

ING GROEP NV
Form 20-F
March 19, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 20-F**

(Mark One)

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934
OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2007
OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

**Commission file number 1-14642
ING GROEP N.V.**

(Exact name of registrant as specified in its charter)

The Netherlands

(Jurisdiction of incorporation or organization)

ING Groep N.V.

Amstelveenseweg 500

1081 KL Amsterdam

P.O. Box 810, 1000 AV Amsterdam

The Netherlands

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing one Ordinary share	New York Stock Exchange
Ordinary shares, nominal value EUR 0.24 per Ordinary share and Bearer Depositary receipts in respect of Ordinary shares*	New York Stock Exchange
7.05% ING Perpetual Debt Securities	New York Stock Exchange
7.20% ING Perpetual Debt Securities	New York Stock Exchange
6.20% ING Perpetual Debt Securities	New York Stock Exchange
6.125% ING Perpetual Debt Securities	New York Stock Exchange
5.775% ING Perpetual Debt Securities	New York Stock Exchange
6.375% ING Perpetual Debt Securities	New York Stock Exchange
7.375% ING Perpetual Debt Securities	New York Stock Exchange

* Listed, not for trading or quotation purposes, but only in connection with the registration of American Depositary Shares pursuant to the requirements of the Securities and Exchange Commission

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary shares, nominal value EUR 0.24 per Ordinary share	2,226,445,299
Bearer Depositary receipts in respect of Ordinary shares	2,225,764,238

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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PRESENTATION OF INFORMATION

In this Annual report, and unless otherwise stated or the context otherwise dictates, references to ING Groep N.V. , ING Groep and ING Group refer to ING Groep N.V. and references to ING , the Company , the Group , we and us refer to ING Groep N.V. and its consolidated subsidiaries. ING Groep N.V.'s primary insurance and banking subsidiaries are ING Verzekeringen N.V. (together with its consolidated subsidiaries, ING Insurance) and ING Bank N.V. (together with its consolidated subsidiaries, ING Bank), respectively. References to Executive Board or Supervisory Board refer to the Executive Board or Supervisory Board of ING Groep N.V.

ING presents its consolidated financial statements in euros, the currency of the European Economic and Monetary Union. Unless otherwise specified or the context otherwise requires, references to US\$ and Dollars are to the United States dollars and references to EUR are to euros.

Solely for the convenience of the reader, this Annual Report contains translations of certain euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the translated amounts actually represent such dollar or euro amounts, as the case may be, or could be converted into U.S. dollars or euros, as the case may be, at the rates indicated or at any other rate. Therefore, unless otherwise stated, the translations of euros into U.S. dollars have been made at the rate of euro 1.00 = \$ 1.5369, the noon buying rate in New York City for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York (the Noon Buying Rate) on March 10, 2008.

Except as otherwise noted, financial statement amounts set forth in this Annual Report are presented in accordance with International Financial Reporting Standards as adopted by the European Union (EU). In this document the term IFRS-EU is used to refer to International Financial Reporting Standards as adopted by the EU including the decisions ING Group made with regard to the options available under International Financial Reporting Standards as adopted by the EU. See Note 2.1 to the consolidated financial statements for further discussion of the basis of presentation.

IFRS-EU differs from International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS-IASB) in respect of certain paragraphs in IAS 39 Financial Instruments: Recognition and Measurement .

ING Group applies fair value hedge accounting for portfolio hedges of interest rate risk (fair value macro hedges) in accordance with the EU carve out version of IAS 39. Under the EU IAS 39 carve-out , hedge accounting may be applied, in respect of fair value macro hedges, to core deposits and hedge ineffectiveness is only recognised when the revised estimate of the amount of cash flows in scheduled time buckets is more than the original designated amount of that bucket and is not recognized when the revised amount of cash flows in scheduled time buckets is less than the original designated amount. Under IFRS-IASB, hedge accounting for fair value macro hedges can not be applied to core deposits and ineffectiveness arises whenever the revised estimate of the amount of cash flows in scheduled time buckets is either more or less than the original designated amount of that bucket.

Effective March 4, 2008, amendments to Form 20-F permit Foreign Private Issuers to include financial statements prepared in accordance with IFRS-IASB without reconciliation to US GAAP. The amendments also include a two-year transition provision to accommodate Issuers, such as ING Group that apply the EU IAS 39 hedge accounting carve-out and provide a reconciliation of profit and equity under IFRS-EU to IFRS-IASB. This reconciliation is included in Note 2.4 to the consolidated financial statements. A reconciliation of profit under IFRS-EU to US GAAP for the comparative years ending December 31, 2006 and December 31, 2005 and of equity under IFRS-EU to US GAAP for the year ending December 31, 2006, is provided in Note 2.5 to the consolidated financial statements.

Unless otherwise indicated, gross premiums, gross premiums written and gross written premiums as referred to in this Annual Report include premiums (whether or not earned) for insurance policies written during a specified period, without deduction for premiums ceded, and net premiums, net premiums written and net written premiums include premiums (whether or not earned) for insurance policies written during a specified period, after deduction for premiums ceded. Certain amounts set forth herein may not sum due to rounding.

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**CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-
LOOKING STATEMENTS**

Certain of the statements contained in this Annual Report that are not historical facts, including, without limitation, certain statements made in the sections hereof entitled Information on the Company, Dividends, Operating and Financial Review and Prospects, Selected Statistical Information on Banking Operations and Quantitative and Qualitative Disclosure of Market Risk are statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation,

changes in general economic conditions, in particular economic conditions in ING's core markets,

changes in performance of financial markets, including developing markets,

changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness,

the frequency and severity of insured loss events,

changes affecting mortality and morbidity levels and trends,

changes affecting persistency levels,

changes affecting interest rate levels,

changes affecting currency exchange rates,

changes in general competitive factors,

changes in laws and regulations,

changes in the policies of governments and/or regulatory authorities,

ING is under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. See Item 3. Key Information-Risk Factors and Item 5. Operating and Financial Review and Prospects Factors Affecting Results of Operations.

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PART I

Item 1. Identity Of Directors, Senior Management And Advisors

Not Applicable.

Item 2. Offer Statistics And Expected Timetable

Not Applicable.

Item 3. Key Information

The selected consolidated financial information data set forth below is derived from the consolidated financial statements of ING Group. ING Group adopted IFRS as adopted by the EU as of 2005. The 2004 figures have been restated to comply with IFRS-EU. However, as permitted under IFRS 1, First-time adoption of International Financial Reporting Standards (IFRS 1), the 2004 comparatives exclude the impact of IAS 32, Financial Instruments; Disclosure and Presentation (IAS 32), IAS 39, Financial Instruments: Recognition and Measurement (IAS 39) and IFRS 4, Insurance Contracts (IFRS 4), which were implemented starting from January 1, 2005.

IFRS-EU differs in certain respects from IFRS-IASB and U.S. GAAP. See Note 2.4. to the consolidated financial statements for a description of the differences between IFRS-EU and IFRS-IASB and a reconciliation of certain income statement and balance sheet items to IFRS-IASB. See Note 2.5. to the consolidated financial statements for a description of the differences between IFRS-EU and U.S. GAAP and a reconciliation of certain income statement and balance sheet items to U.S. GAAP.

The following information should be read in conjunction with, and is qualified by reference to the Group's consolidated financial statements and other financial information included elsewhere herein.

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	Year ended December 31,				
	2007	2007	2006⁽³⁾	2005⁽³⁾	2004⁽³⁾
	USD⁽²⁾	EUR	EUR	EUR	EUR
	(in millions, except amounts per share and ratios)				
IFRS-EU Consolidated Income Statement Data ⁽¹⁾					
Income from insurance operations:					
Gross premiums written:					
Life	62,601	40,732	40,501	39,144	36,975
Non-life	9,354	6,086	6,333	6,614	6,642
Total	71,955	46,818	46,834	45,758	43,617
Commission income	2,922	1,901	1,636	1,346	1,198
Investment and Other income	20,730	13,488	11,172	10,299	10,787
Total income from insurance operations	95,606	62,208	59,642	57,403	55,602
Income from banking operations:					
Interest income	118,125	76,859	59,262	48,342	25,471
Interest expense	104,237	67,823	49,927	39,180	16,772
Net interest result	13,888	9,036	9,335	9,162	8,699
Investment income	1,455	947	483	937	363
Commission income	4,497	2,926	2,681	2,401	2,581
Other income	2,602	1,693	1,696	1,348	1,035
Total income from banking operations	22,442	14,602	14,195	13,848	12,678
Total income ⁽⁴⁾	117,707	76,586	73,621	71,120	68,159
Expenditure from insurance operations:					
Life	76,117	49,526	49,106	47,156	44,988
Non-life	9,450	6,149	5,601	6,269	6,292
Total expenditure from insurance operations	88,567	55,675	54,707	53,425	51,280
Total expenditure from banking operations	15,510	10,092	9,190	8,932	9,260
Total expenditure ^(4,5)	100,735	65,543	63,681	62,226	60,419
Profit before tax from insurance operations:					
Life	8,168	5,314	3,436	2,666	2,647
Non-life	1,873	1,219	1,499	1,312	1,675
Total	10,041	6,533	4,935	3,978	4,322
Profit before tax from banking operations	6,931	4,510	5,005	4,916	3,418
Profit before tax	16,972	11,043	9,940	8,894	7,440
Taxation	2,358	1,535	1,907	1,379	1,709

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Minority interests	410	267	341	305	276
Net profit	14,202	9,241	7,692	7,210	5,755
Dividend on Ordinary shares	4,887	3,180	2,865	2,588	2,359
Addition to shareholders' equity	9,315	6,061	4,827	4,622	3,396
Net profit attributable to equity holders of the Company	14,202	9,241	7,692	7,210	5,755
Ordinary share attributable to equity holders of the Company ⁽⁶⁾	6.64	4.32	3.57	3.32	2.71
Distributable net profit per Ordinary share ⁽⁶⁾	6.64	4.32	3.57	3.32	2.71
Net profit per Ordinary share and Ordinary share equivalent (fully diluted) ⁽⁶⁾	6.58	4.28	3.54	3.32	2.71
Dividend per Ordinary share ⁽⁶⁾	2.27	1.48	1.32	1.18	1.07
Interim Dividend	1.01	0.66	0.59	0.54	0.49
Final Dividend	1.26	0.82	0.73	0.64	0.58
Number of Ordinary shares outstanding (in millions)	2,226.4	2,226.4	2,205.1	2,204.9	2,204.7
Dividend pay-out ratio ⁽⁷⁾	34.3%	34.3%	37.0%	35.5%	39.5%

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	2006	2005	2004	2003
	(EUR millions)			
U.S. GAAP Consolidated Income Statement Data				
Total income	47,588	47,960	49,733	48,025
Net profit U.S. GAAP, excluding cumulative effects Cumulative effects of changes in accounting principles	6,827	6,976	6,688 (91)	4,512
Net profit U.S. GAAP, including cumulative effects (8)	6,827	6,976	6,597	4,512
Net profit per Ordinary share and Ordinary share equivalent ⁽⁶⁾	3.17	3.21	3.10	2.23

	Year ended December 31,				
	2007	2007	2006 ⁽³⁾	2005 ⁽³⁾	2004 ⁽³⁾
	USD ⁽²⁾	EUR	EUR	EUR	EUR
	(in billions, except amounts per share and ratios)				
IFRS-EU Consolidated Balance Sheet Data					
Total assets	2,017.2	1,312.5	1,226.3	1,158.6	876.4
Investments:					
Insurance	203.3	132.3	140.5	144.5	112.1
Banking	246.5	160.4	171.1	180.1	164.2
Total	449.9	292.6	311.6	324.6	276.3
Loans and advances to customers	849.9	553.0	474.4	439.2	330.5
Insurance and investment contracts:					
Life	357.2	232.4	237.9	232.1	205.5
Non-life	14.8	9.6	10.1	12.8	11.4
Investment contracts	36.4	23.7	20.7	18.6	
Total	408.4	265.7	268.7	263.5	216.9
Customer deposits and other funds on deposit:					
Savings accounts of the banking operations	422.8	275.1	283.1	269.4	219.4
Other deposits and bank funds	384.4	250.1	213.6	196.3	129.8
Total	807.2	525.2	496.7	465.7	349.2
Amounts due to banks	256.7	167.0	120.8	122.2	95.9
Share capital (in millions)	2,242.4	2,242.4	2,268.1	2,292.0	2,291.8
Shareholders' equity	57.2	37.2	38.3	36.7	24.1
Shareholders' equity per Ordinary share ⁽⁶⁾	27.25	17.73	17.78	16.96	12.95

	2006	2005	2004	2003
	(EUR billions, except amounts per share)			
U.S. GAAP Consolidated Balance Sheet Data				
Total assets	1,228.4	1,159.3	920.4	818.8
Shareholders' equity	40.6	41.6	35.1	28.0
Shareholders' equity per Ordinary share and Ordinary share equivalent ⁽⁶⁾	18.88	19.21	16.00	13.27

(1) Selected historical financial data is based on financial statements prepared in accordance with IFRS-EU and accordingly is shown for the four years subsequent to the date of transition to IFRS

(2) Euro amounts have been translated into U.S. dollars at the exchange rate of \$1,5369 to EUR 1.00, the noon buying rate in New York City on March 10, 2008 for cable transfers in euros as certified for customs purposes by the Federal Reserve Bank of New York.

(3) For the impact of divestments see Item 5. Operating and Financial

Review and
Prospects .

- (4) After elimination of certain intercompany transactions between the insurance operations and the banking operations. See Note 2.1. to the consolidated financial statements.

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- (5) Includes all non-interest expenses, including additions to the provision for loan losses. See Item 5, Operating and Financial Review and Prospects Liquidity and Capital Resources .

- (6) Net profit per share amounts have been calculated based on the weighted average number of Ordinary shares outstanding and equity per share amounts have been calculated based on the number of Ordinary shares outstanding at the end of the respective periods. For purposes of this calculation ING Groep N.V. shares held by Group companies are deducted from the total number of Ordinary shares in issue. Shareholders equity per share is based on Ordinary shares

outstanding at
end of period.

- (7) The dividend pay-out ratio is based on net profit attributed to equity holders of the Company.
- (8) Upon adoption of SOP 03-1, Accounting and Reporting by Insurance Enterprises for certain Nontraditional long-duration contracts and for separate Accounts, and the related Technical Practice Aid (TPA) effective January 1, 2004, ING Group recognized a cumulative effect of change in accounting principle of EUR 91 million.

EXCHANGE RATES

Fluctuations in the exchange rate between the euro and the U.S. dollar will affect the U.S. dollar amounts received by owners of shares or ADSs on conversion of dividends, if any, paid in euros on the shares and will affect the U.S. dollar price of the ADSs on the New York Stock Exchange.

The following table sets forth, for the periods and dates indicated, certain information concerning the exchange rate for U.S. dollars into euros based on the Noon Buying Rate.

Calendar Period	Period End ⁽¹⁾	U.S. dollars per euro		
		Average Rate ⁽²⁾	High	Low
2003	1.2597	1.2074	1.2597	1.0361
2004	1.3538	1.2478	1.3625	1.1801
2005	1.1842	1.2397	1.3476	1.1670
2006	1.3197	1.2661	1.3327	1.1860
2007	1.4603	1.3794	1.4862	1.2904
2008 (through March 10, 2008) ⁽²⁾	1.5369	1.5132	1.5369	1.4495

- (1) The Noon Buying Rate at such dates differ from the rates used in the preparation of ING s consolidated financial statements as of such date. See Note 2.1 to the consolidated financial statements.
- (2) The average of the Noon Buying Rates on the last business day of each full calendar month during the period.

The table below shows the high and low exchange rate of U.S. dollars per euro for the last six months

	High	Low
September 2007	1.4219	1.3606
October 2007	1.4468	1.4092
November 2007	1.4435	1.4862
December 2007	1.4718	1.4344
January 2008	1.4877	1.4574
February 2008	1.5187	1.4495
March 2008 (through March 10, 2008)	1.5369	1.5195

The Noon Buying Rate for euros on December 31, 2007 was EUR 1.00 = \$ 1.4603 and the Noon Buying Rate for euros on March 10, 2008 was EUR 1.00 = \$ 1.5369.

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Because we are an integrated financial services company conducting business on a global basis, our revenues and earnings are affected by the volatility and strength of the economic, business and capital markets environments specific to the geographic regions in which we conduct business and changes in such factors may adversely affect the profitability of our insurance, banking and asset management business.

Factors such as interest rates, exchange rates, consumer spending, business investment, real estate market, government spending, the volatility and strength of the capital markets, and terrorism all impact the business and economic environment and, ultimately, the amount and profitability of business we conduct in a specific geographic region. For example, in an economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, higher corporate and private debt defaults, lower business investment and consumer spending, the demand for banking and insurance products would be adversely affected and our reserves and provisions would likely increase, resulting in lower earnings. Similarly, a downturn in the equity markets could cause a reduction in commission income we earn from managing portfolios for third parties, as well as income generated and capital base from our own proprietary portfolios, each of which is generally tied to the performance and value of such portfolios. We also offer a number of insurance and financial products that expose us to risks associated with fluctuations in interest rates, securities prices, corporate and private default rates, the value of real estate assets, exchange rates and credit spreads. In addition, a mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have a material effect on the financial condition or result from operations of our banking and insurance businesses.

Because our life and non-life insurance and reinsurance businesses are subject to losses from unforeseeable and/or catastrophic events, which are inherently unpredictable, our actual claims amount may exceed our established reserves or we may experience an abrupt interruption of activities, each of which could result in lower net profits and have an adverse effect on our results of operations.

In our life and non-life insurance and reinsurance businesses, we are subject to losses from natural and man-made catastrophic events. Such events include, without limitation, weather and other natural catastrophes such as hurricanes, floods and earthquakes, epidemics, as well as terrorist attacks. The frequency and severity of such events, and the losses associated with them, are inherently unpredictable and can not always be adequately reserved. In accordance with industry practices, modeling of natural catastrophes are performed and risk mitigation measures are made. In case claims occur, reserves are established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the reserves are originally established and includes updates when more information becomes available. Although we continually review the adequacy of the established claim reserves, and based on current information, we believe our claim reserves are sufficient in total, there can be no assurances that our actual claims experience will not exceed our estimated claim reserves. If actual claim amounts exceed the estimated claim reserves, our earnings may be reduced and our net profits may be adversely affected. In addition, because unforeseeable and/or catastrophic events can lead to abrupt interruption of activities, our banking and insurance operations may be subject to losses resulting from such disruptions. Losses can relate to property, financial assets, trading positions, insurance and pension benefits to employees and also to key personnel. If our business continuity plans are not able to be put into action or do not take such events into account, losses may further increase.

Because we operate in highly regulated industries, laws, regulations and regulatory policies or the enforcement thereof that govern activities in our various business lines could have an effect on our reputation, operations and net profits.

We are subject to detailed banking, insurance, asset management and other financial services laws and government regulation in each of the jurisdictions in which we conduct business. Regulatory agencies have broad administrative power over many aspects of the financial services business, which may include liquidity, capital adequacy and permitted investments, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices. Banking, insurance and other financial services laws, regulations and policies currently governing us and our subsidiaries may also change at any time in ways which have an adverse effect on our business, and it is difficult to

predict the timing or form of any future regulatory or enforcement initiatives in respect thereof. Also, bank regulators and other supervisory authorities in the EU, the US and elsewhere continue to scrutinize payment processing and other transactions under regulations governing such matters as money-laundering, prohibited transactions with countries subject to sanctions, and bribery or other anti-

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corruption measures. Regulation is becoming increasingly more extensive and complex and regulators are focusing increased scrutiny on the industries in which we operate, often requiring additional Company resources. These regulations can serve to limit our activities, including through our net capital, customer protection and market conduct requirements, and restrictions on businesses in which we can operate or invest. If we fail to address, or appear to fail to address, appropriately any of these matters, our reputation could be harmed and we could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against us or subject us to enforcement actions, fines and penalties. Despite our efforts to maintain effective compliance procedures and to comply with applicable laws and regulations, there are a number of risks in areas where applicable regulations may be unclear, subject to multiple interpretation or conflict with one another, where regulators revise their previous guidance or courts overturn previous rulings, or we fail to meet applicable standards. Regulators and other authorities have the power to bring administrative or judicial proceedings against us, which could result, amongst other things, in suspension or revocation of our licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm our results of operations and financial condition.

RISKS RELATED TO THE COMPANY

Ongoing volatility in the fina