

Strategy (continued)

We also sold several non-core businesses in 2007 including Regio Bank in the Netherlands. In Belgium, we divested our Broker and Employee Benefits insurance business as these businesses did not have critical mass, and we expect the bank distribution channel to become more dominant in the future with above industry average growth rates. ING will continue to sell its insurance products in Belgium through its own bank channels. Early 2008, we sold our non-core insurance business in Mexico in line with our strategy to focus our activities on banking, investments, life insurance and retirement services.

In mature markets, we increased efficiency and optimised our competitive position. In the Netherlands, we are bringing together ING Bank and Postbank under a single brand to better and more effectively meet the needs of our retail customers there. This is a major investment and demonstrates a strong commitment to the Dutch banking market. To respond to changing customer preferences in Belgium, we are also optimising the service and retail distribution model in that market. ING Belgium has developed a programme that will allow the bank to accelerate its growth by leveraging its direct channels with its branch network. And at Wholesale Banking, after having successfully sharpened the strategic focus and improved capital efficiency and returns, new initiatives for growth are geared towards the Benelux and Central Europe, and global franchises in Structured Finance, Financial Markets and Real Estate.

CONTINUED EFFICIENT ALLOCATION OF CAPITAL

Successful execution of the strategy is underpinned by continued efficient reallocation of capital through redeploying the capital we generate in mature markets to high-growth business, or returning it to our shareholders. This process is supported by actively managing our portfolio of businesses.

In 2007, as a result of disciplined capital management and solid profitability of our businesses, we have been able to maintain a strong capital position. On balance, ING was able to widen its spare leverage by a third, further securing the capital base and providing maximum financial flexibility to pursue our renewed strategic objectives. A position that is even stronger under the new Basel II regime. ING employed its excess capital to fund acquisitions, pay dividends to shareholders and buy back shares. A EUR 5 billion buy-back programme was started in June 2007 and is expected to be completed by June 2008. By the end of 2007, 56% of the programme had been completed.

SOLID RISK MANAGEMENT FULLY INTEGRATED

In recent years, ING has systematically invested to improve its risk management capabilities. We have built a strong risk management function and fully integrated risk management into the daily management of all business units and strategic planning, embedding a philosophy of sound risk management at ING. The turmoil in financial markets over recent months illustrated the importance of having sound risk management in times of stress. ING has weathered this market turmoil with limited direct impact. Moreover, risk management also functions as an enabler, working with the businesses to identify and execute business opportunities, lower the cost of funding and support strategic decisions.

CONCLUSIONS AND AMBITIONS

In 2007, ING performed strongly in a challenging environment reflected in an excellent commercial development. Moreover, with risk management fully integrated at all levels, ING is well-insulated from the worst effects of the market turmoil.

Capitalising on changing customer preferences and building on our solid business capabilities, we have chosen to sharpen our strategic focus to banking, investments, life insurance and retirement services. We want to provide retail customers with the products they need during their lives to grow savings, manage investments and prepare for retirement with confidence. We will build and invest more in bank distribution platforms. We will increasingly invest in high-growth markets. In 2007, we already stepped up the number of initiatives that support this strategy. In 2008, we will continue along this path.

With this sharpened strategy, ING remains focused on creating value for its shareholders and rewarding them with a better total return on investment than the average of our peers in the financial sector over the longer term.

ADDITIONAL INFORMATION

In the Report of the Executive Board, information is included about strategy, financial highlights, capital management, risk management, developments in ING's six business lines, as well as about asset management, human resources, branding and corporate responsibility. For additional information, reference is made to the section on corporate governance (pages 61-70), which is deemed to be incorporated by reference here.