

## Strategy

### Focusing the strategy to accelerate growth

#### Key points

- > Focus on banking, investments, life insurance and retirement services
- > Provide retail customers with the products they need to grow savings, manage investments, and prepare for retirement
- > Invest in bank distribution and high-growth markets
- > Continue to improve business fundamentals and maintain strength in capital and risk management

In a very challenging environment in 2007, ING performed strongly, both on the commercial front and in the areas of risk management and capital allocation. We believe this illustrates the strength of our strategy which is to capitalise on changing customer preferences that are transforming the financial industry. We are accelerating the allocation of capital to high-growth areas by focusing on banking, investments, life insurance and retirement services. In 2007, we also returned capital to our shareholders through an attractive dividend and a significant share buy-back programme.

#### **STRONG PERFORMANCE CONFIRMS SOUND BUSINESS FUNDAMENTALS**

In 2007, ING performed strongly in what has been a very difficult year for the financial sector. The environment was characterised by a weak dollar, a flat yield curve and notably the problems in the US subprime mortgage market which spread to the larger financial markets in the second half of the year. In this challenging environment, ING enjoyed good commercial performance. We achieved solid volume growth in banking, illustrated by an increase in client balances at ING Direct and Retail Banking. In our life insurance business, we witnessed strong growth in sales and value of new business across the board.

The turbulence in the financial markets has put a spotlight on risk management across the financial sector. ING has weathered the turmoil in credit markets with limited direct impact. All in all, we believe that our performance in 2007 demonstrates that the fundamentals underpinning our business are sound.

#### **FOCUSED STRATEGY GOING FORWARD**

We believe customer preferences are changing and these changes are reshaping the financial industry. We have chosen to focus on where we believe our greatest opportunities lie as a financial services provider, given our strengths. Therefore, we narrow our strategic focus to banking, investments, life insurance and retirement services, thus providing retail customers with the products they need to grow savings, manage investments and prepare for retirement with confidence.

#### **Capitalising on changing customer preferences**

Customer preferences are changing and reshaping the industry. As more customers live longer they know they need to increasingly save enough to enjoy retirement comfortably. And across the globe, especially in emerging markets, people are becoming wealthier. As customers accumulate more wealth, this drives strong growth in total client balances. In particular, there is a growing demand for savings and investment products, irrespective of whether these products are provided by a bank or insurer. And with many products and services to choose from, customers expect strong investment performance from their financial services providers.