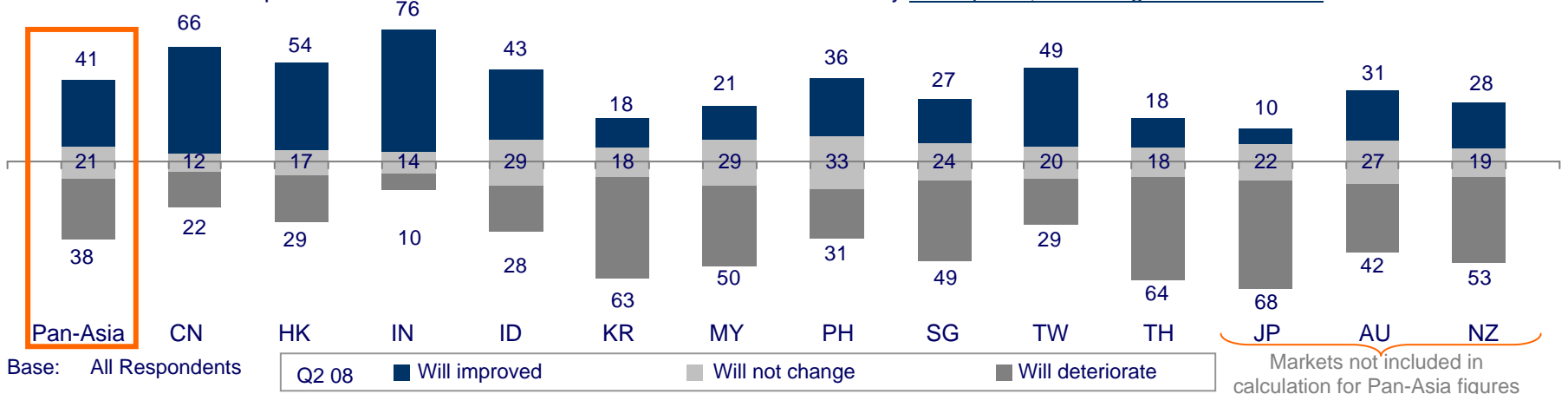
View on Economic Situation – Q2 08

% of respondents who think the economic situation in their own country had improved, not changed and deteriorated



View on Economic Situation – Q3 08

% of respondents who think the economic situation in their own country will improve, not change and deteriorate in Q3 08

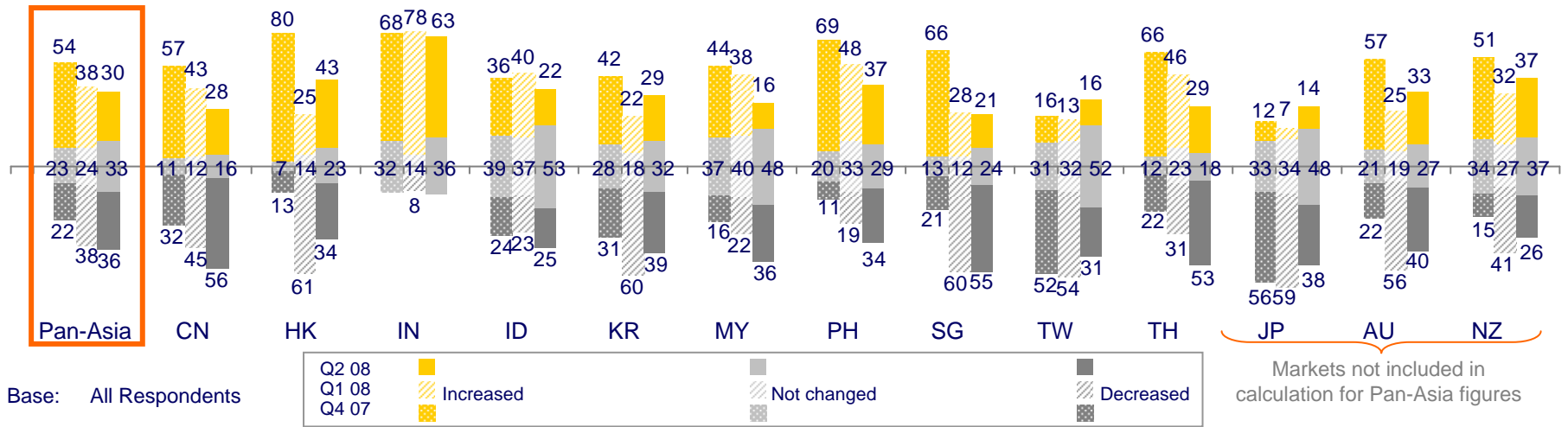


View on Return on Investment

45% of Asian investors (ex-Japan) say they expect their ROI to increase in Q3 08 compared to 30% who say their ROI increased in Q2 08.

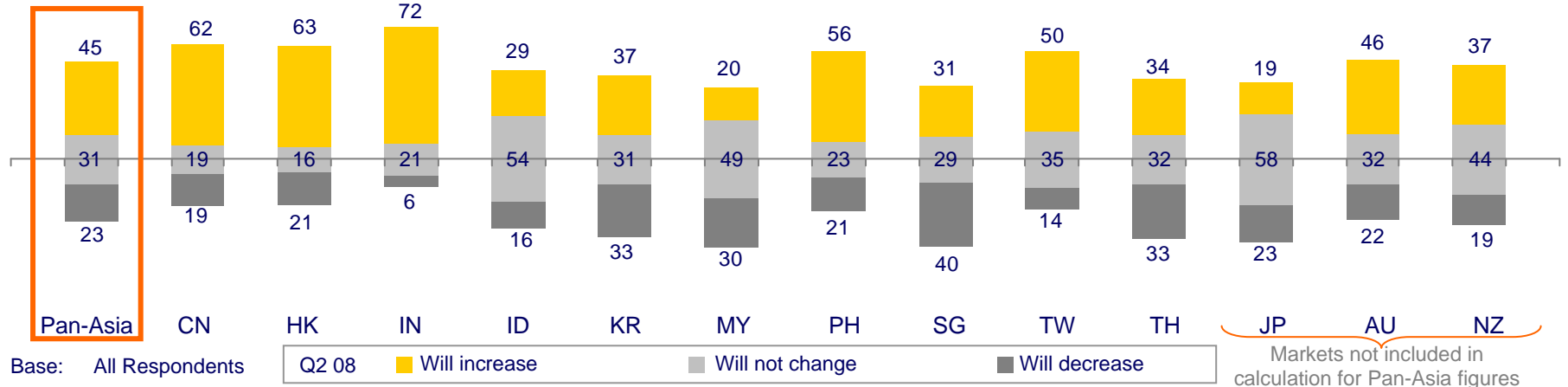
View on ROI – Q2 08

% of respondents who think their return on investment had increased, not changed and decreased



View on ROI – Q3 08

% of respondents who think their return on investment will increase, not change and decrease in Q3 08

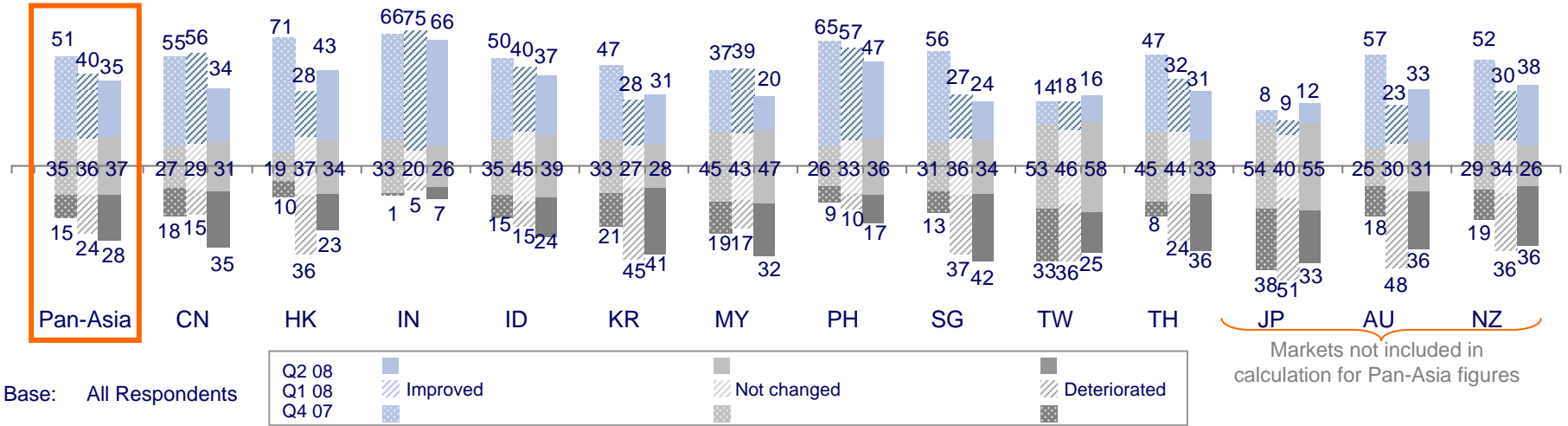


View on Personal Financial Situation

46% of Asian investors (ex-Japan) say they expect their personal financial situation will improve in Q3 08 compared to 35% who say their personal financial situation improved in Q2 08.

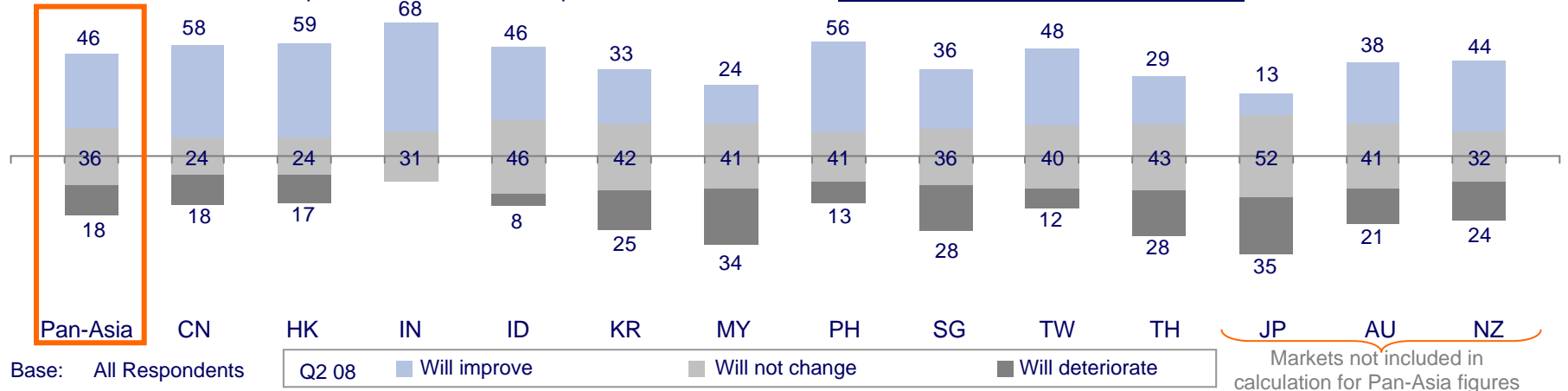
View on Personal Financial Situation – Q2 08

% of respondents who think their personal financial situation had improved, not changed and deteriorated



View on Personal Financial Situation – Q3 08

% of respondents who think their personal financial situation will improve, not change and deteriorate in Q3 08

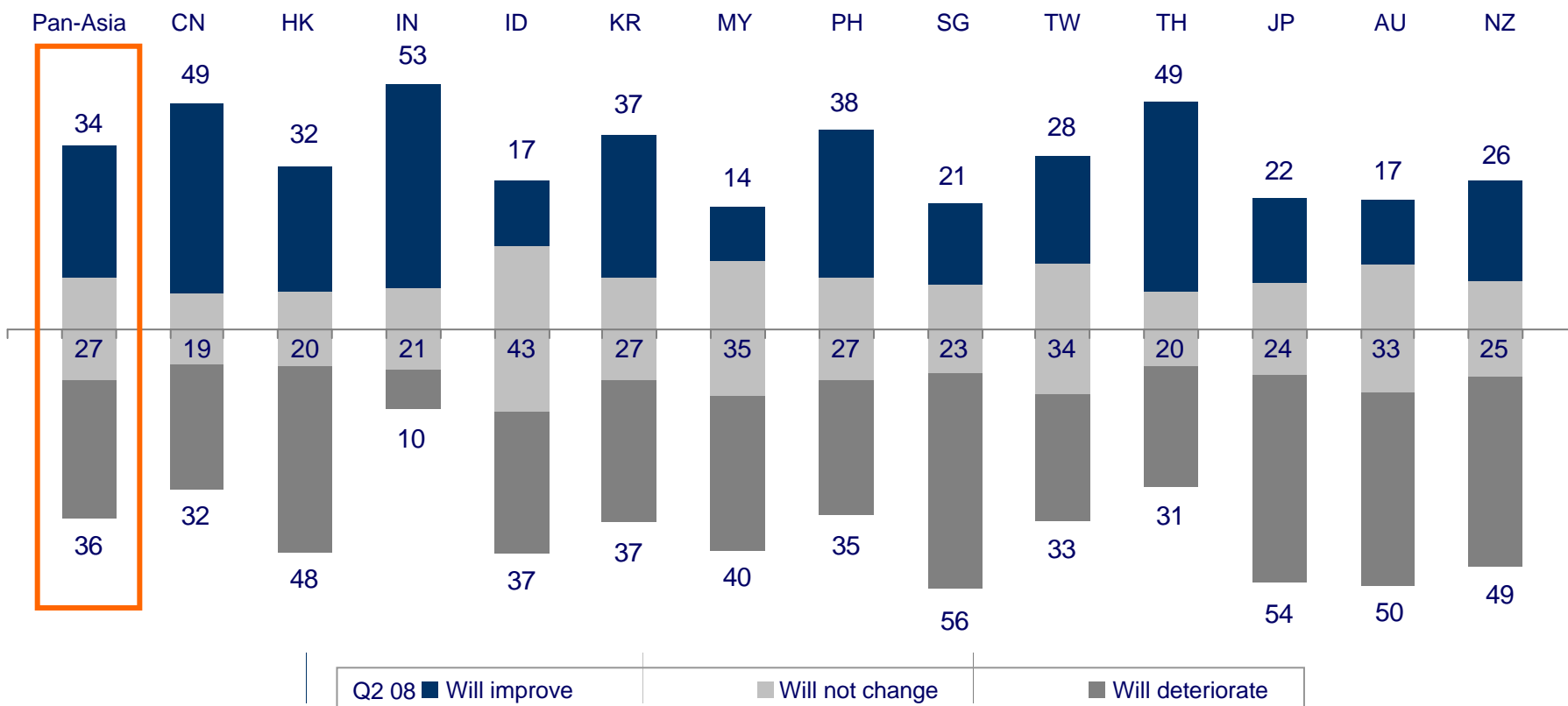


View on the U.S. Economic Situation – Q3 08

34% of Asian investors (ex-Japan) believe the U.S. economy will improve in Q3 08, with investors in India being the most optimistic that the U.S. economy will improve in Q3 08.

View on the U.S. Economic Situation – Q3 08

% of respondents who think the U.S. economy will improve, not change and deteriorate in Q3 08



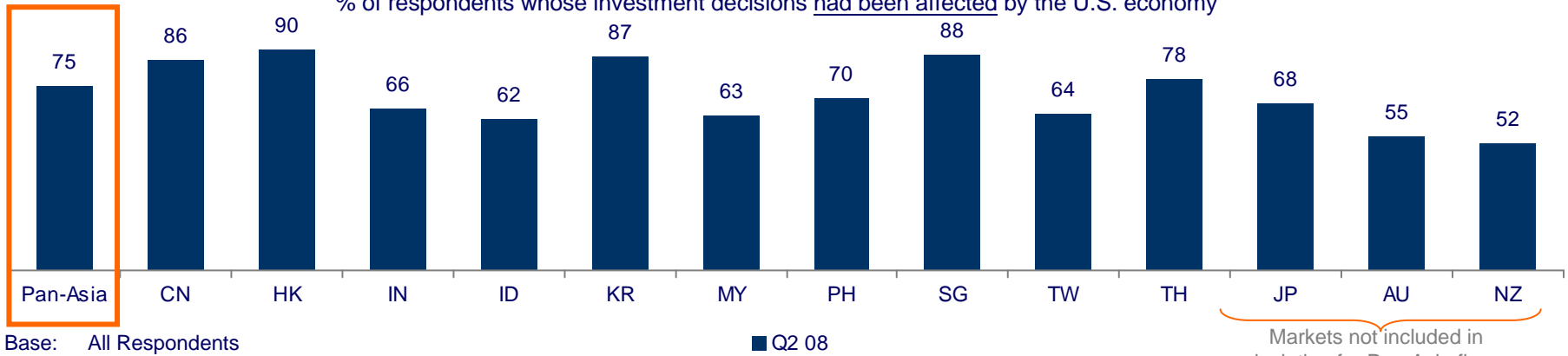
Base: All Respondents

Effect of U.S. Economy on Investment Decisions

74% of Asian investors expect the U.S. economy to impact their investment decisions in Q3 08. This reflects little change over the current percentage of investors who say the U.S. economy affected their investment decisions in Q2 08.

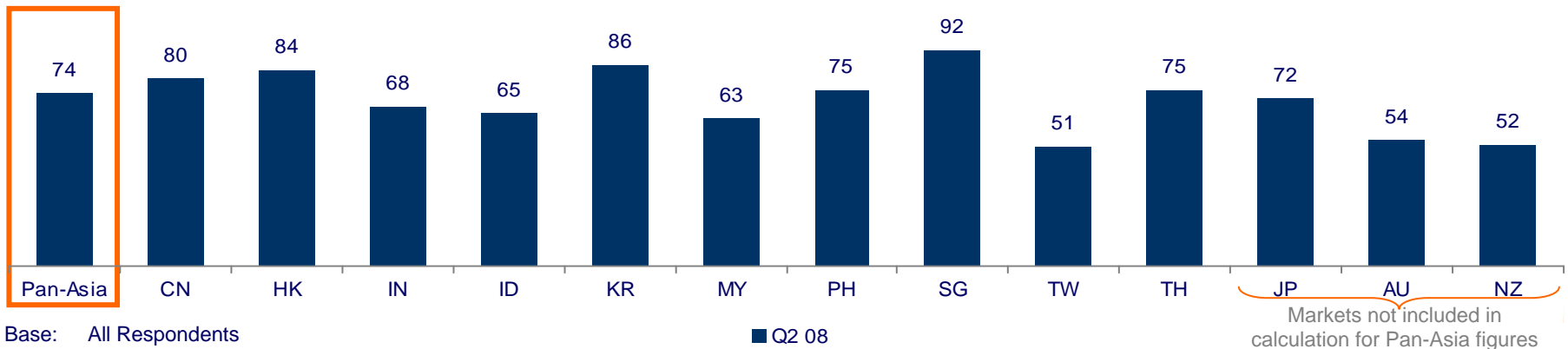
Effect of U.S. Economy – Q2 08

% of respondents whose investment decisions had been affected by the U.S. economy



Effect of U.S. Economy – Q3 08

% of respondents whose investment decisions will be affected by the U.S. economy in Q3 08

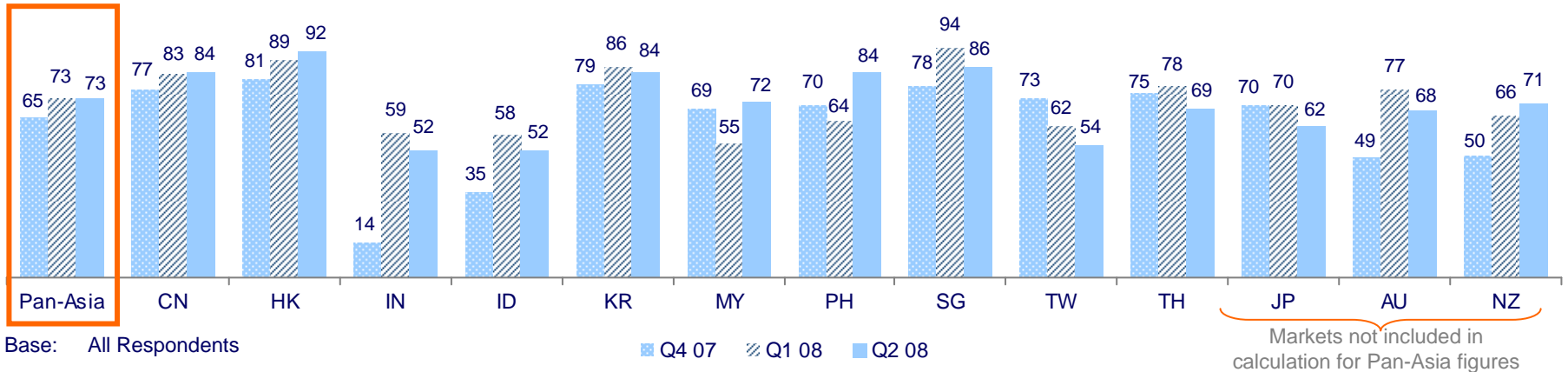


Effect of Subprime Crisis/Credit Crunch on Investment Decisions

71% of Asian investors (ex-Japan) expect the subprime crisis to affect their investment decisions in Q3 08.

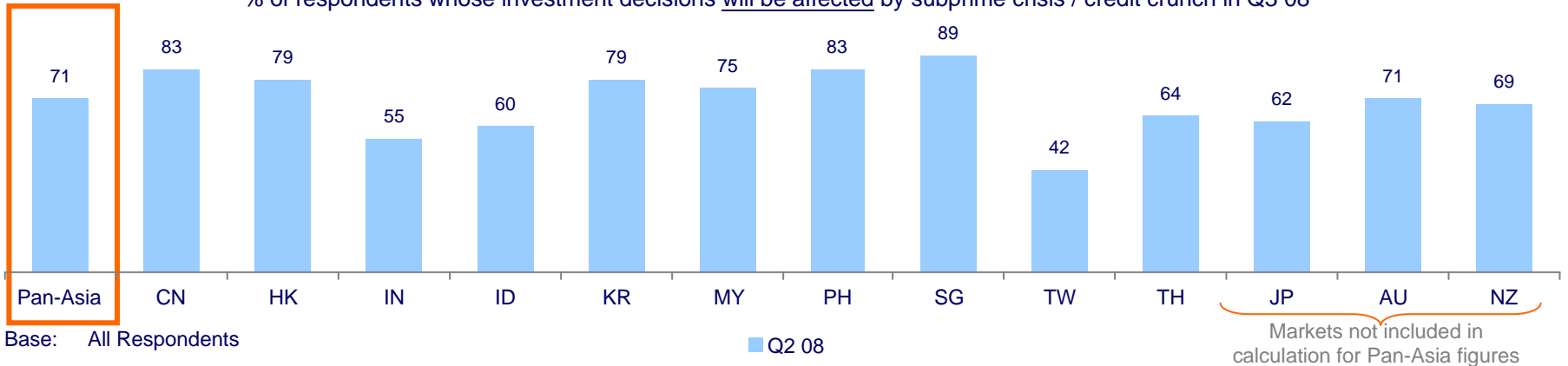
Effect of Subprime Crisis / Credit Crunch – Q2 08

% of respondents whose investment decisions had been affected by subprime crisis / credit crunch



Effect of Subprime Crisis / Credit Crunch – Q3 08

% of respondents whose investment decisions will be affected by subprime crisis / credit crunch in Q3 08



Key Findings 3

- **Inflation is expected to rise and remains a key concern in the region**
 - 61% of Asian investors (ex-Japan) expect inflation to continue rising in Q3 08
 - 81% of Asian investors (ex-Japan) expect inflation to affect their investment decisions in the coming quarter
 - 57% of Asian investors (ex-Japan) are also considering reallocating their investment portfolio and/or investing more to hedge against growing inflationary pressures

Key Findings 3

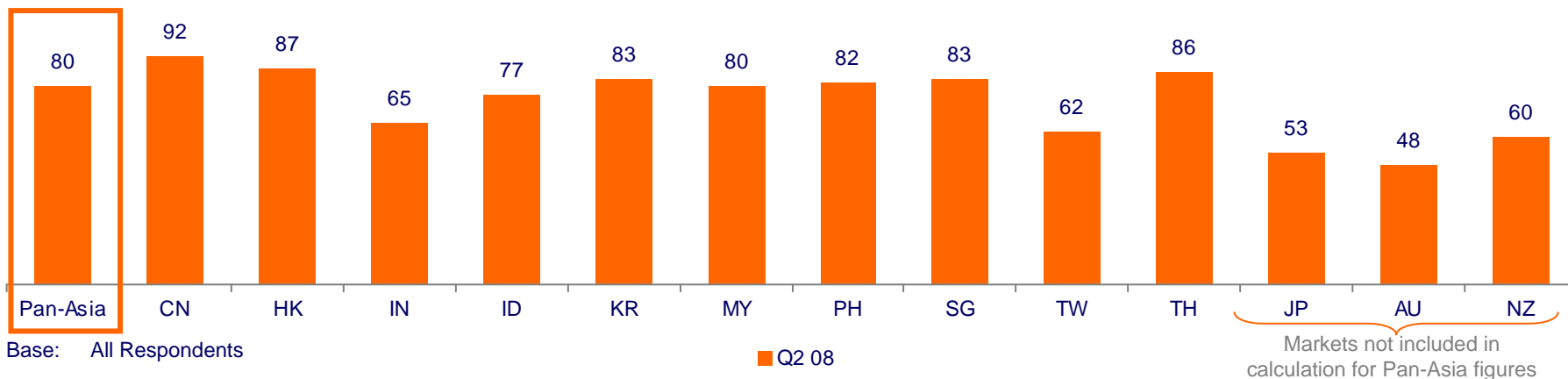
- **Investors in various Asian markets are considering different ways to deal with the issue of rising inflation**
 - Developed markets including Hong Kong and Singapore, and high growth markets like China and India are examining their investment portfolios
 - Investors are possibly more investment savvy
 - Investors plan to reallocate their portfolios and/or invest more for higher returns to beat inflation
 - Hong Kong and Singapore investors plan to focus on stocks and foreign currencies
 - China and India investors plan to focus on stocks, gold and property
 - Developing markets in Southeast Asia appear to be adopting a wait-and-see approach
 - Unsure about their investment strategies for beating inflation
 - Possibly intending to invest less and put aside more money for daily expenses

Effect of Inflation on Investment Decisions

81% of Asian investors (ex-Japan) expect inflation to affect their investment decisions in Q3 08 while 80% say that inflation affected their investment decisions in Q2 08.

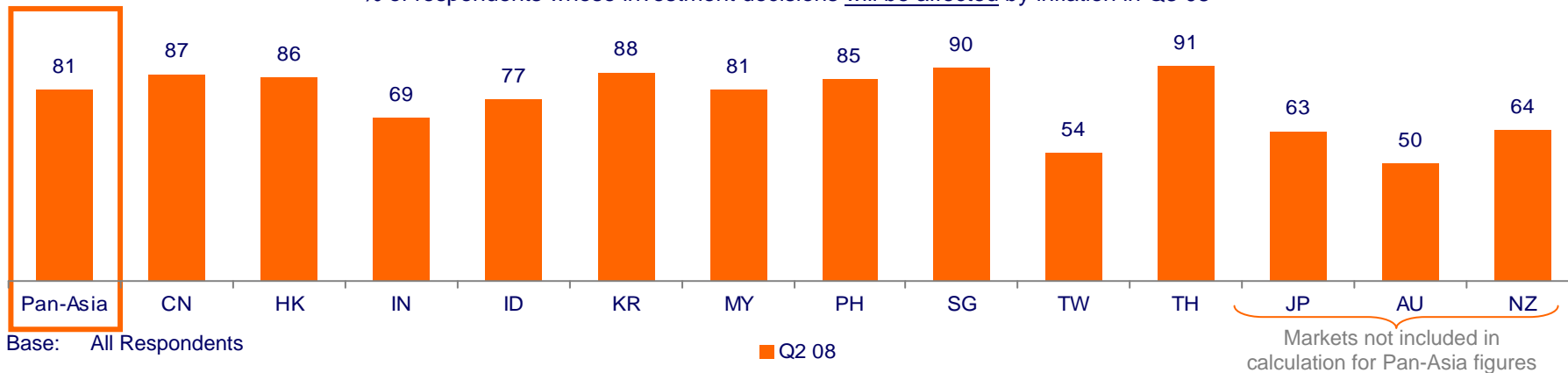
Effect of Inflation – Q2 08

% of respondents whose investment decisions had been affected by inflation



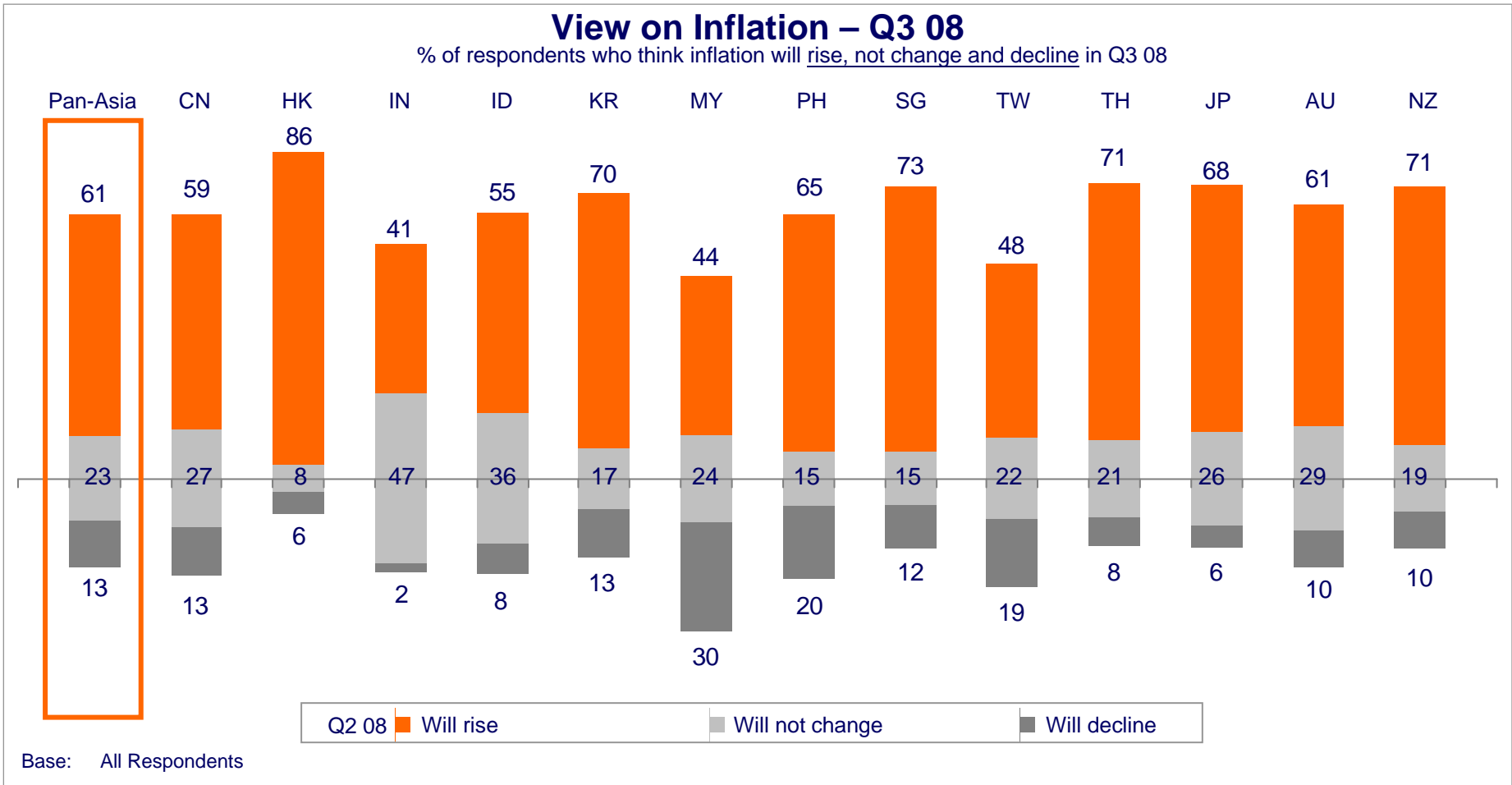
Effect of Inflation – Q3 08

% of respondents whose investment decisions will be affected by inflation in Q3 08



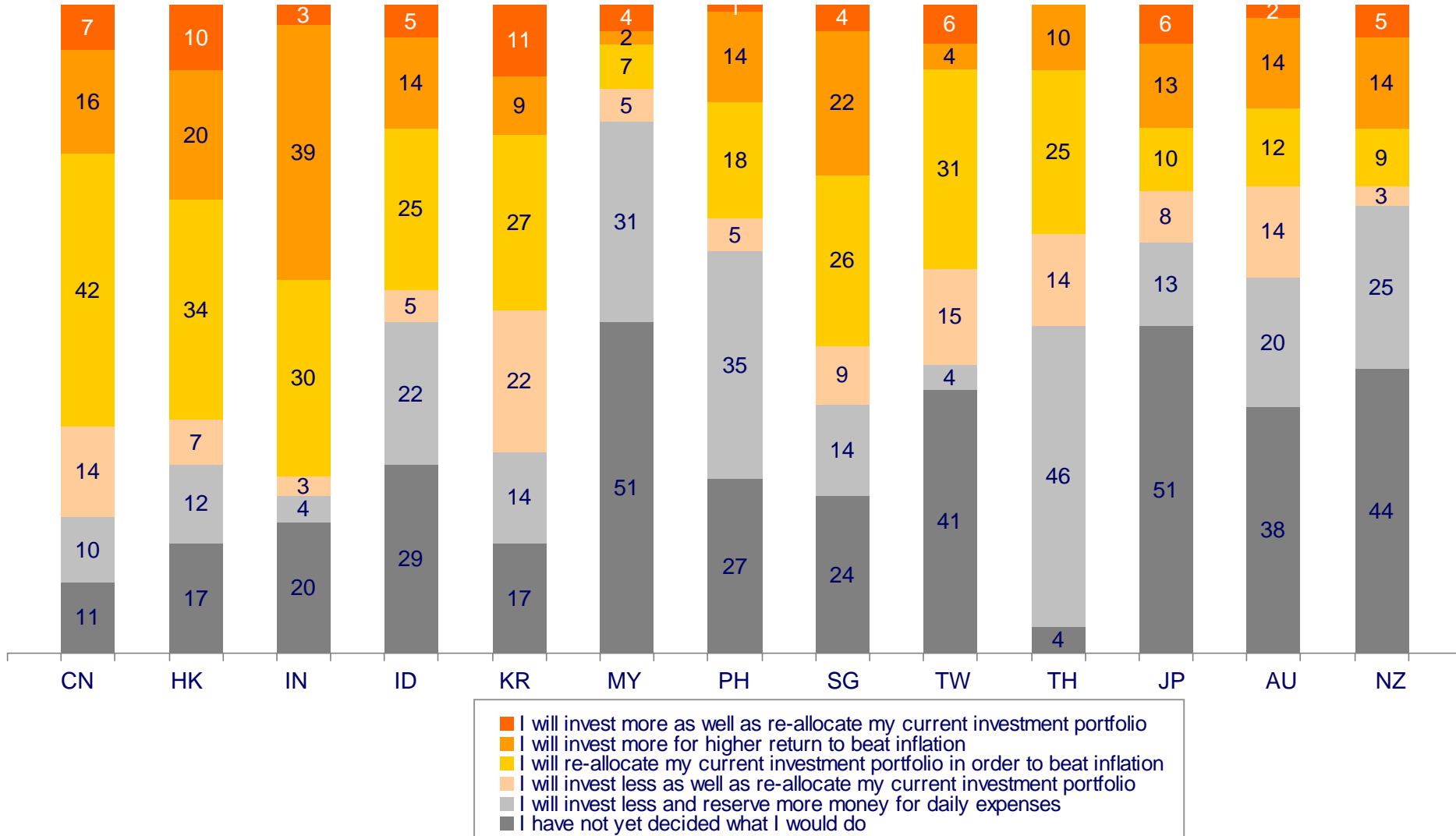
View on Inflation – Q3 08

61% of Asian investors (ex-Japan) expect inflation to continue rising in Q3 08 with Hong Kong and Singapore reflecting the highest number of investors who think that inflation will rise in Q3 08.



Effect of Inflation on Investment Decisions (%)

Investors in China, Hong Kong, India, Korea and Singapore are more likely to either reallocate their current investment portfolios and/or invest more for higher real returns. On the other hand, investors in Indonesia, Malaysia, the Philippines, Taiwan and Thailand appear to be more inclined to wait-and-see before deciding what to do or invest less to save money for daily expenses.



Base: Those whose investment decisions will be affected by inflation

Investment Tools Used in Q2 08

Cash, local stocks and local properties were the top most popular investment tools for investors in Q2 08.

✓ = Top 4 most popular tools used	CN	HK	IN	ID	KR	MY	PH	SG	TW	TH	JP	AU	NZ
Cash / Deposits	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Gold				✓		✓				✓			
Foreign currency		✓					✓	✓					
Local stocks	✓	✓	✓		✓			✓	✓	✓	✓	✓	✓
Overseas stocks													
Local MF & UT*	✓		✓		✓	✓	✓				✓		
Overseas MF & UT		✓						✓	✓		✓		
Reits or Real estate property fund													
Retirement Savings Plans				✓	✓							✓	✓
Local Bonds / fixed-interest securities													
Overseas Bonds / fixed-interest securities													
Index linked to deposit accounts													
Local properties	✓		✓	✓		✓	✓		✓	✓	✓	✓	✓
Overseas properties													
Other offshore investments													

* "Domestic Funds" was asked in the question instead of "Local MF & UT" in KR

Investment Tools for Beating Inflation in Q3 08

Investors in developed markets such as Hong Kong and Singapore considering reallocating their investment portfolios and/or investing more for higher returns in order to beat inflation, are focused on stocks and foreign currencies. Those in high growth markets such as China and India are focused on gold, property and stocks.

	1st	2nd	3rd	4th
CN	Gold (42%)	Stocks (40%)	Properties (36%)	Cash / Deposits (33%)
HK	Stocks (75%)	Foreign currency (51%)	Mutual / Managed funds & Unit trust (28%)	Properties (21%)
IN	Properties (54%)	Stocks (37%)	Gold (29%)	Mutual / Managed funds & Unit trust (27%)
ID	Properties (61%)	Gold (50%)	Cash / Deposits (29%)	Foreign currency (11%)
KR	Mutual / Managed funds & Unit trust (41%) Properties (41%)	Gold (30%)	Cash / Deposits (27%) Stocks (27%)	Reits / Real estate property funds (14%)
MY	Mutual / Managed funds & Unit trust (47%)	Properties (40%)	Stocks (27%)	Cash / Deposits (20%)
PH	Foreign currency (38%)	Properties (34%)	Cash/Deposits (31%)	Stocks (28%)
SG	Stocks (49%)	Foreign currency (29%)	Gold (25%) Properties (25%)	Cash / Deposits (24%) Mutual / Managed funds & Unit trust (24%)
TW	Foreign currency (33%) Stocks (33%)	Mutual / Managed funds & Unit trust (30%)	Cash / Deposits (23%)	Properties (20%)
TH	Stocks (71%)	Cash / Deposits (24%)	Mutual / Managed funds & Unit trust (18%) Properties (18%)	Gold (13%)
JP	Stocks (57%)	Cash / Deposits (26%) Mutual / Managed funds & Unit trust (26%)	Gold (17%) Foreign currency (17%)	Reits / Real estate property funds (9%) Bonds / other fixed interest securities (9%) Properties (9%)
AU	Cash / Deposits (52%)	Stocks (43%)	Gold (14%) Foreign currency (14%) Bonds / other fixed interest securities (14%) Properties (14%) Others (14%)	Mutual / Managed funds & Unit trust (10%)
NZ	Bonds /other fixed interest securities (35%)	Cash / Deposits (30%) Gold (30%) Stocks (30%)	Foreign currency (25%) Mutual / Managed funds & Unit trust (25%)	Properties (20%)

Investment in Global Resources

Hong Kong investors are the most willing to invest in global resources with 74% of them stating they will consider investing in them in Q3 08. This is followed by investors in China, Singapore, Korea, and Taiwan.

% of respondents who will invest in global resources in Q3 08



Base: All Respondents



IN SUMMARY

Conclusion

- **Overall decline in China's investor sentiment**

- It is not surprising to start seeing a considerable decline in investor sentiment for China as they have been impacted by rising oil prices, a fall in the domestic equity markets, and rising inflation
- The overall net effect from the Olympic Games and Sichuan earthquake has minimal impact on the overall economy and investor sentiment
- Investors have probably been most impacted by the fall in the domestic stock market, slowdown in the U.S. economy and increasing domestic market pressures
- In addition, Chinese investors are probably also feeling some impact from the recent cut in oil subsidies
- The reality is that China and the region as a whole have not decoupled from the U.S.
- However, it appears that China has a slower response to global market pressures than the more developed markets, partly because despite a slowdown in economic growth, China still continues to have a high growth rate (Q2 08 GDP forecast is 10.3%) and enjoys strong domestic demand

Conclusion

- **Decline led by developing markets in Southeast Asia**
 - The markets in Southeast Asia have been largely affected by political challenges -- especially for Malaysia and Thailand
 - Inflationary pressures are also increasing across the region and many of the markets such as Malaysia, Indonesia and the Philippines have higher exposure to rising oil prices than the other Asian markets
 - Investors may also be feeling the effects of recent cuts in oil subsidies
- **Asian investors still appear fairly optimistic markets will turn around in Q3 08**
 - It is interesting that investors appear to expect the markets and the U.S. economy to improve in Q3 08
 - There may be cautious optimism that things will improve because most economies in Asia still have a high growth rate despite a slowdown in economic growth in the region
 - Hong Kong's increase in investor sentiment may be because interest rates have remained low in the short term and the economy remains healthy due to diversity of its businesses and industries, and the resilience of the property sector

Conclusion

- **Inflation expected to rise and remains a key concern in the region**
 - Inflation is picking up in most Asian markets amidst overall slowdown in economic growth
 - Coupled with the credit crisis worsening and U.S. equity markets falling, investor sentiment has been affected in the region
 - Investors look at different investment tools to beat inflation – in Hong Kong and Singapore, investors look to invest in stocks and foreign exchange, while those in China and India look at stocks, property and gold, while investors in developing markets in SEA are adopting a wait-and-see approach and looking to save more money for daily expenses