**ING GROUP** QUARTERLY REPORT

# Second quarter 2011

# SHARE INFORMATION

## Financial calendar

- Publication results 3Q2011: Thursday, 3 November 2011
- Publication results 4Q2011: Thursday, 9 February 2012

(All dates are provisional.)

## Investor relations

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## Listing information

ING ordinary shares are registered shares with a par value of EUR 0.24 per share. The (depositary receipts for) ordinary shares of ING Group are listed on the exchanges of Amsterdam, Brussels and New York (NYSE).

| Stock exchanges | Tickers (Bloomberg, Reuters) | Security codes (ISIN, SEDOL1) |
|---|---|---|
| Euronext Amsterdam | INGA NA, ING.AS | NL0000303600, 7154782 NL |
| New York Stock Exchange | ING, ING.N | US456837103, 2452643 US |

## American Depositary Receipts (ADRs)

For questions regarding your ADRs please contact the JP Morgan Depositary Receipts Team:

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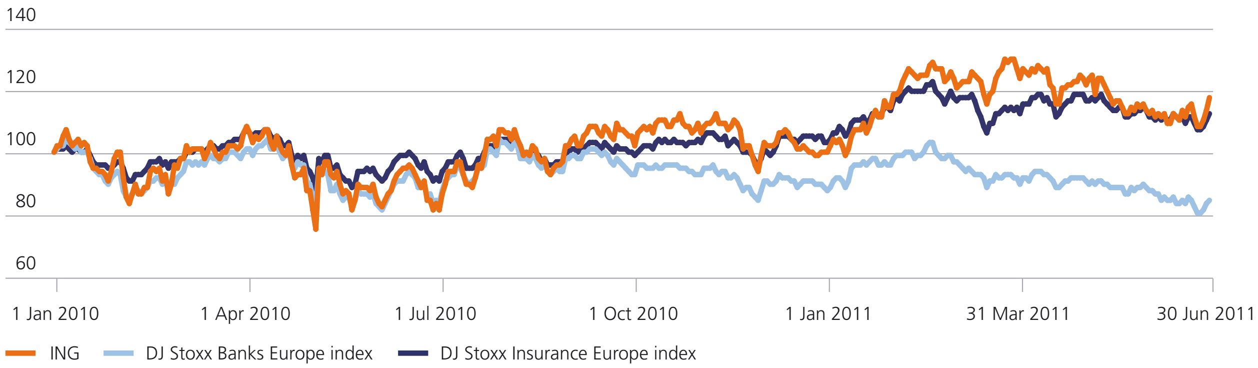
## Comparative performance of share price

1 JANUARY 2010 TO 30 JUNE 2011




# OUR QUARTERLY PUBLICATIONS

This ING Group Quarterly Report contains our quarterly financial reporting and analysis, including comment on the progress of our businesses and key strategic initiatives.

The following other quarterly financial publications are available on the internet at www.ing.com/investorrelations in the Quarterly Results section.

## Press release

The press release on ING's quarterly results contains the chairman's statement, financial highlights and key developments on the balance sheet and capital management.

## Analyst presentation

The analyst presentation of ING's quarterly results contains a detailed review of the drivers of results and addresses key issues raised by analysts and investors.

## ING Group Statistical Supplement

The Group Statistical Supplement contains quarterly financial data and should be read in conjunction with the ING Group Quarterly Report. The supplement is available in both PDF and Excel format.

## ING Group Historical Trend Data

In addition to the Group Statistical Supplement, this document, available in PDF and Excel format, includes historical trend data and details of restatements.

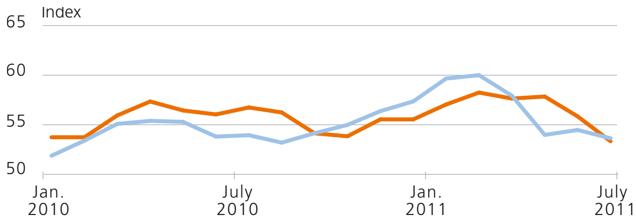
## ING Group Interim Accounts

These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". ING publishes Interim Accounts under IAS 34, including a review report of Ernst & Young, on a quarterly basis.

# TABLE OF CONTENTS

## ECONOMIC ACTIVITY

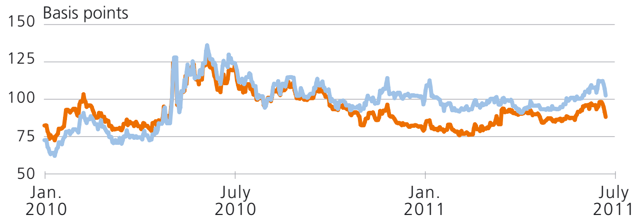
- The purchasing managers' indices (PMIs), which are regarded as timely indicators of underlying trends in economic activity, fell during the second quarter of 2011 as a result of high commodity prices, fiscal tightening and the Asia-led slowdown in world trade.
- Despite declines in both the US and the eurozone, the index remained above 50 (growth/shrink divide), indicating that the economy continued to grow.




Eurozone composite PMI
US composite PMI

## CREDIT MARKETS

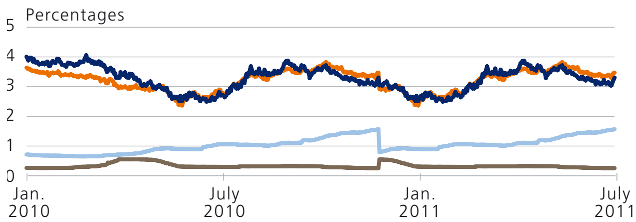
- Credit market sentiment deteriorated slightly in the euro area in the second quarter. Credit spreads, as measured by the iTraxx index of investment-grade borrowers' credit-default swaps, widened.
- In the US, credit market sentiment remained relatively unchanged. US credit spreads, as measured by the CDX index, were relatively flat compared with the first quarter of 2011.




CDX IG 5yr (US)
iTraxx Main 5yr (Europe)

## YIELD CURVE

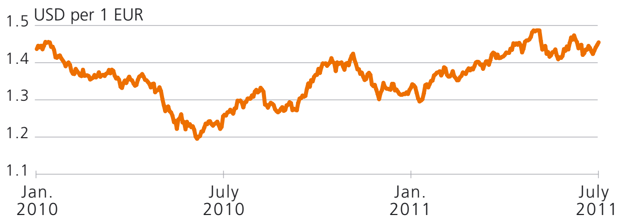
- The yield curve in the eurozone flattened during the second quarter as short-term rates increased and long-term interest rates moved lower.
- In the US, both short-term and long-term rates decreased. On balance, the yield curve flattened slightly in the second quarter.




Eurozone 10yr swap
Eurozone 3m interbank
US 10yr swap
US 3m interbank

## CURRENCY MARKETS

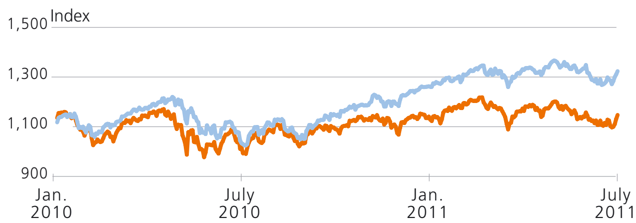
- Despite the spectre of a Greek default, the euro proved resilient in the second quarter and strengthened modestly against the US dollar. Expectations that the ECB would start raising interest rates sooner than the Federal Reserve helped the EUR/USD to rise to 1.45 from 1.42 at the end of the previous quarter.




EUR/USD

## STOCK MARKETS

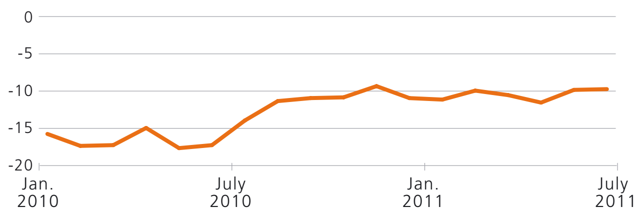
- Equity indices in the US and in the eurozone moved lower during the second quarter. The S&P 500 declined 0.4% and the FTSE E300 declined 1.4%.




FTSE E300
S&P 500

## CONSUMER CONFIDENCE

- Eurozone consumer confidence improved marginally in the second quarter, supported by further improvements in the labour market. The impact from higher commodity prices, fiscal tightening and the eurozone debt crisis dampened the improvement in consumer sentiment.




Confidence indicator

Source: ING Economics Department

# CHAIRMAN'S STATEMENT

"ING reached important milestones in the second quarter as we work towards the separation of the Group and the establishment of strong stand-alone banking and insurance companies."

"In May we paid EUR 3 billion (including EUR 1 billion premium) to the Dutch State, while maintaining strong capital buffers to withstand potential shocks given the uncertain economic environment. We reached an agreement to sell ING Direct USA, meeting one of the principal restructuring requirements imposed by the European Commission. And last week we announced an agreement to sell our Latin American life and pension businesses for EUR 2.7 billion, marking the first major step in the divestment of the Insurance and Investment Management activities."

"The US and European & Asian insurance businesses are making good progress on performance improvement initiatives as they prepare for separate IPOs. The operating profit for Insurance increased compared with a year ago, as measures to improve returns continue to gain momentum. The Bank posted another strong quarter, as margins held up well and we continued to grow volumes in savings and lending despite the challenging operating conditions in the second quarter. As the economic environment and financial markets remain uncertain, we will reinforce our vigilance on costs by focusing on structural improvements in our processes and organisation, while continuing to invest responsibly in the growth of our franchises for the long-term benefit of our customers."

**Jan Hommen**
CEO of ING Group

## KEY FIGURES

| Group | 2Q2011 | 2Q2010[1] | Change | 1Q2011 | Change | 1H2011 | 1H2010[1] | Change |
|---|---|---|---|---|---|---|---|---|
| **Profit and loss data (in EUR million)** | | | | | | | | |
| Underlying result before tax | 1,977 | 1,625 | 21.6% | 2,123 | -6.9% | 4,100 | 2,965 | 38.3% |
| Underlying net result | 1,528 | 1,277 | 19.7% | 1,463 | 4.4% | 2,991 | 2,150 | 39.1% |
| Divestments, discontinued operations and special items | -22 | -66 | | -83 | | -103 | 292 | |
| Net result | 1,507 | 1,211 | 24.4% | 1,381 | 9.1% | 2,888 | 2,441 | 18.3% |
| **Balance sheet data (end of period, in EUR billion)** | | | | | | | | |
| Total assets | | | | 1,229 | 0.9% | 1,241 | 1,273 | -2.5% |
| Shareholders' equity | | | | 40 | 0.6% | 40 | 41 | -2.6% |
| **Capital ratios (end of period)** | | | | | | | | |
| ING Group debt/equity ratio | | | | 13.6% | | 13.9% | 11.4% | |
| Bank core Tier 1 ratio | | | | 10.0% | | 9.4% | 8.6% | |
| Insurance IGD Solvency I ratio | | | | 241% | | 252.0% | 262% | |
| **Share information** | | | | | | | | |
| Net result per share (in EUR)[2] | 0.40 | 0.32 | 25.0% | 0.37 | 8.1% | 0.76 | 0.65 | 16.9% |
| Shareholders' equity per share (end of period, in EUR) | | | | 10.59 | 0.6% | 10.65 | 10.95 | -2.7% |
| Shares outstanding in the market (average over the period, in milion) | | | | 3,782 | 0.0% | 3,783 | 3,783 | 0.0% |
| **Other data (end of period)** | | | | | | | | |
| Underlying return on equity based on IFRS equity | 15.2% | 12.9% | | 14.5% | | 14.8% | 11.4% | |
| Employees (FTEs, end of period, adjusted for divestments) | | | | 100,242 | -0.8% | 99,454 | 99,428 | 0.0% |

| Banking operations | 2Q2011 | 2Q2010 | Change | 1Q2011 | Change | 1H2011 | 1H2010 | Change |
|---|---|---|---|---|---|---|---|---|
| **Profit and loss data (in EUR million)** | | | | | | | | |
| Interest result | 3,348 | 3,258 | 2.8% | 3,396 | -1.4% | 6,744 | 6,521 | 3.4% |
| Total underlying income | 4,101 | 4,377 | -6.3% | 4,508 | -9.0% | 8,609 | 8,554 | 0.6% |
| Operating expenses | 2,427 | 2,305 | 5.3% | 2,481 | -2.2% | 4,908 | 4,704 | 4.3% |
| Addition to loan loss provision | 370 | 465 | -20.4% | 332 | 11.3% | 702 | 962 | -27.0% |
| Underlying result before tax | 1,304 | 1,607 | -18.9% | 1,695 | -23.1% | 2,999 | 2,889 | 3.8% |
| **Key figures** | | | | | | | | |
| Interest margin | 1.42% | 1.36% | | 1.44% | | 1.43% | 1.39% | |
| Underlying cost/income ratio | 59.2% | 52.7% | | 55.0% | | 57.0% | 55.0% | |
| Underlying risk costs in bp of average RWA | 47 | 55 | | 42 | | 44 | 58 | |
| Risk-weighted assets (end of period, in EUR billion, adjusted for divestm.) | | | | 316 | -0.5% | 315 | 342 | -8.0% |
| Underlying return on equity based on IFRS equity | 11.7% | 14.2% | | 13.7% | | 12.7% | 13.0% | |
| Underlying return on equity based on 7.5% core Tier 1[3] | 16.9% | 18.7% | | 20.3% | | 18.6% | 16.9% | |

| Insurance operations[4] | 2Q2011 | 2Q2010[1] | Change | 1Q2011 | Change | 1H2011 | 1H2010[1] | Change |
|---|---|---|---|---|---|---|---|---|
| **Margin analysis (in EUR million)** | | | | | | | | |
| Investment margin | 476 | 344 | 38.4% | 373 | 27.6% | 849 | 658 | 29.0% |
| Fees and premium-based revenues | 1,147 | 1,107 | 3.6% | 1,210 | -5.2% | 2,357 | 2,208 | 6.7% |
| Technical margin | 260 | 170 | 52.9% | 194 | 34.0% | 455 | 346 | 31.5% |
| Income non-modelled life business | 24 | 30 | -20.0% | 26 | -7.7% | 50 | 62 | -19.4% |
| **Life & ING IM operating income** | **1,907** | **1,651** | **15.5%** | **1,804** | **5.7%** | **3,711** | **3,274** | **13.3%** |
| Administrative expenses | 724 | 739 | -2.0% | 720 | 0.6% | 1,444 | 1,449 | -0.3% |
| DAC amortisation and trail commissions | 458 | 408 | 12.3% | 482 | -5.0% | 940 | 827 | 13.7% |
| **Life & ING IM operating expenses** | **1,182** | **1,147** | **3.1%** | **1,201** | **-1.6%** | **2,383** | **2,276** | **4.7%** |
| **Life & ING IM operating result** | **725** | **504** | **43.8%** | **603** | **20.2%** | **1,327** | **998** | **33.0%** |
| Non-life operating result | 68 | 50 | 36.0% | 42 | 61.9% | 110 | 84 | 31.0% |
| Corporate line operating result | -103 | -176 | | -134 | | -236 | -335 | |
| **Operating result** | **690** | **378** | **82.5%** | **511** | **35.0%** | **1,201** | **747** | **60.8%** |
| Non-operating items | -17 | -359 | | -101 | | -99 | -670 | |
| **Underlying result before tax** | **673** | **18** | **n.a.** | **428** | **57.2%** | **1,102** | **76** | **n.a.** |
| **Key figures** | | | | | | | | |
| Administrative expenses / operating income (Life & ING IM) | 38.0% | 44.8% | | 39.9% | | 38.9% | 44.3% | |
| Life general account assets (end of period, in EUR billion) | | | | 157 | -0.6% | 156 | 164 | -4.9% |
| Investment margin / life general account assets[5] (in bps) | 99 | 79 | | 92 | | | | |
| ING IM Assets under Management (end of period, in EUR billion) | | | | 327 | -0.3% | 326 | 330 | -1.2% |
| Underlying return on equity based on IFRS equity[6] | 11.3% | 2.8% | | 5.6% | | 8.4% | 1.3% | |

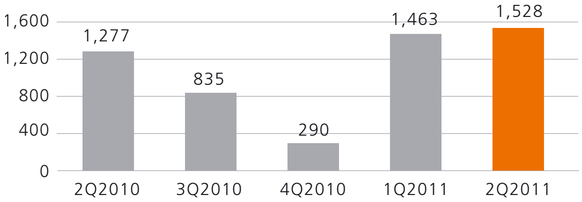
1) The figures of this period have been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011;
2) Result per share differs from IFRS earnings per share in respect of attributions to the Core Tier 1 securities;
3) Underlying, after-tax return divided by average equity based on 7.5% core Tier-1 ratio (annualised);
4) Insurance operating and underlying figures exclude the Insurance Latin American pension, life insurance and investment management operations, following the announced sale of these businesses on 25 July 2011. The result of Insurance Latin America has been transferred to "net result from discontinued operations." Previous periods have been restated;
5) Four quarter rolling average;
6) Annualised underlying net result divided by average IFRS-EU equity (the 2010 quarterly results are adjusted for the after-tax allocated cost of Group core debt injected as equity into Insurance by the Group)

Note: Underlying figures are non-GAAP measures and are derived from figures according to IFRS-EU by excluding impact from divestments and special items.

## CONSOLIDATED RESULTS

ING Group's second-quarter underlying net profit rose 19.7% to EUR 1,528 million, reflecting solid quarterly results at ING Bank and continued momentum in performance improvement at ING Insurance.

UNDERLYING NET RESULT (in EUR million)




Results have been restated to reflect the sale of the Latin American pension, life insurance and investment management operations to GrupoSura for a total consideration of EUR 2.7 billion, as announced on 25 July 2011. The results from these businesses are now reported in the net result from discontinued operations, while ING's stake in Sul America is reported in the Corporate Line.

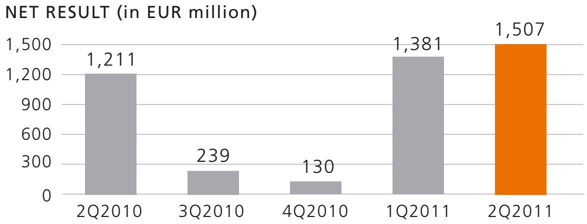
ING Bank's underlying result before tax was EUR 1,304 million, reflecting solid interest results and lower risk costs, and including the impact of EUR 187 million of impairments on Greek government bonds. The net interest margin remained healthy at 1.42% although there was some pressure on product margins. Risk costs were higher than the previous quarter, but declined from a year ago, confirming the gradual return to more normalised levels. Compared with the second quarter of 2010, the Bank's result declined 18.9%. Excluding the Greek impairments, the decline was 7.2%, as the comparable quarter included a EUR 86 million gain on the sale of an equity stake and EUR 43 million of positive fair value changes on the Bank's own Tier 2 debt. On a sequential basis, results were 23.1% lower than the first quarter of 2011, which was supported by seasonally high results in Financial Markets.

ING Bank's net production of client balances was positive for the eighth consecutive quarter. Funds entrusted at Retail Banking grew by EUR 3.3 billion, driven by a net inflow of EUR 3.7 billion at Retail Benelux, while ING Direct and Retail Central Europe reported modest net outflows. Commercial Banking reported a EUR 0.5 billion inflow in funds entrusted. The Bank's net production of residential mortgages was EUR 5.8 billion, while other lending increased by EUR 5.5 billion, mainly in General Lending, Retail Belgium and Central Europe.

Earnings from ING Insurance improved substantially as performance improvement measures continued to gain traction. The operating result jumped 82.5% from the second quarter of 2010 and 35.0% from the previous quarter to EUR 690 million. Results in the current quarter benefited from higher investment and technical margins compared with both prior periods. The investment spread rose to 99 basis points, reflecting reinvestments and higher dividend income in the Netherlands and the US. The second-quarter underlying result before tax increased to EUR 673 million, despite the impact of EUR 123 million of impairments on Greek government bonds, primarily due to the strong operating profit.

Insurance sales (APE) decreased 13.4% year-on-year, or 6.3% excluding currency effects. Sales declined in most regions with the exception of Asia/Pacific, where sales grew 4.1%, excluding currency effects. Sales in the Benelux were lower as the second quarter of last year was boosted by high sales in Luxembourg in anticipation of changes to a tax directive. APE declined in the US due to lower Stable Value retirement plan sales, while in Central and Rest of Europe pension sales were affected by regulatory changes.

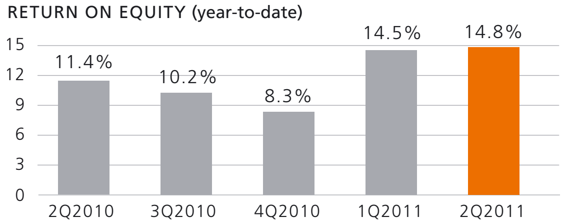
NET RESULT (in EUR million)




ING Group's quarterly net profit was EUR 1,507 million compared with EUR 1,211 million in the second quarter of 2010 and EUR 1,381 million in the previous quarter. The second-quarter underlying effective tax rate was 22.1%. Net results included EUR 51 million in gains on divestments and EUR 37 million in results from divested units/discontinued operations. Special items after tax were EUR -110 million and related primarily to various restructuring programmes. After-tax separation costs were EUR 31 million in the quarter and EUR 51 million year-to-date, out of total estimated separation costs of EUR 200 million for 2011. Insurance separation and preparation costs were EUR 10 million, out of an estimated total of EUR 50 million after tax for 2011.

The net profit per share was EUR 0.40 compared with EUR 0.32 in the second quarter of 2010 and EUR 0.37 in the first quarter of 2011. The average number of shares used to calculate earnings per share over the second quarter was 3,783.4 million. The Group's underlying net return on IFRS-EU equity was 14.8% for the first six months of 2011.

RETURN ON EQUITY (year-to-date)




**Subsequent Event**

On 21 July 2011, a Private Sector Initiative to support Greece was announced. This initiative involves a voluntary exchange of existing Greek government bonds maturing before 2020 together with a Buyback Facility. ING is currently assessing the alternative exchange options in this initiative. Based on this Private Sector Initiative, it was concluded that bonds that are in the scope of the initiative (i.e. Greek government bonds maturing before 2020) are impaired in the second quarter of 2011.

## CONSOLIDATED BALANCE SHEET

**ING Group: Consolidated balance sheet**

| in EUR million | 30 June 11 | 31 Mar. 11 pro forma[1] | 31 Mar. 11 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 12,091 | 13,552 | 16,301 |
| Amounts due from banks | 56,580 | 55,164 | 55,435 |
| Financial assets at fair value through P&L | 255,190 | 248,631 | 249,310 |
| Investments | 207,807 | 208,020 | 229,503 |
| Loans and advances to customers | 589,108 | 582,162 | 611,138 |
| Reinsurance contracts | 5,447 | 5,542 | 5,544 |
| Investments in associates | 3,235 | 3,767 | 3,761 |
| Real estate investments | 1,743 | 1,764 | 1,857 |
| Property and equipment | 2,920 | 2,954 | 6,159 |
| Intangible assets | 3,975 | 4,171 | 5,104 |
| Deferred acquisition costs | 10,021 | 10,116 | 10,125 |
| Assets held for sale | 61,188 | 61,927 | 680 |
| Other assets | 31,426 | 31,467 | 34,319 |
| **Total assets** | **1,240,731** | **1,229,235** | **1,229,235** |

| | 30 June 11 | 31 Mar. 11 pro forma[1] | 31 Mar. 11 |
|---|---|---|---|
| **Equity** | | | |
| Shareholders' equity | 40,288 | 40,067 | 40,067 |
| Minority interests | 832 | 742 | 742 |
| Non-voting equity securities | 3,000 | 5,000 | 5,000 |
| **Total equity** | **44,120** | **45,809** | **45,809** |
| **Liabilities** | | | |
| Subordinated loans | 10,180 | 10,213 | 10,213 |
| Debt securities in issue | 151,593 | 140,145 | 140,145 |
| Other borrowed funds | 19,526 | 19,661 | 19,829 |
| Insurance and investment contracts | 259,599 | 262,461 | 263,154 |
| Amounts due to banks | 81,889 | 78,528 | 79,341 |
| Customer deposits | 458,262 | 455,884 | 513,274 |
| Financial liabilities at fair value through P&L | 123,174 | 122,184 | 122,184 |
| Liabilities held for sale | 58,991 | 60,612 | 399 |
| Other liabilities | 33,396 | 33,738 | 34,886 |
| **Total liabilities** | **1,196,610** | **1,183,426** | **1,183,426** |
| **Total equity and liabilities** | **1,240,731** | **1,229,235** | **1,229,235** |

1 Adjusted for transfer of ING Direct USA, ING Car Lease and ING Insurance Latin America to assets/liabilities held for sale

ING Group's balance sheet increased by EUR 11 billion, or by EUR 17 billion excluding EUR 6 billion of negative currency impacts, to EUR 1,241 billion. The balance sheet growth was driven by EUR 7 billion of higher loans and advances to customers and EUR 7 billion of higher financial assets at fair value through P&L. Shareholders' equity increased to EUR 40.3 billion (or EUR 10.65 per share), mainly due to the quarterly net profit of EUR 1.5 billion, which was largely offset by the repurchase premium on the core Tier 1 securities. The transfer in June 2011 of balance sheet items of ING Direct USA (excluding IABF), ING Car Lease and Insurance Latin America to assets and liabilities held for sale caused large changes per balance sheet item.

### Loans

'Loans and advances to customers' increased by EUR 7 billion to EUR 589 billion compared with the pro forma balance sheet. Residential mortgages rose by EUR 6 billion driven by growth at ING Direct and Retail Benelux and a EUR 1 billion positive fair value hedge adjustment. Lending to (mid)-corporates, SMEs and other increased by EUR 5 billion, of which about half was in Retail Banking. Securities at amortised cost and the Illiquid Assets Back-up Facility (IABF) declined by EUR 3 billion, mainly due to repayments, run-off and the selective selling of unsecured exposures.

### Financial assets/liabilities at fair value

'Financial assets at fair value through P&L' increased by EUR 7 billion from the end of March 2011 to EUR 255 billion. At ING Bank, 'financial assets at fair value through P&L' increased by EUR 8 billion, mainly due to EUR 7 billion higher reverse repos. 'Financial liabilities at fair value through P&L' at the Bank rose by EUR 1 billion due to higher market values of non-trading derivatives. At Insurance, 'Financial assets at fair value through P&L' decreased by EUR 2 billion, as a result of lower 'Investments for risk of policyholders'. Negative revaluations of EUR 0.3 billion in the investment portfolio, a net outflow of EUR 1.1 billion and EUR 1 billion negative currency effects caused the decrease. All of these effects are mirrored in the 'provision for risk of policyholders', included in the 'Insurance and investment contracts'.

### Assets/Liabilities held for sale

The balance sheet items of ING Direct USA (excluding IABF), ING Car Lease and Insurance Latin America have been transferred to assets/liabilities held for sale as per June 2011.

### Debt securities in issue

'Debt securities in issue' increased by EUR 11 billion to EUR 152 billion. The growth was mostly concentrated in long-term debt securities. During the second quarter, ING Bank issued EUR 7 billion in long-term debt securities, mainly unsecured.

### Insurance and investment contracts

'Insurance and investment contracts' decreased by EUR 3 billion to EUR 260 billion. The decline was mainly caused by a decrease of the 'provision for risk of policyholders', which mirrored the decline in the 'Investments for risk of policyholders'.

### Customer deposits

'Customer deposits' grew by EUR 2 billion to EUR 458 billion. Individual savings accounts remained flat. Corporate deposits increased by EUR 3 billion, mainly short-term deposits from asset managers and corporate treasuries.

## ING Group: Change in shareholders' equity

| in EUR million | ING Group | | ING Bank N.V. | | ING Verzekeringen N.V. | | Holdings/Eliminations | |
|---|---|---|---|---|---|---|---|---|
| | 2Q2011 | 1Q2011 | 2Q2011 | 1Q2011 | 2Q2011 | 1Q2011 | 2Q2011 | 1Q2011 |
| **Shareholders' equity beginning of period** | **40,067** | **40,904** | **34,869** | **34,451** | **18,955** | **20,159** | **-13,756** | **-13,706** |
| Net result for the period | 1,507 | 1,381 | 859 | 1,208 | 532 | 241 | 115 | -68 |
| Unrealised revaluations of equity securities | -517 | 68 | -319 | -9 | -198 | 77 | | |
| Unrealised revaluations of debt securities | 606 | -1,109 | 74 | -291 | 532 | -818 | | |
| Deferred interest crediting to life policyholders | -308 | 399 | | | -308 | 399 | | |
| Realised gains/losses equity securities released to P&L | -59 | -79 | 3 | -12 | -62 | -67 | | |
| Realised gains/losses debt securities released to P&L | 235 | 116 | 116 | -35 | 119 | 151 | | |
| Change in cashflow hedge reserve | 96 | -304 | 45 | 85 | 56 | -418 | -5 | 29 |
| Other revaluations | 5 | 270 | -3 | 144 | -4 | 127 | 12 | -1 |
| Exchange rate differences | -326 | -1,602 | -180 | -698 | -143 | -884 | -3 | -20 |
| Dividend upstream ING Group companies | | | -3,000 | | | | 3,000 | |
| Repurchase premium non-voting equity securities | -1,000 | | | | | | -1,000 | |
| Employee stock options and share plans | 9 | 37 | 13 | 14 | 15 | 9 | -19 | 14 |
| Proceeds from rights issue | | | | | | | | |
| Other | -27 | -14 | 10 | 11 | -33 | -22 | -4 | -3 |
| **Total changes** | **221** | **-837** | **-2,382** | **417** | **506** | **-1,205** | **2,097** | **-49** |
| **Shareholders' equity end of period** | **40,288** | **40,067** | **32,486** | **34,869** | **19,461** | **18,955** | **-11,659** | **-13,756** |

## ING Group: Shareholders' equity

| in EUR million | ING Group | | ING Bank N.V. | | ING Verzekeringen N.V. | | Holdings/Eliminations | |
|---|---|---|---|---|---|---|---|---|
| | 30 June 11 | 31 Mar. 11 | 30 June 11 | 31 Mar. 11 | 30 June 11 | 31 Mar. 11 | 30 June 11 | 31 Mar. 11 |
| Share premium/capital | 16,953 | 16,953 | 17,067 | 17,067 | 12,048 | 12,048 | -12,162 | -12,162 |
| Revaluation reserve equity securities | 3,017 | 3,593 | 1,390 | 1,706 | 1,566 | 1,826 | 61 | 61 |
| Revaluation reserve debt securities | 1,006 | 165 | -117 | -307 | 1,148 | 497 | -25 | -25 |
| Revaluation reserve crediting to life policyholders | -1,397 | -1,089 | | | -1,397 | -1,089 | | |
| Revaluation reserve cashflow hedge | 639 | 543 | -510 | -555 | 1,205 | 1,149 | -56 | -51 |
| Other revaluation reserves | 644 | 656 | 350 | 352 | 299 | 309 | -5 | -5 |
| Currency translation reserve | -1,598 | -1,263 | -238 | -57 | -1,101 | -940 | -259 | -266 |
| Treasury shares | -677 | -671 | | | | | -677 | -671 |
| Retained earnings and other reserves | 21,702 | 21,180 | 14,544 | 16,662 | 5,693 | 5,155 | 1,465 | -637 |
| **Total** | **40,288** | **40,067** | **32,486** | **34,869** | **19,461** | **18,955** | **-11,659** | **-13,756** |

### Shareholders' equity

Shareholders' equity increased by EUR 0.2 billion to EUR 40.3 billion compared with the end of March 2011. The increase was caused by the quarterly net profit of EUR 1.5 billion, which was offset by the repurchase premium on the core Tier 1 securities.

Shareholders' equity at 31 December 2010 has been restated to reflect the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011. As a result, the restated shareholders' equity figure is EUR 651 million lower than the original figure for the fourth quarter of 2010. Further details on the restatement are available in the restated fourth-quarter 2010 Historical Trend Document, which is available on www.ing.com.

### Revaluation reserves

The revaluation reserve of equity securities declined by EUR 0.6 billion to EUR 3.0 billion compared with March 2011. The revaluation reserve debt securities increased from EUR 0.2 billion at 31 March 2011 to EUR 1.0 billion at the end of June 2011, mainly due to declining interest rates.

### Number of shares

The total number of shares outstanding in the market was 3,784 million at the end of June 2011, the same as at the end of March 2011. Shareholders' equity per share increased slightly, from EUR 10.59 at the end of March 2011 to EUR 10.65 at 30 June 2011. The total number of shares equals the 3,784 million outstanding in the market plus treasury shares, which decreased from 47.4 million at the end of the first quarter to 47.2 million at the end of June 2011.

## CAPITAL MANAGEMENT

**Capital base: ING Group**

| | In EUR million unless stated otherwise | 30 June 11 | 31 Mar. 11 |
|---|---|---|---|
| (a) | Shareholders' equity | 40,288 | 40,067 |
| (b) | Core tier 1 securities | 3,000 | 5,000 |
| (c) | Group hybrid capital | 11,431 | 11,573 |
| (d) | Group leverage (core debt) | 8,427 | 8,530 |
| | **Total capitalisation (Bank + Insurance)** | **63,147** | **65,171** |
| (f) | Required regulatory adjustments | -2,507 | -2,623 |
| | Group leverage (core debt) | -8,427 | -8,530 |
| **(e)** | **Adjusted equity (= a + b + c + f)** | **52,213** | **54,018** |
| | Debt/equity ratio (d/(d+e)) | 13.9% | 13.6% |
| (g) | Total required capital (j+m) | 38,707 | 38,122 |
| | FiCo ratio (= (h+k-d)/g) | 152% | 158% |

**Capital ratios: ING Bank**

| | In EUR million unless stated otherwise | 30 June 11 | 31 Mar. 11 |
|---|---|---|---|
| | Shareholders' equity | 32,486 | 34,869 |
| | Core tier 1 | 29,637 | 31,680 |
| | Hybrid tier 1 | 8,023 | 8,122 |
| | Required regulatory adjustments | -2,849 | -3,189 |
| | **Total tier 1 capital** | **37,660** | **39,802** |
| | Other capital | 8,396 | 8,860 |
| **(h)** | **BIS Capital** | **46,056** | **48,662** |
| | Risk-weighted assets | 314,774 | 316,410 |
| (j) | Required capital Basel II * | 25,182 | 25,313 |
| (j) | Required capital based on Basel I floor * | 30,300 | 29,833 |
| | **Basel II core tier 1 ratio** | **9.42%** | **10.01%** |
| | **Basel II tier 1 ratio** | **11.96%** | **12.58%** |
| | **Basel II BIS ratio**** | **14.63%** | **15.38%** |

*) required capital is the highest of the two
**) pre-floor

**Capital ratios: ING Insurance**

| | In EUR million unless stated otherwise | 30 June 11 | 31 Mar. 11 |
|---|---|---|---|
| | Shareholders' equity | 19,461 | 18,955 |
| | Hybrids issued by ING Group | 1,958 | 1,988 |
| | Hybrids issued by ING Insurance | 2,250 | 2,250 |
| | Required regulatory adjustments | -2,489 | -3,227 |
| **(k)** | **Total capital base** | **21,180** | **19,966** |
| (m) | EU required capital | 8,408 | 8,289 |
| | **IGD Solvency I ratio (k/m)** | **252%** | **241%** |

**Main credit ratings of ING at 3 August 2011**

| | Standard & Poor's | | Moody's | | Fitch | |
|---|---|---|---|---|---|---|
| | Rating | Outlook | Rating | Outlook | Rating | Outlook |
| ING Groep N.V. | A | Stable | A1 | Stable | A | Stable |
| ING Bank N.V. | A+ | Stable | Aa3 | Stable | A+ | Stable |
| ING Verzekeringen N.V. | A- | Negative | Baa1 | Negative | A- | Negative |

There were no significant ratings developments. Standard and Poor's confirmed their ratings and outlook for ING Bank in July.

ING maintained strong capital ratios in the second quarter following its payment to the Dutch State of EUR 3 billion, including the premium of EUR 1 billion. ING Bank's core Tier 1 ratio remained robust at 9.4%, while the Insurance Group Directive ratio strengthened to 252%.

ING Bank's core Tier 1 ratio remained robust at 9.4%, supported by strong capital generation and despite the payment to the Dutch State of EUR 3 billion, which included the premium of EUR 1 billion. Including the positive impact of the announced sales of ING Direct USA, the majority of ING Real Estate Investment Management and ING Car Lease, the pro-forma core Tier 1 ratio at 30 June 2011 was 10.7%. Risk-weighted assets decreased by EUR 1.6 billion during the quarter. Due to ING Bank's currency hedging programme, foreign exchange differences in available capital offset the EUR 2 billion decrease in risk-weighted assets related to currency movements. Therefore, the impact of currency changes on the core Tier 1 ratio continues to be very limited.

The Insurance Group Directive ratio strengthened from 241% at the end of the first quarter of 2011 to 252% at the end of June 2011, of which 8%-points was driven by the decrease in goodwill (reflected in required regulatory adjustments) due to the classification of Latin American pension and life insurance assets and liabilities as held for sale. The remaining improvement was related to retained earnings, while required capital rose slightly by EUR 0.1 billion to EUR 8.4 billion. The expected net transaction result of approximately EUR 1.0 billion on the sale of the Latin American business will increase the IGD ratio by an additional 12%-points at closing.

In the second quarter, the Group debt/equity ratio rose to 13.9% from 13.6% at the end of the first quarter. Adjusted equity of ING Group declined by EUR 1.8 billion, reflecting the EUR 3 billion payment to the Dutch State offset by EUR 1.5 billion in retained earnings. Group core debt decreased EUR 0.1 billion. The Financial Conglomerate Directive (FiCo) ratio for the Group declined from 158% to 152%, largely due to the repayment to the Dutch State.

ING Bank issued EUR 7.3 billion in debt markets in the quarter, including EUR 5.7 billion of senior unsecured debt and EUR 1.6 billion of covered bonds. Total issuance year-to-date for ING Bank is EUR 16.5 billion compared with EUR 10.7 billion of ING Bank's (including subsidiaries) long-term debt maturing in 2011.

ING comfortably passed the bank stress tests conducted by the European Banking Authority (EBA) with solvency levels that would remain well above the EBA's hurdle rates.

Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repurchase the remaining outstanding core Tier 1 securities, no interim dividend will be paid in 2011.

# Banking

## CONSOLIDATED RESULTS

| Banking: Consolidated profit and loss account | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2011 | 2Q2010 | Change | 1Q2011 | Change | 1H2011 | 1H2010 | Change |
| Interest result | 3,348 | 3,258 | 2.8% | 3,396 | -1.4% | 6,744 | 6,521 | 3.4% |
| Commission income | 682 | 658 | 3.6% | 695 | -1.9% | 1,377 | 1,314 | 4.8% |
| Investment income | -172 | 90 | -291.1% | 70 | -345.7% | -102 | 119 | -185.7% |
| Other income | 243 | 370 | -34.3% | 348 | -30.2% | 591 | 600 | -1.5% |
| **Total underlying income** | **4,101** | **4,377** | **-6.3%** | **4,508** | **-9.0%** | **8,609** | **8,554** | **0.6%** |
| Staff expenses | 1,428 | 1,321 | 8.1% | 1,444 | -1.1% | 2,873 | 2,664 | 7.8% |
| Other expenses | 950 | 878 | 8.2% | 959 | -0.9% | 1,909 | 1,764 | 8.2% |
| Intangibles amortisation and impairments | 48 | 106 | -54.7% | 78 | -38.5% | 126 | 276 | -54.3% |
| Operating expenses | 2,427 | 2,305 | 5.3% | 2,481 | -2.2% | 4,908 | 4,704 | 4.3% |
| **Gross result** | **1,674** | **2,072** | **-19.2%** | **2,027** | **-17.4%** | **3,701** | **3,851** | **-3.9%** |
| Addition to loan loss provision | 370 | 465 | -20.4% | 332 | 11.4% | 702 | 962 | -27.0% |
| **Underlying result before tax** | **1,304** | **1,607** | **-18.9%** | **1,695** | **-23.1%** | **2,999** | **2,889** | **3.8%** |
| Taxation | 305 | 425 | -28.2% | 482 | -36.7% | 787 | 775 | 1.5% |
| Minority interests | 11 | 17 | -35.3% | 24 | -54.2% | 35 | 38 | -7.9% |
| **Underlying net result** | **987** | **1,165** | **-15.3%** | **1,189** | **-17.0%** | **2,176** | **2,076** | **4.8%** |
| Net gains/losses on divestments | 25 | 0 | | 11 | | 36 | 405 | |
| Net result from divested units | 0 | 4 | | 0 | | 0 | 4 | |
| Special items after tax | -52 | -62 | | -53 | | -104 | -137 | |
| **Net result from Banking** | **960** | **1,106** | **-13.2%** | **1,147** | **-16.3%** | **2,107** | **2,348** | **-10.3%** |
| **Client balances (in EUR billion)** | | | | | | | | |
| Residential mortgages | 321.9 | 306.0 | 5.2% | 316.6 | 1.7% | 321.9 | 306.0 | 5.2% |
| Other lending | 233.2 | 227.9 | 2.3% | 228.9 | 1.9% | 233.2 | 227.9 | 2.3% |
| Funds entrusted | 498.3 | 498.1 | 0.0% | 496.3 | 0.4% | 498.3 | 498.1 | 0.0% |
| AuM/Mutual funds | 102.0 | 125.6 | -18.8% | 121.3 | -15.9% | 102.0 | 125.6 | -18.8% |
| **Profitability and efficiency[1)]** | | | | | | | | |
| Interest margin | 1.42% | 1.36% | | 1.44% | | 1.43% | 1.39% | |
| Cost/income ratio | 59.2% | 52.7% | | 55.0% | | 57.0% | 55.0% | |
| Return on equity based on IFRS-EU equity | 11.7% | 14.2% | | 13.7% | | 12.7% | 13.0% | |
| Return on equity based on 7.5% core Tier 1[2)] | 16.9% | 18.7% | | 20.3% | | 18.6% | 16.9% | |
| Return on RWA | 1.27% | 1.40% | | 1.52% | | 1.39% | 1.27% | |
| Staff (FTEs end of period) | 72,175 | 70,641 | 2.2% | 72,459 | -0.4% | 72,175 | 70,641 | 2.2% |
| **Risk[1)]** | | | | | | | | |
| Non-performing loans/total loans | | | | 2.1% | | 2.1% | 2.2% | |
| Stock of provisions/provisioned loans | | | | 37.9% | | 38.6% | 36.4% | |
| Risk costs in bp of average RWA | 47 | 55 | | 42 | | 44 | 58 | |
| Risk-weighted assets (end of period) | 314,774 | 342,247 | -8.0% | 316,410 | -0.5% | 314,774 | 342,247 | -8.0% |
| RAROC after tax | | | | 16.4% | | 15.2% | 14.5% | |
| Economic Capital (average over period) | 25,833 | 28,109 | -8.1% | 26,568 | -2.8% | 26,200 | 28,062 | -6.6% |

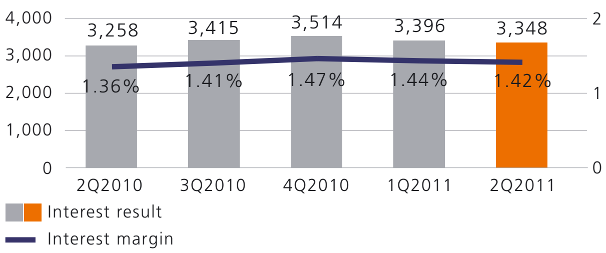
1) Key figures based on underlying figures except interest margin and loans figures
2) Underlying after-tax return divided by average equity based on 7.5% core Tier 1 ratio (annualised)

ING Bank posted solid second-quarter results, with an underlying profit before tax of EUR 1,304 million, despite an impairment of EUR 187 million on Greek government bonds. Excluding that impairment and a gain on an equity stake in the second quarter last year, income remained stable. The interest margin was higher compared with a year ago, but declined 2 bps sequentially. Expenses rose 5.3% compared with a year ago but declined for the second consecutive quarter. Risk costs continued to trend gradually towards long-term expected loss levels, but increased slightly compared with a benign first quarter.

### Total underlying income

Total underlying income declined 6.3% to EUR 4,101 million. This was primarily due to EUR 187 million of impairments on Greek government bonds in this quarter, while the second quarter of 2010 included a capital gain of EUR 86 million on the sale of an equity stake. Excluding these items, underlying income was stable

INTEREST RESULT (in EUR million) AND INTEREST MARGIN (in %)



as higher interest results and higher commission income were offset by a decline in other income. Compared with the first quarter of 2011, underlying income decreased 9.0%, of which 4.1 percentage points was due to the Greek impairments, while the remainder was primarily a consequence of lower Financial Markets revenues in Commercial Banking after a traditionally strong first quarter.

The interest result held up well, rising 2.8% from the second quarter of 2010. This was mainly due to an increase in the interest margin by six basis points to 1.42%. This increase was mainly driven by higher interest results in Financial Markets, which were relatively low in the second quarter of last year. The impact of higher average client balances was largely offset by lower margins in some products. Compared with previous quarter, the interest result decreased 1.4% as higher client balances were offset by a narrowing of the total interest margin by two basis points. In the Benelux, margins for mortgages and business lending in the mid-corporate and SME segments were somewhat lower, while margins on savings and current accounts held up well. The total interest margin of ING Direct improved slightly from the previous quarter, mainly in Germany. Margins in the corporate lending book of General Lending are trending down due to increased competition, while Structured Finance margins are stable.

The net inflow (excluding currency impacts) of funds entrusted at Retail Banking was EUR 3.3 billion. This was driven by a net inflow of EUR 3.7 billion at Retail Benelux (partly reflecting summer holiday allowances), whereas balances at ING Direct and Retail Central Europe declined by EUR 0.1 billion and EUR 0.4 billion respectively. Commercial Banking reported an increase in funds entrusted of EUR 0.5 billion. Residential mortgages rose by EUR 5.8 billion, which was somewhat higher than in the previous quarter. Most of the increase in residential mortgages was at ING Direct. Other lending showed a net increase of EUR 5.5 billion, which was driven by Commercial Banking (mainly General Lending), the mid-corporate and SME segments in Belgium and Central Europe.

Commission income rose 3.6% to EUR 682 million due to higher fees in Structured Finance. Compared with the previous quarter, commission income fell 1.9% due to lower securities business and insurance brokerage fees in Retail Benelux and lower management fees in ING Real Estate. Fee income from Structured Finance continued to increase on strong deal activity.

Investment income dropped to EUR -172 million from EUR 90 million in the second quarter of 2010. This was primarily due to the EUR 187 million of Greek impairments. Impairments on other bonds and equities were EUR 5 million lower at EUR 40 million, reflecting lower impairments in the US RMBS portfolio. The result on the sale of bonds and equities was EUR 49 million versus EUR 131 million in the second quarter of 2010, which included the result on the sale of an Asian equity stake. Negative fair value changes on ING Real Estate's direct investments increased to EUR 19 million from EUR -4 million in the same quarter last year. Compared with the first quarter of 2011, investment income declined by EUR 242 million.

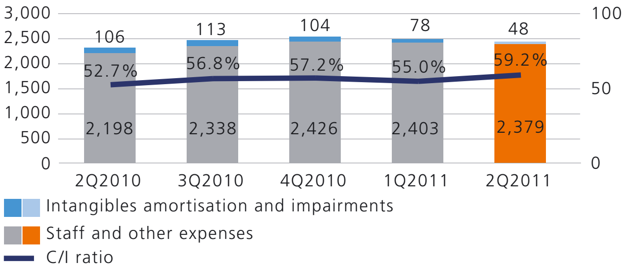
Other income declined to EUR 243 million from EUR 370 million in the second quarter of 2010. The decline is mainly attributable to lower other income from the Financial Markets activities and realised losses from selective derisking of mainly unsecured and ABS exposures at ING Direct. Fair value changes on part of the Bank's own Tier 2 debt were EUR -8 million versus EUR 43 million in the second quarter of 2010 (reflected in the Corporate Line). Compared with the previous quarter, other income dropped by EUR 105 million, notably in the Financial Markets activities of Commercial Banking (as customer volumes are traditionally higher in the first quarter of the year). The impact of selective derisking of exposures at ING Direct was offset by lower negative fair value changes on the Bank's own Tier 2 debt.

## Operating expenses

Underlying operating expenses declined for the second consecutive quarter but rose 5.3% from a year ago to EUR 2,427 million, reflecting higher pension costs, regular salary increases and headcount increases driven by among others investments in new products and branches at ING Direct, and increased focus on lending activities in Poland. In addition, some IT investments and marketing spending were skewed to the second half of 2010. In this quarter, impairments on real estate development projects and US foreclosed properties were EUR 37 million against EUR 84 million in the second quarter of last year.

Compared with the first quarter of 2011, underlying operating expenses decreased 2.2%. This was mainly attributable to lower impairments on real estate development projects and a redundancy provision taken in the first quarter within Commercial Banking.

OPERATING EXPENSES (in EUR million) AND COST/INCOME RATIO (in %)



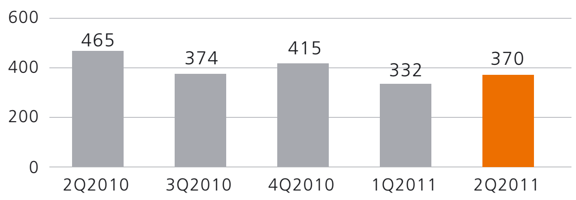

In the second quarter of 2011, the number of internal staff in the banking operations decreased by 284 FTEs to 72,175. The decline was mainly in Commercial Banking (following the divestments in Real Estate), India and Turkey. The number of staff in Retail Benelux increased, which was partly caused by the disentanglement of Bank and Insurance. Compared with a year ago, the number of internal staff rose by 1,534 FTEs, or 2.2%, and was driven by growth in Retail Banking, notably in India and at ING Direct.

The underlying cost/income ratio was 59.2% (or 54.6% excluding market impacts) versus 52.7% in the second quarter of 2010 and 55.0% in the previous quarter.

## Loan loss provisions

Risk costs remained slightly above normalised over-the-cycle levels, trending up 11.4% from a benign first quarter but down 20.4% from a year earlier. In the second quarter, ING Bank added EUR 370 million to the loan loss provisions compared with EUR 332 million in the first quarter of 2011 and EUR 465 million in the second quarter of 2010. Gross additions to the loan loss provisions were EUR 586 million compared with EUR 553 million in the first quarter and EUR 682 million in the same quarter of last year. Releases were more or less stable at EUR 216 million versus EUR 221 million in the previous quarter and EUR 217 million in the same quarter of last year.

ADDITIONS TO LOAN LOSS PROVISIONS (in EUR million)

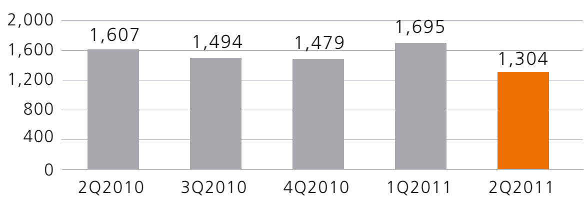



Compared with the first quarter of 2011, risk costs increased by EUR 38 million. This increase was mainly visible in the mid-corporate and SME segments in Retail Benelux (which had a very modest level of loan losses in the first quarter of 2011) and in the Real Estate Finance portfolio in the Netherlands and Australia (due to some specific files). At Commercial Banking, higher risk costs at Structured Finance, following releases in the first quarter, were offset by lower additions in General Lending. Risk costs for the US and German mortgage portfolios at ING Direct improved. Total risk costs in the second quarter were 47 basis points of average risk-weighted assets, which is slightly above the long-term expected loss level of 40-45 basis points, versus 55 basis points in the second quarter of 2010 and 42 basis points in the previous quarter. For the coming quarters, ING expects risk costs as a percentage of risk-weighted assets to remain below the average level seen in 2010.

## Underlying result before tax

The underlying result before tax declined 18.9% to EUR 1,304 million compared with EUR 1,607 million in the second quarter of 2010. This decline was mainly due to the Greek impairments and the capital gain a year ago. Compared with the previous quarter, the underlying result before tax decreased 23.1% due to a 9.0% drop in income, while higher risk costs were more than offset by a decline in expenses.

UNDERLYING RESULT BEFORE TAX (in EUR million)




## Net result

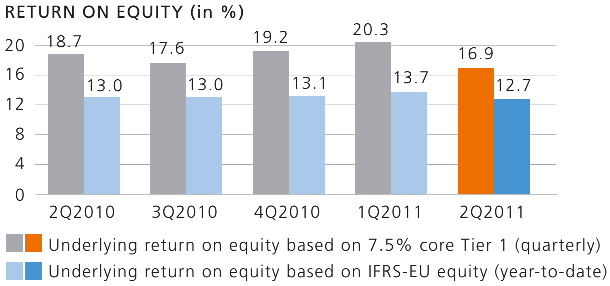
The underlying net result declined to EUR 987 million from EUR 1,165 million in the second quarter of 2010 and EUR 1,189 million in the previous quarter. The effective underlying tax rate was 23.4% against 26.5% in the second quarter of 2010 and 28.5% in the first quarter of 2011.

The total net result of the banking operations was EUR 960 million. It included a net gain of EUR 25 million, mainly related to the divestment of Clarion Partners (as part of the agreement to sell the majority of ING REIM) and EUR -52 million of special items after tax. The special items are primarily connected to the merger of the Dutch retail activities, the transformation programme in Belgium and costs related to the separation of Banking and Insurance.

## Key metrics

Underlying risk-weighted assets (RWA) declined 0.5% to EUR 315 billion from EUR 316 billion at the end of March 2011. The decline was fully caused by currency effects, which have no impact on ING's core Tier 1 ratio due to the hedge policy. Compared with a year ago, underlying RWA were down 8.0%, or EUR 27 billion, of which EUR 17 billion was due to currency effects. The impact of volume growth was more than offset by positive risk migration and model updates.

RETURN ON EQUITY (in %)




The year-to-date underlying return on IFRS-EU equity decreased to 12.7% from 13.0% in the first half of 2010; this was entirely attributable to the Greek impairments. The return on equity (calculated as the underlying after-tax return divided by average equity based on a 7.5% core Tier 1 ratio) slipped to 16.9% in the second quarter of 2011 from 18.7% a year ago. The year-to-date underlying ROE based on a 7.5% core Tier 1 ratio was 18.6%, exceeding the target of 13-15% for 2013.

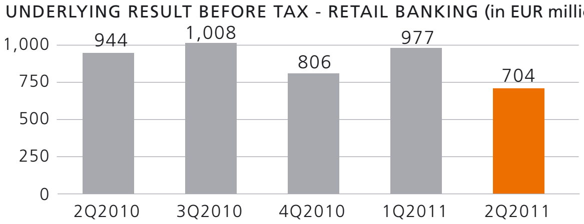
## RETAIL BANKING

| Retail Banking: Key figures | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Total Retail Banking | | Retail Banking Benelux | | | | Retail Direct & International | | | | | |
| | | | Netherlands | | Belgium | | ING Direct | | Central Europe | | Asia | |
| In EUR million | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 |
| **Profit & loss** | | | | | | | | | | | | |
| Interest result | 2,473 | 2,498 | 889 | 937 | 389 | 392 | 996 | 948 | 167 | 177 | 32 | 44 |
| Commission income | 315 | 343 | 112 | 123 | 83 | 93 | 40 | 41 | 67 | 73 | 13 | 13 |
| Investment income | -163 | -45 | 4 | 3 | -7 | -2 | -165 | -53 | 3 | 1 | 2 | 5 |
| Other income | 31 | 15 | 14 | -5 | 42 | 30 | -50 | -6 | 15 | -7 | 9 | 2 |
| **Total underlying income** | **2,655** | **2,810** | **1,019** | **1,058** | **507** | **513** | **822** | **931** | **252** | **244** | **56** | **65** |
| Staff and other expenses | 1,678 | 1,570 | 597 | 569 | 352 | 329 | 485 | 434 | 203 | 196 | 41 | 43 |
| Intangibles amortisation and impairments | 7 | 13 | 1 | 10 | 0 | 0 | 5 | 3 | 0 | 0 | 0 | 0 |
| Operating expenses | 1,685 | 1,583 | 598 | 579 | 352 | 329 | 490 | 436 | 203 | 196 | 41 | 43 |
| **Gross result** | **970** | **1,228** | **420** | **480** | **155** | **184** | **332** | **494** | **49** | **48** | **14** | **22** |
| Addition to loan loss provision | 266 | 283 | 90 | 124 | 50 | 44 | 97 | 88 | 21 | 20 | 9 | 7 |
| **Underlying result before tax** | **704** | **944** | **331** | **356** | **105** | **140** | **235** | **406** | **28** | **27** | **6** | **15** |
| **Client balances (in EUR billion)** | | | | | | | | | | | | |
| Residential mortgages | 321.9 | 306.0 | 141.3 | 134.8 | 27.2 | 24.2 | 148.7 | 143.0 | 4.0 | 3.3 | 0.7 | 0.6 |
| Other lending | 91.0 | 87.0 | 42.7 | 43.8 | 29.5 | 26.9 | 3.8 | 3.4 | 11.9 | 10.1 | 3.1 | 2.9 |
| Funds entrusted | 440.5 | 436.2 | 105.3 | 108.4 | 72.0 | 69.0 | 239.8 | 237.5 | 19.6 | 18.0 | 3.8 | 3.4 |
| AuM/Mutual funds | 57.5 | 54.5 | 16.3 | 16.1 | 27.1 | 26.0 | 11.6 | 10.2 | 2.1 | 1.8 | 0.4 | 0.4 |
| **Profitability and efficiency[1]** | | | | | | | | | | | | |
| Cost/income ratio | 63.5% | 56.3% | 58.7% | 54.7% | 69.5% | 64.1% | 59.6% | 46.9% | 80.7% | 80.5% | 74.2% | 65.7% |
| Return on equity[2] | 16.0% | 20.4% | 26.4% | 26.8% | 22.5% | 32.6% | 12.3% | 18.7% | 6.1% | 5.2% | 1.8% | 7.9% |
| **Risk[1]** | | | | | | | | | | | | |
| Risk costs in bp of average RWA | 61 | 63 | 72 | 95 | 109 | 92 | 52 | 46 | 35 | 37 | 36 | 32 |
| Risk-weighted assets (end of period) | 176,049 | 183,281 | 49,337 | 52,837 | 18,634 | 19,781 | 74,791 | 79,253 | 23,909 | 22,304 | 9,379 | 9,107 |

1) Key figures based on underlying figures
2) Underlying after-tax return divided by average equity based on 7.5% core Tier 1 ratio (annualised)

Retail Banking's underlying result before tax was EUR 704 million, down 25.4% from a year ago due to EUR 178 million of Greek impairments as well as higher operating expenses due to higher pension costs, salary increases and investments in the business at ING Direct. Results were also lower on a sequential basis due to the Greek impairments, a decline in commission income compared with the seasonally strong first quarter. Risk costs and operating expenses were essentially flat. Volumes continued to increase for mortgages, while funds entrusted increased by EUR 3.3 billion. Margins on the lending portfolio in the Benelux came under some pressure but remained strong at ING Direct.

UNDERLYING RESULT BEFORE TAX - RETAIL BANKING (in EUR million)




Underlying income declined 5.5% to EUR 2,655 million compared with the same quarter of last year. The decrease was due to EUR 178 million of impairments on Greek government bonds, mainly at ING Direct. Excluding these impairments, income rose 0.8%. Compared with the previous quarter, revenues declined 9.3%, or 3.2% excluding Greek impairments, reflecting lower margins on the lending portfolios in the Benelux, seasonally strong commission income in the first quarter and lower other income at ING Direct due to the selective derisking of mainly unsecured and ABS exposures.

The interest result decreased 1.0% compared with the second quarter of 2010 as higher margins at ING Direct were offset by lower interest results in the Netherlands. These lower interest results reflected margin pressure on business lending and lower margins on mortgages due to lower expected prepayments, which increased funding costs. In the current quarter, lending increased by EUR 8.5 billion, of which EUR 5.8 billion was in residential mortgages and EUR 2.7 billion in other lending (mainly business lending in Belgium, whereas the demand in the Netherlands remained low). Funds entrusted increased by EUR 3.3 billion, due fully to the Benelux.

Commission income declined 8.2% on the second quarter of last year due to lower fees for insurance brokerage (partly transferred to Nationale Nederlanden) and lower assets under management as a result of a lower appetite for investment products. Investment income declined from EUR -45 million in the same quarter of last year to EUR -163 million in this quarter, mainly reflecting the Greek impairments which were partly offset by lower impairments on the US RMBS portfolio. Total other income increased to EUR 31 million from EUR 15 million last year, despite losses at ING Direct following the selective derisking of mainly unsecured and ABS exposures.

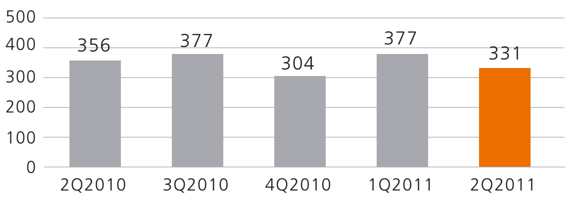
Operating expenses rose 6.4% to EUR 1,685 million due to higher staff costs, increased marketing spending, investments in the branch network in Spain and the introduction of new products, mainly in France, Italy and Spain. Compared with the previous quarter, costs remained flat in almost all regions.

Risks costs declined by EUR 17 million to EUR 266 million compared with the second quarter of 2010 and remained almost flat compared with the previous quarter.

Compared with the previous quarter, risk-weighted assets (RWA) increased by EUR 1.3 billion, mainly as a result of risk migration in ING Direct. The return on equity, based on a 7.5% core Tier 1 ratio, declined to 16.0% from 20.4% in the second quarter of last year, largely due to the Greek impairments.

## RETAIL NETHERLANDS

UNDERLYING RESULT BEFORE TAX - NETHERLANDS (in EUR million)




Retail Netherlands' underlying result before tax decreased to EUR 331 million from EUR 356 million in the second quarter of 2010 and EUR 377 million in the previous quarter. Income was down almost 4% from both the same quarter of last year and the previous quarter as margins for lending products declined. Expenses increased 3.3% versus a year ago due to higher pension and salary expenses, but they were almost stable compared with the previous quarter. Loan losses declined versus last year but increased compared with the previous quarter, which saw a very modest net addition in the mid-corporate and SME segments.

Total underlying income was EUR 1,019 million, down 3.7% compared with the second quarter of 2010. Increased competition for savings resulted in higher client rates in the second half of June 2011, putting pressure on margins going forward. Funds entrusted showed a net inflow of EUR 2.1 billion due to the seasonal impact of the payment of holiday allowances combined with marketing campaigns. Mortgage volumes were up by EUR 1.6 billion in the quarter while margins continued to decline, reflecting lower expected prepayments which increased funding costs. In business lending, margins declined while demand remained low, mainly in the SME segment.

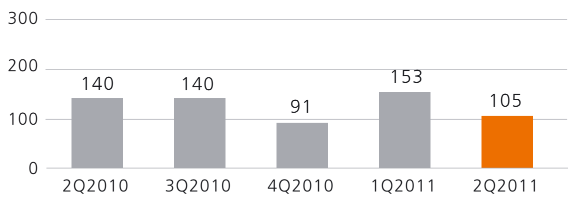
Operating expenses rose 3.3% compared with the second quarter of 2010, mostly due to higher pension costs following updated mortality tables and regular salary increases. This was partly offset by lower costs due to the transfer of insurance-related business units to Nationale Nederlanden. Compared with the previous quarter, expenses were flat.

The addition to loan loss provisions declined to EUR 90 million from EUR 124 million a year ago, but it increased from EUR 79 million in the previous quarter. The year-on-year decrease was particularly attributable to a model update reflecting improved valuation of collateral for business lending, whereas the first quarter of this year included low risk costs in the mid-corporate and SME segments.

Risk-weighted assets decreased by EUR 1.0 billion in the second quarter due to the aforementioned model update. Compared with a year ago, RWA declined by EUR 3.5 billion, also due to the model updates implemented at the end of last year combined with data quality improvements.

## RETAIL BELGIUM

UNDERLYING RESULT BEFORE TAX - BELGIUM (in EUR million)




Retail Belgium's underlying result before tax declined to EUR 105 million from EUR 140 million in the same quarter of last year and from EUR 153 million in the previous quarter. Excluding EUR 7 million of Greek impairments at Record Bank, income was flat compared with the second quarter of last year as slightly lower margins were offset by volume growth. Income was lower than in the previous quarter, reflecting the Greek impairments and seasonality in commission income, while expenses were stable. Loan losses compared with the previous quarter were up as the first quarter of 2011 saw a very modest level of loan losses in the mid-corporate and SME segments.

Underlying income decreased by EUR 6 million to EUR 507 million compared with the second quarter of 2010. The positive impact from volume growth in savings (driven by the continued success of the Orange Book savings product) and continued growth in the lending portfolio was offset by lower volumes on current accounts and the Greek impairments. Funds entrusted increased by EUR 1.6 billion in the quarter due to the successful Orange Book savings product and the growing appetite for short-term deposits, while margins remained stable. The mortgage portfolio increased by EUR 0.8 billion at lower margins as a result of lower expected prepayments. Other lending increased by EUR 1.6 billion as demand for mid-corporate and SME lending recovered at somewhat lower margins. Compared with the first quarter of

2011, underlying income fell 3.8%, mainly due to seasonally lower fees from asset management activities, lower margins on the mortgage portfolio and the Greek impairments.

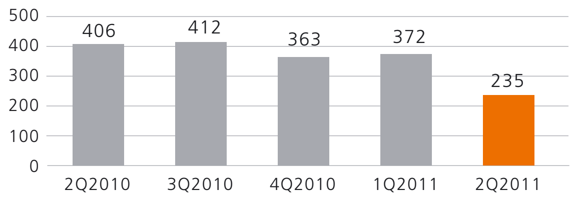
Operating expenses were 7.0% higher than in the second quarter of 2010 due to higher staff expenses as a result of an increase in commercial staff, collective labour wage agreements, a structurally higher contribution to the deposit guarantee scheme and higher marketing costs. Compared with the previous quarter, expenses were down 0.8%.

The net addition to the loan loss provisions was EUR 50 million, of which EUR 11 million was related to an update of the LGD model for retail companies. Risk costs in the second quarter of 2011 rose from EUR 44 million in the second quarter of 2010 and EUR 18 million in the first quarter of 2011. The sequential increase was due to the fact that the first quarter of 2011 included releases in the mid-corporate segment.

Risk-weighted assets decreased by EUR 1.1 billion compared with a year ago, but they rose by EUR 0.5 billion on the previous quarter due to volume growth.

## ING DIRECT

UNDERLYING RESULT BEFORE TAX - ING DIRECT (in EUR million)




ING Direct's underlying result before tax of EUR 235 million dropped from EUR 406 million in the second quarter of last year and from EUR 372 million in the previous quarter. The decrease compared with both quarters was fully due to the EUR 171 million of impairments on Greek government bonds. Excluding these impairments, the result was stable from a year ago and improved by EUR 35 million on the first quarter. The improvement was mainly due to a higher interest result (particularly in Germany and the US) and lower risk costs in the US. Both of these factors offset losses from the selective sale of mainly unsecured and ABS exposures in the investment portfolio, which had been partly classified as loans and receivables.

The net production of client balances in the second quarter was EUR 3.4 billion, bringing total client balances to EUR 403.9 billion at the end of June. Funds entrusted declined slightly by EUR 0.1 billion. The net production of retail lending was EUR 3.4 billion and mainly pertains to own-originated mortgages in Germany and Canada. Assets under management remained stable at EUR 11.6 billion. ING Direct added 143,000 clients in the quarter, bringing the total to 24.0 million worldwide.

Total underlying income dropped to EUR 822 million from EUR 931 million in the second quarter of last year. This decrease, due to the impairments on Greek bonds, was partly offset by improved interest results. The interest result rose 5.1% to EUR 996 million as a result of higher volumes and better margins, mainly in Germany. The interest margin rose to 1.30% from 1.23% in the second quarter of last year and 1.26% in the previous quarter. The interest result in the US continued to benefit from the IFRS treatment of previously impaired bonds, which had a positive impact of EUR 41 million during the quarter versus EUR 64 million in the second quarter of 2010 and EUR 46 million in the previous quarter.

Investment income dropped to EUR -165 million compared with EUR -53 million in the same quarter of last year (and EUR 6 million in the first quarter of 2011). The decline was caused by EUR 171 million of impairments on Greek government bonds, while impairments on the US investment portfolio were almost stable on EUR 26 million. The impairments were partly offset by capital gains mainly realised in the US and Canada, whereas the same quarter of last year included losses on the sale of southern European securities. Other income was EUR -50 million against EUR -6 million in the same quarter of last year and EUR -15 million in the first quarter of 2011 and reflects hedge results as well as losses on the selective derisking of mainly unsecured and ABS exposures.

Operating expenses rose 12.4% to EUR 490 million from EUR 436 million in the second quarter of last year, reflecting investments in the business as a limited number of branches were set up in Spain and payment accounts were further rolled out in France, Italy and Canada. Operating expenses were flat compared with the previous quarter.

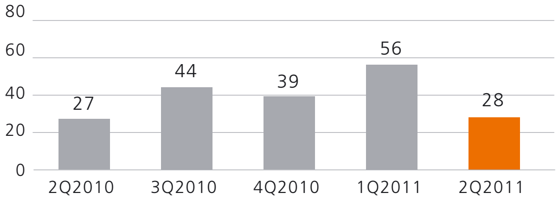
The net addition to loan loss provisions was EUR 97 million, up EUR 9 million from the same quarter of last year and down EUR 41 million compared with the previous quarter. The first quarter of 2011 included model updates reflecting lower anticipated recovery rates in the US and Germany.

Risk-weighted assets were EUR 74.8 billion, down EUR 4.5 billion from a year earlier but up EUR 1.7 billion from the previous quarter. The increase was due to negative risk migration.

On 16 June, ING announced that it had reached an agreement to sell ING Direct USA for a total consideration of USD 9.0 billion to Capital One Financial Corporation. The sale is expected to close in the fourth quarter of 2011 and is subject to regulatory consent.

## RETAIL CENTRAL EUROPE

UNDERLYING RESULT BEFORE TAX - CENTRAL EUROPE (in EUR million)




The underlying result before tax of Retail Central Europe was EUR 28 million versus EUR 27 million in the same quarter of 2010. Higher income in Poland and Romania was partly offset by margin pressure in Turkey as a result of a cautious investment approach for inflows on the Orange Savings account, which was launched in the first quarter. Compared with the previous quarter, the underlying result of Retail Central Europe declined by EUR 28 million, mainly due to Turkey.

Total underlying income increased 3.3% to EUR 252 million compared with EUR 244 million in the second quarter of 2010. This increase mainly reflects an increase in mortgage and mid-corporate lending volumes as well as higher margins for savings in Poland. In Romania, income grew due to higher lending volumes and improved margins. In Turkey, income declined due to lower interest results following the launch of the Orange Savings account which was only partly offset by the impact of negative hedge results in the second quarter last year. Compared with the previous quarter, income decreased by EUR 19 million due to Turkey, which recorded high positive fair value changes on derivatives not eligible for hedge accounting in the first quarter.

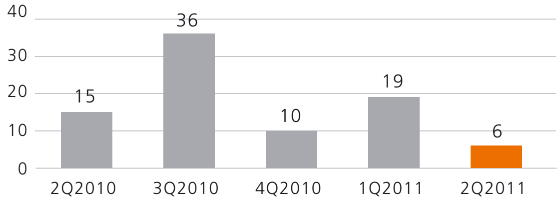
Operating expenses increased to EUR 203 million from EUR 196 million in the second quarter of 2010 and EUR 194 million in the previous quarter. The cost increase reflects increased client activity, higher marketing spending and investments in Poland.

Risk costs rose by EUR 1 million to EUR 21 million compared with both the same quarter of last year as well as the previous quarter.

Risk-weighted assets increased by EUR 0.4 billion in the second quarter due to net lending growth.

## RETAIL ASIA

UNDERLYING RESULT BEFORE TAX - ASIA (in EUR million)




Retail Asia's underlying result before tax was EUR 6 million compared with EUR 15 million in the second quarter of 2010 as a result of lower income and higher risk costs in India. Compared with the previous quarter, the underlying result declined by EUR 13 million.

Total underlying income decreased 13.8% to EUR 56 million compared with EUR 65 million in the second quarter of the previous year. This decrease was largely related to ING Vysya Bank in India, reflecting lower interest results due to margin pressure, combined with lower dividend received from Kookmin Bank. Compared with the previous quarter, income declined by EUR 14 million, mainly due to lower hedge results, a lower interest result and lower commission income.

Operating expenses declined by EUR 2 million to EUR 41 million compared with the same quarter of last year, despite an increase in India reflecting investments in the branch network. Compared with the previous quarter, costs decreased by EUR 3 million, mainly at ING Vysya Bank.

Risk costs were EUR 9 million against EUR 7 million in the same quarter of the previous year as well as the previous quarter. The increase was due to higher lending volumes.

Risk-weighted assets decreased by EUR 0.2 billion on the previous quarter, mainly due to a lower share price of Kookmin Bank and partly offset by increased lending exposure at ING Vysya Bank.

## COMMERCIAL BANKING

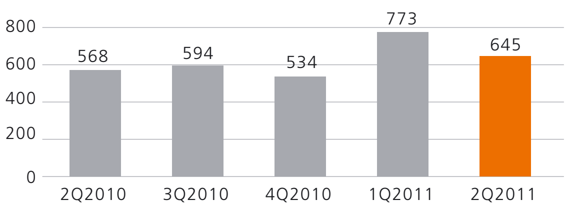
**Commercial Banking excl. Real Estate: Consolidated profit and loss account**

| | Total Commercial Banking excl. RE | | GL & PCM | | Structured Finance | | Leasing & Factoring | | Financial Markets | | Other Products | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 |
| Interest result | 788 | 723 | 215 | 231 | 281 | 277 | 50 | 48 | 249 | 177 | -8 | -10 |
| Commission income | 290 | 225 | 56 | 52 | 151 | 94 | 11 | 8 | 11 | 15 | 61 | 57 |
| Investment income | 1 | 7 | -5 | -4 | 7 | 1 | 0 | 0 | -9 | 12 | 8 | -1 |
| Other income | 192 | 294 | -5 | 6 | -21 | -31 | 59 | 58 | 141 | 240 | 17 | 21 |
| **Total underlying income** | **1,271** | **1,250** | **260** | **284** | **419** | **340** | **120** | **114** | **392** | **445** | **79** | **66** |
| Staff and other expenses | 569 | 514 | 142 | 134 | 98 | 84 | 55 | 55 | 203 | 181 | 70 | 61 |
| Intangibles amortisation and impairments | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 |
| Operating expenses | 570 | 514 | 142 | 134 | 98 | 84 | 56 | 55 | 203 | 181 | 71 | 61 |
| **Gross result** | **701** | **735** | **118** | **151** | **321** | **256** | **65** | **59** | **189** | **264** | **9** | **5** |
| Addition to loan loss provision | 56 | 167 | 14 | 77 | 23 | 71 | 23 | 20 | 0 | 0 | -4 | -2 |
| **Underlying result before tax** | **645** | **568** | **104** | **74** | **298** | **185** | **42** | **38** | **189** | **264** | **12** | **7** |
| **Client balances (in EUR billion)** | | | | | | | | | | | | |
| Residential mortgages | | | | | | | | | | | | |
| Other lending | 108.7 | 106.0 | 36.9 | 36.8 | 51.4 | 49.5 | 16.8 | 16.7 | 3.6 | 2.9 | 0.0 | 0.1 |
| Funds entrusted | 57.8 | 62.0 | 35.0 | 33.1 | 2.1 | 3.9 | 0.0 | 0.0 | 20.3 | 24.3 | 0.4 | 0.7 |
| AuM/Mutual funds | | | | | | | | | | | | |
| **Profitability and efficiency** [1] | | | | | | | | | | | | |
| Underlying cost/income ratio | 44.8% | 41.2% | 54.6% | 46.9% | 23.4% | 24.7% | 46.3% | 48.4% | 51.8% | 40.6% | 89.1% | 92.3% |
| Return on equity [2] | 23.4% | 17.0% | 9.0% | 6.2% | 30.3% | 19.0% | 18.9% | 16.1% | 26.0% | 30.1% | 76.2% | 1.1% |
| **Risk** [1] | | | | | | | | | | | | |
| Risk costs in bp of average RWA | 18 | 49 | 14 | 70 | 23 | 68 | 111 | 98 | 0 | 0 | -33 | -14 |
| Risk-weighted assets (end of period) | 121,636 | 137,799 | 39,146 | 44,509 | 40,417 | 42,309 | 8,089 | 8,490 | 29,598 | 37,600 | 4,386 | 4,892 |

1) Key figures based on underlying figures
2) Underlying after-tax return divided by average equity based on 7.5% core Tier 1 ratio (annualised)

Commercial Banking excluding Real Estate posted an underlying result before tax of EUR 645 million, up 13.6% from the second quarter of 2010. This increase was mainly due to a sharp decline in risk costs. ING Real Estate booked an underlying result before tax of EUR 13 million compared to a loss of EUR 9 million a year ago.

UNDERLYING RESULT BEFORE TAX - COMMERCIAL BANKING EXCL. REAL ESTATE (in EUR million)




### COMMERCIAL BANKING EXCLUDING REAL ESTATE

Total underlying income increased 1.7% compared with the second quarter of 2010, mainly due to higher income from Structured Finance. Compared with the first quarter of 2011, income declined 10.4%, primarily a result of seasonally lower income from Financial Markets. Excluding Financial markets, income increased 6.2%.

The total interest result increased 9.0% compared with the second quarter of 2010, largely fuelled by higher interest from Financial Markets. Excluding Financial Markets, the interest result declined 1.3%, reflecting slightly lower lending margins. Compared with the first quarter of 2011, the interest result slipped 2.6% mainly due to Financial Markets.

Commission income jumped 28.9% on the back of a 60.6% increase in Structured Finance fees and higher commissions from Corporate Finance (reported in ‘Other products’). Compared with the first quarter of 2011, commission income rose 18.9%, driven mainly by Structured Finance.

Investment income decreased to EUR 1 million from EUR 7 million in the second quarter a year ago due to a EUR 9 million impairment on Greek government bonds. Other income dropped by EUR 102 million (-34.7%), reflecting lower trading income in Financial Markets following the wind-down of the proprietary trading book in the US last year.

Operating expenses rose 10.9% from the second quarter of 2010, primarily due to higher personnel-related costs in Structured Finance and the client-related business of Financial Markets. Compared with the first quarter of 2011, which contained a redundancy provision, expenses declined 2.9%. The cost/income ratio in the second quarter was 44.8% against 41.2% in the same quarter of last year and 41.4% in the prior quarter.

Net additions to loan loss provisions dropped 66.5% from the second quarter of 2010, with significantly lower additions in both General Lending and Structured Finance. Risk costs in the second quarter of 2011 were EUR 56 million, equivalent to an annualised 18 basis points of average risk-weighted assets versus 49 basis points a year ago and 19 basis points in the previous quarter.

Total risk-weighted assets (RWA) decreased by EUR 2.8 billion on the previous quarter, partly due to currency impacts and positive risk migration.

The return on equity, based on 7.5% core Tier 1 ratio, rose to 23.4% from 17.0% in the second quarter of 2010.

## GENERAL LENDING & PCM

General Lending & PCM booked an underlying result before tax of EUR 104 million, up 40.5% compared with the year before. This increase was supported by lower risk costs. New additions to loan loss provisions were limited and were coupled with some releases, while the same quarter of 2010 contained additions for a number of specific large files. Income declined 8.5%, mainly owing to lower interest margins in General Lending. The volume of lending assets, adjusted for currency effects, increased during the quarter, particularly in western Europe. Income from Payments & Cash Management was up 2.1%. Higher outstanding credit balances compensated for slightly lower interest margins, while commission income increased on the back of higher transaction volumes. Operating expenses increased 6.0% from the second quarter of 2010 due to selective investments in PCM. Compared with the first quarter of 2011, income for General Lending & PCM fell 11.3%. The interest margin in General Lending slipped due to increased competition in the corporate clients segment. Operating expenses increased 2.9% compared with the first quarter of 2011.

## STRUCTURED FINANCE

Structured Finance booked an underlying result before tax of EUR 298 million, up 61.1% compared with the second quarter of 2010. Income increased 23.2% on the year earlier, driven by higher commission income. The origination of loans continued to be on a high level, boosting fee income in sectors such as natural resources, utilities & power, telecom and structured acquisition finance. Adjusted for currency impacts, loan volumes showed double-digit growth year-on-year. The average interest margin was slightly down compared with the second quarter last year. Operating expenses rose 16.7% reflecting higher personnel-related costs, but the cost/income ratio decreased to 23.4% from 24.7% last year. Risk costs declined to EUR 23 million from EUR 71 million in second quarter of 2010, which included high loan losses on a small number of files in the Leveraged Finance portfolio. Compared with the first quarter of 2011, income increased 9.7%, driven by higher commission income. Adjusted for currency effects, loan volumes were flat and the average interest margin was stable.

## LEASING & FACTORING

The underlying result before tax for Leasing & Factoring was EUR 42 million, up 10.5% on the second quarter of 2010 and driven by higher income. Total underlying income grew 5.3%, supported by a higher fleet size and improved sales results for the car lease activities. Income for the general lease activities was slightly lower. Operating expenses were almost flat in comparison with last year. Net additions to loan loss provisions amounted to EUR 23 million compared with EUR 20 million the year before. On 8 July, ING announced that it had reached an agreement to sell ING Car Lease to BMW. The transaction is expected to close in the fourth quarter of 2011.

## FINANCIAL MARKETS

Financial Markets posted a result before tax of EUR 189 million, down 28.4% on the second quarter of 2010. Income was 11.9% lower than a year earlier. This was next to a EUR 9 million impairment on Greek government bonds mainly the result of a decline in trading revenues following the wind-down of the proprietary trading book in the US last year as well as lower risk appetite given the very uncertain markets. Revenues from the client-related business strongly increased, particularly in interest rate products and debt capital markets. Expenses rose 12.2% year-on-year as a result of higher personnel-related costs in the client-related business. Compared with the first quarter of 2011, Financial Markets income fell 33.7% due to seasonality in both the sales and trading business, while expenses remained 1.9% below the level of the first quarter.

## OTHER PRODUCTS

The underlying result before tax for Other Products was EUR 12 million, up from EUR 7 million in the second quarter of 2010. Commission income rose by EUR 5 million, supported by a higher value of corporate finance deals, while investment income was up EUR 9 million. Operating expenses rose 16.4% on the second quarter of 2010, including, amongst others, costs for bank levies. Compared with the first quarter of 2011, which included a redundancy provision, costs declined 21.1%.

## ING REAL ESTATE

| ING Real Estate | | |
|---|---|---|
| In EUR million | 2Q2011 | 2Q2010 |
| Interest result | 125 | 107 |
| Commission income | 80 | 93 |
| Investment income | -13 | -10 |
| Other income | 1 | 10 |
| **Total underlying income** | **194** | **200** |
| Staff and other expenses | 100 | 110 |
| Intangibles amortisation and impairments | 33 | 85 |
| Operating expenses | 133 | 195 |
| **Gross result** | **61** | **4** |
| Addition to loan loss provision | 48 | 14 |
| **Underlying result before tax** | **13** | **-9** |
| of which Investment Management (REIM) | 6 | 7 |
| of which Investment Portfolio | -7 | -41 |
| of which Finance | 79 | 106 |
| of which Development | -65 | -81 |
| **Profitability and efficiency**1) | | |
| Cost/income ratio | 68.4% | 97.8% |
| Return on equity2) | -5.4% | -3.2% |
| **Risk**1) | | |
| Risk costs in bp of average RWA | 146 | 32 |
| Risk-weighted assets (end of period) | 12,801 | 16,254 |
| **Portfolio (in EUR billion)** | | |
| Investment Management | 44.5 | 71.1 |
| Development AuM | 1.7 | 2.1 |
| Real Estate Finance portfolio | 34.6 | 35.9 |

1) Key figures based on underlying figures
2) Underlying after-tax return divided by average equity based on 7.5% core Tier 1 ratio (annualised). The negative ROE in 2Q2011 is caused by non tax deductable losses.

ING Real Estate booked an underlying result before tax of EUR 13 million compared to a loss of EUR 9 million in the second quarter of 2010. Negative fair value changes and impairments further diminished to EUR 54 million, down from EUR 106 million a year earlier and EUR 59 million in the previous quarter. This was partly offset by higher risk costs for Real Estate Finance.

Total negative fair value changes, which are booked in income, were EUR 21 million compared with EUR 22 million last year and nil in the first quarter. Impairments, which are booked in expenses, declined to EUR 33 million from EUR 84 million in the prior year and EUR 59 million in the first quarter.

The sale of Clarion Partners was closed in the second quarter in line with ING's strategic decision to sell the majority of its ING Real Estate Investment Management business (ING REIM). The remainder of the announced sale is expected to close in the second half of 2011.

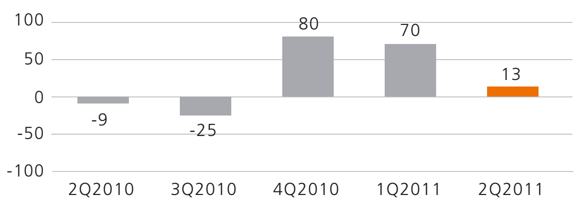
Real Estate Investment Management posted an underlying result before tax of EUR 6 million, which was almost flat on the second quarter of 2010. Compared with the previous year, both income and costs declined 15%. This was mostly due to the sale of Clarion Partners in the second quarter of 2011 and the divestment of Clarion Capital in 2010. Assets under management were EUR 44.5 billion, a drop of EUR 17.9 billion on the previous quarter (EUR 17.5 billion of this decrease can be explained by divestments, mainly Clarion Partners).

Real Estate's Investment Portfolio narrowed its loss to EUR 7 million from EUR 41 million in the second quarter of 2010. driven by lower fair values and less negative operational results.

Real Estate Finance posted a second-quarter underlying result before tax of EUR 79 million, down 25.5% compared with the same quarter of last year and mainly due to incidentally higher risk costs. Net additions to loan loss provisions increased to EUR 48 million from EUR 14 million in the second quarter of 2010. Only a limited number of files in Australia and the Netherlands accounted for the bulk of the risk costs this quarter. Income increased 7.4% supported by a higher interest margin, while loan volumes, adjusted for currency effects, remained flat.

Real Estate Development booked a loss of EUR 65 million compared with a loss of EUR 81 million in the second quarter of 2010 and EUR 70 million in the first quarter of 2011. Negative fair value adjustments and impairments were EUR 46 million versus EUR 84 million in the same quarter of last year and EUR 59 million in the prior quarter. Assets under management were reduced to EUR 1.7 billion from EUR 2.1 billion in the second quarter of 2010 and EUR 1.8 billion in the previous quarter.

UNDERLYING RESULT BEFORE TAX - ING REAL ESTATE (in EUR million)



## CORPORATE LINE BANKING

| Corporate Line Banking: Underlying result before tax | | |
|---|---|---|
| In EUR million | 2Q2011 | 2Q2010 |
| Income on capital surplus | 85 | 30 |
| Solvency costs | -40 | -40 |
| Financing charges | -76 | -49 |
| Amortisation intangible assets | -7 | -8 |
| FX-results, fair value changes and other | 6 | 201 |
| Total Capital Management | -32 | 133 |
| Other | -26 | -28 |
| **Underlying result before tax** | **-58** | **105** |

The Corporate Line Banking posted an underlying result before tax of EUR -58 million compared to EUR 105 million in the same quarter of last year. The result decreased mainly due to a EUR 86 million gain on the sale of an equity stake last year. Furthermore, the decline in results reflects negative fair value changes on part of ING Bank's own Tier 2 debt as well as increased financing charges.

Income on capital surplus improved by EUR 55 million due to lower benefits paid to the business lines, mainly as a result of a decline in average economic capital. Solvency costs remained stable compared to last year. Financing charges increased by EUR 27 million as the total costs of Group core debt are allocated to Corporate Line Bank as of 2011.

FX-results, fair value changes and other declined to EUR 6 million from EUR 201 million in the same quarter last year, which included a EUR 86 million gain on the sale of an equity stakes. Fair value changes on part of ING Bank's own Tier 2 debt turned negative, declining from EUR 43 million in the second quarter of 2010 to EUR -8 million. Fair value changes on other ING Bank debt securities debt remained stable. Liquidity costs were EUR 7 million higher.

Compared with the previous quarter, the underlying result before tax improved by EUR 67 million, largely due to fair value changes. Fair value changes on part of ING's own Tier 2 debt were EUR 26 million less negative, while fair value changes on other ING Bank debt securities (mainly covered and senior bonds) improved from EUR -11 million in the previous quarter to EUR 29 million.

## CONSOLIDATED BALANCE SHEET

**ING Bank N.V.: Consolidated balance sheet**

| in EUR million | 30 June 11 | 31 Mar. 11 pro forma[1] | 31 Mar. 11 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 9,044 | 10,307 | 12,970 |
| Amounts due from banks | 56,580 | 55,163 | 55,435 |
| Financial assets at fair value through P&L | 136,540 | 128,099 | 128,101 |
| - trading assets | 127,331 | 119,611 | 119,611 |
| - non-trading derivatives | 6,259 | 5,418 | 5,418 |
| - other | 2,951 | 3,070 | 3,072 |
| Investments | 88,477 | 88,762 | 109,571 |
| - debt securities available-for-sale | 76,858 | 76,192 | 96,376 |
| - debt securities held-to-maturity | 8,932 | 9,885 | 10,478 |
| - equity securities available-for-sale | 2,688 | 2,684 | 2,717 |
| Loans and advances to customers | 565,869 | 557,890 | 586,861 |
| - securities at amortized cost and IABF | 33,971 | 36,942 | 36,942 |
| - customer lending | 531,899 | 520,948 | 549,919 |
| Investments in associates | 847 | 1,300 | 1,300 |
| Real estate investments | 502 | 526 | 526 |
| Property and equipment | 2,465 | 2,490 | 5,665 |
| Intangible assets | 1,905 | 1,995 | 2,162 |
| Assets held for sale | 58,014 | 58,668 | 308 |
| Other assets | 22,360 | 22,307 | 24,609 |
| **Total assets** | **942,602** | **927,507** | **927,507** |

| | 30 June 11 | 31 Mar. 11 pro forma[1] | 31 Mar. 11 |
|---|---|---|---|
| **Equity** | | | |
| Shareholders' equity | 32,486 | 34,869 | 34,869 |
| Minority interests | 715 | 617 | 617 |
| **Total equity** | **33,201** | **35,486** | **35,486** |
| **Liabilities** | | | |
| Subordinated loans | 18,924 | 19,087 | 19,087 |
| Debt securities in issue | 142,925 | 130,739 | 130,739 |
| Amounts due to banks | 81,889 | 78,528 | 79,341 |
| Customer deposits and other funds on deposit | 464,954 | 462,019 | 519,409 |
| - savings accounts | 283,568 | 283,720 | 330,485 |
| - credit balances on customer accounts | 118,266 | 118,723 | 129,303 |
| - corporate deposits | 53,889 | 49,935 | 49,941 |
| - other | 9,231 | 9,641 | 9,681 |
| Financial liabilities at fair value through P&L | 121,423 | 120,277 | 120,277 |
| - trading liabilities | 97,319 | 97,333 | 97,333 |
| - non-trading derivatives | 11,868 | 10,881 | 10,881 |
| - other | 12,235 | 12,063 | 12,063 |
| Liabilities held for sale | 57,502 | 58,923 | 128 |
| Other liabilities | 21,785 | 22,448 | 23,039 |
| **Total liabilities** | **909,401** | **892,022** | **892,022** |
| **Total equity and liabilities** | **942,602** | **927,507** | **927,507** |

1) adjusted for transfer of ING Direct USA and ING Car Lease to assets / liabilities held for sale

ING Bank's balance sheet increased by EUR 15 billion to EUR 943 billion, including EUR 3 billion of negative currency impacts. Balance sheet growth was driven by EUR 8 billion of higher loans and advances to customers and EUR 8 billion of higher financial assets at fair value through P&L. In June 2011, balance sheet items of ING Direct USA (excluding the Illiquid Assets Back-up Facility) and ING Car Lease were transferred to assets and liabilities held for sale, causing large changes per balance sheet item. The loan-to-deposit ratio (excluding securities and IABF receivable) rose to 1.14 from 1.06 in March due to the transfer of ING Direct USA.

### Loans

Loans and advances to customers increased by EUR 8 billion to EUR 566 billion, compared with the pro forma balance sheet. Residential mortgages rose by EUR 6 billion, driven by growth at ING Direct and Retail Benelux and a EUR 1 billion positive fair value hedge adjustment. Securities at amortised cost and the Illiquid Assets Back-up Facility (IABF) declined by EUR 3 billion, mainly due to repayments, run-off and selective derisking of unsecured exposures. Lending to (Mid)-corporates, SMEs and Other rose by EUR 6 billion, of which half was in Retail Banking.

### Investments

Investments decreased slightly from EUR 89 billion in March to EUR 88 billion in June. Investments held to maturity decreased by EUR 1 billion.

### Financial assets/liabilities at fair value

Financial assets at fair value through P&L rose by EUR 8 billion to EUR 137 billion, mainly due to EUR 7 billion of higher reverse repos. Financial liabilities at fair value through P&L rose by EUR 1 billion due to increased market valuation of non-trading derivatives.

### Assets/liabilities held for sale and property and equipment

Assets held for sale rose by EUR 58 billion and liabilities held for sale increased by EUR 57 billion, due to the reclassifications of ING Direct USA and ING Car Lease. Property and equipment decreased by EUR 3 billion as ING Car Lease (operational lease) was reclassified to assets held for sale.

### Debt securities in issue

Debt securities in issue increased by EUR 12 billion to EUR 143 billion. The growth was mostly concentrated in long-term debt securities. During the second quarter, ING Bank issued EUR 7 billion in debt securities, mainly unsecured.

### Customer deposits

Customer deposits and other funds on deposits grew by EUR 3 billion to EUR 465 billion. Individual savings accounts remained flat. Corporate deposits increased by EUR 4 billion, mainly short-term deposits from asset managers and corporate treasuries.

### Shareholders' equity

Shareholders' equity decreased by EUR 2.4 billion to EUR 32.5 billion due to the up-streaming of EUR 3.0 billion dividend to ING Group to partially repay the Dutch State in May. This was partly compensated by the net profit of EUR 0.9 billion. The currency translation reserve decreased by EUR 0.2 billion.

The asset leverage ratio, defined as total assets divided by shareholders' equity, increased to 29.0 from 26.6 at the end of March. This was driven by lower shareholders' equity following the repayment of the Dutch State.

## RISK MANAGEMENT

Net additions to provisions for loan losses amounted to EUR 370 million, down from EUR 465 million one year ago and up from EUR 332 million in the first quarter of 2011. The announced sales of ING Direct US and ING Car Lease has a significant impact on the composition of the balance sheet including a strong decline of the ABS portfolio.

### Loan portfolio ING Bank

**ING Bank: Loan portfolio**

| in EUR million | 30 June 2011 | 31 Mar. 2011 pro forma[1)] |
|---|---|---|
| Residential Mortgages | 297,335 | 290,974 |
| (Mid)-Corporates, SMEs and other | 230,261 | 224,179 |
| Governments | 8,918 | 10,345 |
| Securities at amortised cost and IABF | 33,971 | 36,942 |
| Provision for loan losses (loans and advances) | -4,616 | -4,550 |
| **Total loans and advances to customers** | **565,869** | **557,890** |

1) adjusted for transfer of ING Direct USA and ING Car Lease to assets held for sale

Loans and advances to customers increased by EUR 8 billion to EUR 566 billion compared with the pro forma balance sheet of 31 March 2011. The increase in residential mortgages and '(Mid)-corporates, SMEs and other' was partly offset by a decline in 'Securities at amortised cost and IABF'.

### Risk costs

ING Bank added underlying EUR 370 million to the loan loss provisions in the second quarter compared with EUR 465 million in the same quarter of last year and EUR 332 million in the previous quarter. Despite the up-tick compared to the previous quarter, which saw the lowest level of risk costs in almost three years, risk costs continued to slowly trend back to more normalised levels. Gross additions to the loan loss provisions were EUR 586 million; releases amounted to EUR 216 million. This translated into (annualised) 47 basis points of average risk-weighted assets (RWA) versus 55 basis points in the same quarter of last year and 42 basis points in the previous quarter. For the coming quarters, risk costs are expected to remain below the average level seen in 2010.

**ING Bank: Stock of provisions**

| in EUR million | 2Q2011 | 1Q2011 |
|---|---|---|
| Provisions, beginning of period | 5,150 | 5,195 |
| Increases | 586 | 553 |
| Releases | -216 | -221 |
| Write-offs | -285 | -259 |
| Other | -55 | -118 |
| **Provisions, end of period *** | **5,180** | **5,150** |

* For comparison reasons, stock of provision at the end of June includes provisions for assets held for sale (EUR 556 million) as well as provisions for amounts due from banks (EUR 8 million)

Compared with the first quarter of 2011, risk costs were EUR 38 million higher, mainly driven by the mid-corporate and SME segments in Retail Benelux and Commercial Banking. At Commercial Banking, risk costs for Structured Finance increased following releases in the first quarter; however, this increase was almost fully offset by lower additions in General Lending. The increased risk costs in Real Estate Finance were due to a number of specific files in mainly the Netherlands and Australia. Risk costs at ING Direct declined as a result of improvements in the US mortgage portfolio and a more normalised level of risk costs in Germany after model updates in previous quarters.

Non-performing loans as a percentage of total loans and amounts due from banks (including ING Direct USA and ING Car Lease) remained stable at 2.1%. Non-performing loans decreased slightly to EUR 13.4 billion from EUR 13.6 billion at the end of the previous quarter. In particular Structured Finance experienced a decline in non-performing loans due to rating improvements in combination with write-offs of existing problem loans.

The watchlist declined from EUR 17.9 billion to EUR 15.6 billion during the second quarter of 2011. This was largely due to improved conditions of existing Real Estate Finance loans on the watch files and the transfer of a few material exposures from watchlist to non-performing loans (USA and Australia).

The coverage ratio, defined as the stock of loan loss provisions divided by non-performing loans, rose to 39% against 38% at the end of March. The overall coverage ratio is an average of unsecured loans, for which the ratio is relatively high, and loans with high collateral values (such as the Dutch mortgage portfolio), for which the coverage ratio is relatively low.

### Securities portfolio

**ING Bank: Debt securities[1]**

| in EUR billion | 30 June 2011 | 31 Mar. 2011 pro forma[2)] |
|---|---|---|
| Government bonds | 52.6 | 52.6 |
| Covered bonds | 26.8 | 27.5 |
| Financial Institutions | 18.9 | 19.3 |
| Corporate bonds | 1.3 | 1.1 |
| ABS | 18.8 | 20.5 |
| US agency RMBS | 0.4 | 0.4 |
| US prime RMBS | 0.0 | 0.0 |
| US Alt-A RMBS | 0.2 | 0.1 |
| US Subprime RMBS | 0.0 | 0.0 |
| Non-US RMBS | 12.5 | 13.6 |
| CMBS | 1.4 | 1.5 |
| CDO/CLO | 0.5 | 0.5 |
| Other ABS | 3.7 | 4.2 |
| **Total** | **118.4** | **120.9** |

1) figures exclude trading positions but include securities classified as Loans & Receivables
2) adjusted for transfer of ING Direct USA and ING Car Lease to assets held for sale

The value of the securities portfolio was EUR 121.0 billion at the end of June 2011, of which EUR 118.4 billion was in debt securities and EUR 2.7 billion in equity securities. Compared with the end of the first quarter of 2011, the debt securities portfolio declined by EUR 2.5 billion. The total debt securities revaluation reserve after tax improved during the second quarter of 2011 to EUR -117 million compared with EUR -307 million in the previous quarter. The main drivers behind this development were the Greek impairments and the decline in interest rates. At the end of June, 96% of the total debt securities portfolio was investment grade.

Excluding the impact of the announced divestments, government bonds remained flat compared to the previous quarter, whereas bonds issued by Financial institutions declined by EUR 0.4 billion. Covered bonds declined by EUR 0.7 billion during the second quarter, largely due to maturing positions and the selective sale of securities. Compared with the end of March, the ABS exposure declined by EUR 1.7 billion to EUR 18.8 billion.

### Greece, Ireland and Portugal

Greece, Ireland and Portugal have applied for support from the European Financial Stability Fund ('EFSF'). At 30 June 2011, ING Bank's balance sheet value of 'Government bonds' and unsecured 'Financial institutions' bonds to Greece, Ireland and Portugal and the related pre-tax revaluation reserve in equity was as follows:

**ING Bank: Greece, Ireland and Portugal**

| in EUR million | 30 June 2011 | | |
|---|---|---|---|
| | Balance sheet value | Pre-tax revaluation reserve | Pre-tax impairments in 2Q2011 |
| **Greece** | | | |
| Government bonds - available-for-sale | 406 | -143 | -187 |
| **Ireland** | | | |
| Financial Institutions - available-for-sale | 50 | -9 | |
| Financial Institutions - at amortised cost | 154 | | |
| **Portugal** | | | |
| Government bonds - available-for-sale | 469 | -163 | |
| Financial Institutions - available-for-sale | 193 | -39 | |
| Financial Institutions - at amortised cost | 50 | | |
| **Total** | **1,322** | **-354** | **-187** |

On 21 July 2011 a Private Sector Initiative to support Greece was announced. This initiative involves a voluntary exchange of existing Greek government bonds together with a Buyback Facility. The initiative relates to Greek Government Bonds maturing up to 2020. ING is currently assessing the alternative exchange options in this initiative. Based on this Private Sector Initiative, it was concluded that bonds that are in scope of the initiative (i.e. Greek government bonds maturing up to 2020) are impaired in the second quarter of 2011. The impairment relates to bonds classified as available-for-sale and is based on the 30 June 2011 market values of these bonds.

### Real estate exposure

**ING Bank: real estate exposure**

| in EUR billion | 30 June 2011 | 31 Mar. 2011 |
|---|---|---|
| Real Estate investments (FV through the P&L) | 1.1 | 1.8 |
| Real Estate investments (FV through equity) | 0.7 | |
| Real Estate property in own use (FV through equity) | 1.3 | 1.3 |
| Development projects Real Estate | 1.6 | 1.8 |
| **Exposure ING Bank** | **4.7** | **4.9** |

The real estate exposure of ING Bank declined to EUR 4.7 billion at 30 June 2011 from EUR 4.9 billion at the end of March. In the second quarter, ING Bank completed the sale of Clarion Partners. As a result of this transaction, ING Bank has reclassified EUR 0.7 billion of Real Estate investments from 'fair value through the P&L' to 'fair value through equity'. In total, the real estate investments remained stable during the second quarter, but due to the reclassification, those that were subject to revaluation through the P&L declined to EUR 1.1 billion. The fair value changes reflected in the P&L were EUR -21 million in the second quarter of 2011 compared with EUR -22 million in the same quarter of last year.

ING Bank had EUR 1.6 billion of real estate development projects at the end of the second quarter, down from EUR 1.8 billion at 31 March 2011. In the second quarter, EUR 33 million of impairments were taken on development projects, mainly in Spain, versus EUR 84 million in the same quarter of last year and EUR 59 million in the prior quarter.

### Market risk

**ING Commercial Bank: Consolidated VaR trading books**

| in EUR billion | Minimum | Maximum | Average | Quarter-end |
|---|---|---|---|---|
| Foreign Exchange | 1 | 4 | 2 | 1 |
| Equities | 2 | 9 | 5 | 2 |
| Interest rate/ Credit spread | 14 | 19 | 16 | 15 |
| Diversification | | | - 6 | -3 |
| **Total VaR[1]** | **15** | **20** | **17** | **15** |

1 The total VaR for the columns Minimum and Maximum cannot be calculated by taking the sum of the individual components since the observations for both the individual markets as well as for total VaR may occur on different dates.

The average Value-at-Risk (VaR) in the second quarter of 2011 decreased by EUR 2 million to EUR 17 million compared with the average VaR in the first quarter of 2011. In the second quarter of 2011, the overnight VaR for ING Bank's trading portfolio ranged from EUR 15 million to EUR 20 million. Commercial Banking's trading activities were largely concentrated on interest rate products (which include both general interest and credit spread exposures) and this was reflected in the composition of the VaR. The contribution of equities to the VaR was relatively limited.

### Liquidity risk

Throughout the credit and liquidity crisis, ING has maintained its liquidity position within conservative internal targets. ING Bank's loan-to-deposit ratio, excluding securities that are recorded at amortised costs in loans and advances and the IABF government receivable, increased to 1.14 from 1.06 at the end of last quarter as a result of reclassifying 'loans and advances to customers' and 'customer deposits and other funds on deposit' to assets and liabilities held for sale.

### Risk-weighted assets

Total risk weighted assets (RWA) amounted to EUR 314.8 billion compared with EUR 342.2 billion at the end of the second quarter of 2010 and EUR 316.4 billion at the end of the first quarter of 2011 (adjusted for divestments). Credit RWA declined by EUR 2 billion compared with the previous quarter and was fully due to negative currency effects. Compared with the previous quarter, Market and Operational RWA remained stable.

The composition of ING Bank's RWA at 30 June 2011 was as follows: Credit RWA: 87.4%; Operational RWA: 11.2%; and Market RWA: 1.4%.

# Insurance

## CONSOLIDATED RESULTS

| Insurance: Consolidated profit and loss account[1] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2011 | 2Q2010[2] | Change | 1Q2011 | Change | 1H2011 | 1H2010[2] | Change |
| Gross premium income | 6,299 | 6,759 | -6.8% | 8,207 | -23.2% | 14,506 | 14,990 | -3.2% |
| Commission income | 408 | 364 | 12.1% | 386 | 5.7% | 794 | 702 | 13.1% |
| Total investment and other income | 2,334 | 3,639 | -35.9% | 1,225 | 90.5% | 3,559 | 4,833 | -26.4% |
| **Total underlying income** | **9,041** | **10,763** | **-16.0%** | **9,819** | **-7.9%** | **18,859** | **20,525** | **-8.1%** |
| Underwriting expenditure | 7,190 | 9,578 | -24.9% | 8,204 | -12.4% | 15,394 | 18,162 | -15.2% |
| Operating expenses | 936 | 941 | -0.5% | 930 | 0.6% | 1,865 | 1,841 | 1.3% |
| Interest expenses | 236 | 219 | 7.8% | 251 | -6.0% | 487 | 433 | 12.5% |
| Other | 6 | 6 | | 5 | 20.0% | 11 | 12 | -8.3% |
| **Total underlying expenditure** | **8,367** | **10,744** | **-22.1%** | **9,390** | **-10.9%** | **17,758** | **20,448** | **-13.2%** |
| **Underlying result before tax** | **673** | **18** | **3638.9%** | **428** | **57.2%** | **1,102** | **76** | **1350.0%** |
| of which life insurance | 616 | 98 | 528.6% | 455 | 35.4% | 1,072 | 286 | 274.8% |
| of which non-life insurance | 64 | 56 | 14.3% | 23 | 178.3% | 86 | 88 | -2.3% |
| of which investment management | 56 | 37 | 51.4% | 55 | 1.8% | 111 | 80 | 38.8% |
| of which corporate line | -63 | -172 | n.a. | -104 | n.a. | -167 | -378 | n.a. |
| Taxation | 131 | -95 | n.a. | 146 | -10.3% | 277 | 2 | 13750.0% |
| Minority interests | 1 | 2 | -50.0% | 9 | -88.9% | 10 | 1 | 900.0% |
| **Underlying net result** | **541** | **112** | **383.0%** | **274** | **97.4%** | **815** | **74** | **1001.4%** |
| Net gains/losses on divestments | 27 | 0 | n.a. | - | n.a. | 27 | -2 | n.a. |
| Net result from divested units | -1 | -6 | n.a. | -3 | n.a. | -4 | -6 | n.a. |
| Net result from discontinued operations | 38 | 42 | -9.5% | 28 | 35.7% | 66 | 93 | -29.0% |
| Special items after tax | -58 | -44 | n.a. | -65 | n.a. | -123 | -65 | n.a. |
| **Net result** | **547** | **105** | **421.0%** | **234** | **133.8%** | **781** | **94** | **730.9%** |
| **Insurance - Margin analysis** | | | | | | | | |
| Investment margin | 476 | 344 | 38.4% | 373 | 27.6% | 849 | 658 | 29.0% |
| Fees and premium-based revenues | 1,147 | 1,107 | 3.6% | 1,210 | -5.2% | 2,357 | 2,208 | 6.7% |
| Technical margin | 260 | 170 | 52.9% | 194 | 34.0% | 455 | 346 | 31.5% |
| Income non-modelled life business | 24 | 30 | -20.0% | 26 | -7.7% | 50 | 62 | -19.4% |
| **Life & ING IM operating income** | **1,907** | **1,651** | **15.5%** | **1,804** | **5.7%** | **3,711** | **3,274** | **13.3%** |
| Administrative expenses | 724 | 739 | -2.0% | 720 | 0.6% | 1,444 | 1,449 | -0.3% |
| DAC amortisation and trail commissions | 458 | 408 | 12.3% | 482 | -5.0% | 940 | 827 | 13.7% |
| **Life & ING IM expenses** | **1,182** | **1,147** | **3.1%** | **1,201** | **-1.6%** | **2,383** | **2,276** | **4.7%** |
| **Life & ING IM operating result** | **725** | **504** | **43.8%** | **603** | **20.2%** | **1,327** | **998** | **33.0%** |
| Non-life operating result | 68 | 50 | 36.0% | 42 | 61.9% | 110 | 84 | 31.0% |
| Corporate Line operating result | -103 | -176 | n.a. | -134 | n.a. | -236 | -335 | n.a. |
| **Operating result** | **690** | **378** | **82.5%** | **511** | **35.0%** | **1,201** | **747** | **60.8%** |
| Gains/losses and impairments | -110 | -143 | n.a. | -125 | n.a. | -236 | -343 | n.a. |
| Revaluations | 111 | 176 | -36.9% | 86 | 29.1% | 197 | 201 | -2.0% |
| Market & other impacts | -18 | -392 | n.a. | -43 | n.a. | -60 | -528 | n.a. |
| **Underlying result before tax** | **673** | **18** | **3638.9%** | **428** | **57.2%** | **1,102** | **76** | **1350.0%** |
| **Life Insurance - New business figures** | | | | | | | | |
| Single premiums | 2,748 | 4,226 | -35.0% | 2,985 | -7.9% | 5,733 | 6,900 | -16.9% |
| Annual premiums | 669 | 667 | 0.3% | 941 | -28.9% | 1,610 | 1,496 | 7.6% |
| New sales (APE) | 944 | 1,090 | -13.4% | 1,239 | -23.8% | 2,183 | 2,186 | -0.1% |
| **Life & ING IM - Key figures** | | | | | | | | |
| Administrative expenses / operating income | 38.0% | 44.8% | | 39.9% | | 38.9% | 44.3% | |
| Life general account assets (end of period, in EUR billion) | 156 | 164 | -4.9% | 157 | -0.6% | 156 | 164 | -4.9% |
| Investment margin / Life general account assets (in bps)[3] | 99 | 79 | | 92 | | | | |
| Client balances (end of period, in EUR billion) | 393 | 392 | 0.3% | 396 | -0.8% | 393 | 392 | 0.3% |
| ING IM Assets under Management (end of period, in EUR billion) | 326 | 330 | -1.2% | 327 | -0.3% | 326 | 330 | -1.2% |
| **Other key figures** | | | | | | | | |
| Administrative expenses (total) | 863 | 864 | -0.1% | 854 | 1.1% | 1,717 | 1,690 | 1.6% |
| Return on equity[4] | 11.3% | 2.8% | | 5.6% | | 8.4% | 1.3% | |
| Employees (FTEs, end of period, adjusted for divestments) | 27,279 | 28,787 | -5.2% | 27,783 | -1.8% | 27,279 | 28,787 | -5.2% |

1 Insurance operating and underlying figures exclude the Insurance Latin American pension, life insurance and investment management operations, following the announced sale of these businesses on 25 July 2011. The result of Insurance Latin America has been transferred to "net result from discontinued operations." Previous periods have been restated.

2 The result of this period has been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011

3 Four-quarter rolling average

4 Annualised underlying net result divided by average IFRS-EU equity (the 2010 quarterly results are adjusted for the after-tax allocated cost of Group core debt).

# INSURANCE

**Insurance results improved as performance improvement initiatives introduced last year gained traction. The operating result of EUR 690 million increased 82.5% from the same quarter of last year and 35.0% compared to the first quarter of this year. The ratio of administrative expense to operating income improved further to 38.0%. The underlying result before tax rose to EUR 673 million despite impairments of Greek government bonds. Results have been restated to reflect the sale of the Latin American pension, life insurance, and investment management businesses which are now reflected in the net result from discontinued operations, while ING's stake in Sul America is reported in the Corporate Line.**

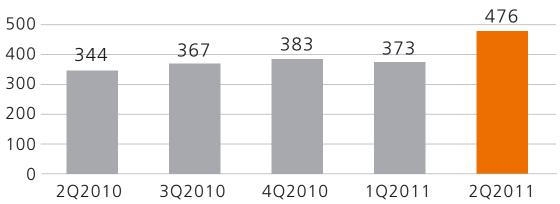
On 25 July 2011, ING announced an agreement to sell its Latin American pension, life insurance and investment management businesses to GrupoSura for a total consideration of EUR 2.7 billion. As a result, Insurance results have been restated with earnings from the divested units now reflected in the net result from discontinued operations. ING's stake in Sul America, which was formerly included with the Latin American business area result, is now reported in the Corporate Line.

The total operating result for ING Insurance increased to EUR 690 million from EUR 378 million in the second quarter of 2010 (up 82.5%, or 87.8% excluding currency effects) and from EUR 511 million in the first quarter (up 35.0% or 39.0% excluding currency effects). The investment margin and the technical margin were the main drivers for the improved result.

### Life insurance and investment management

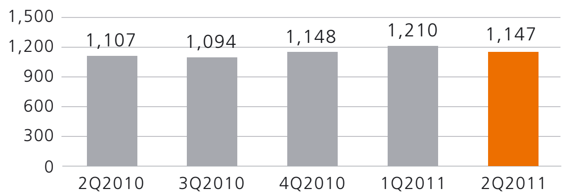
The operating result from Life Insurance and Investment Management was EUR 725 million, or 43.8% higher than in the same quarter of 2010 (49.5% excluding currency effects). This improvement was driven by a EUR 132 million increase in the investment margin as well as a EUR 90 million higher technical margin, partly offset by increased DAC amortisation & trail commissions. Compared with the first quarter of 2011, the Life & ING IM operating result was 20.2% higher (23.5% excluding currency effects).

INVESTMENT MARGIN (in EUR million)



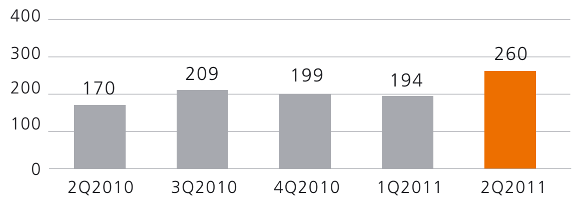

The investment margin increased to EUR 476 million from EUR 344 million in the second quarter of 2010. This increase was mainly attributable to reinvestment into fixed income securities in the Netherlands and the US, lower interest rate swap expenses in the US, as well as higher dividends on equity securities and EUR 28 million of nonrecurring items in the Netherlands. The investment margin increased from EUR 373 million in the last quarter, mainly due to dividend income on equity securities, the bulk of which are typically received in the second quarter. The four-quarter rolling average investment spread continued to improve and rose to 99 basis points (97 basis points excluding the impact of nonrecurring items) from 92 basis points last quarter and 79 basis points in the second quarter of 2010. The investment spread for the stand-alone second quarter of 2011 rose to 122 basis points (115 basis points excluding the impact of nonrecurring items) from 88 basis points last year.

FEES AND PREMIUM-BASED REVENUES (in EUR million)



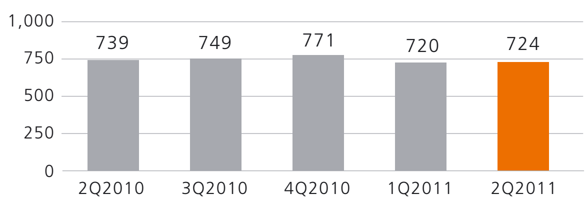

Fees and premium-based revenues grew 3.6% from the same quarter of last year (9.3% excluding currency effects) to EUR 1,147 million, primarily driven by increases in US Closed Block VA and ING IM. Fees and premium-based revenues decreased 5.2% from the first quarter, mainly due to seasonal effects in both group life insurance in the Benelux and in the life business in Japan.

TECHNICAL MARGIN (in EUR million)




The technical margin was EUR 260 million, which is EUR 90 million higher than in the second quarter of 2010 and EUR 66 million higher than in the last quarter. The results benefited from an early surrender of a contract with a large pension fund in the Netherlands (EUR 70 million). The reallocation of health insurance premiums in Greece further improved this quarter's technical margin.

ADMINISTRATIVE EXPENSES (in EUR million)




Life & ING IM administrative expenses were EUR 724 million, 2.0% lower than the same quarter last year, but 4.5% higher excluding currency effects. The increase was caused by EUR 25 million of favourable nonrecurring items in the second quarter of 2010 in the Benelux, increased project expenses this quarter in Central & Rest of Europe and the introduction of a fixed service fee at ING IM (the latter has an offset in income). The US had lower expenses, which was largely due to a reduction in staff. The administrative expenses increased 0.6% compared with the first quarter of 2011 (up 3.4% excluding currency effects). This increase was mainly due to higher employee benefits expenses in the Benelux in the current quarter and a nonrecurring reduction in accruals related to incentive compensation, which lowered expenses in the US in the first quarter of 2011.

The ratio of administrative expenses to operating income improved to 38.0% reflecting the increase in operating income, which was supported in part by seasonal and nonrecurring items.

### Non-life result

The non-life operating result amounted to EUR 68 million compared with EUR 50 million in the same quarter of 2010 and EUR 42 million in the last quarter, mainly due to lower claims and a provision release.

### Corporate Line

The operating result for the Corporate Line was EUR -103 million versus EUR -176 million in the second quarter of 2010. The improvement resulted from lower interest paid on hybrids since December 2010 and the discontinuation by ING Group of allocating interest on ING Group core debt to the Insurance Corporate Line as from 1 January 2011. Compared with last quarter, the Corporate Line operating result increased by EUR 31 million, driven in part by an improved result for ING Reinsurance.

The Corporate Line includes the result of ING's stake in Sul America, which was EUR 22 million in the current quarter, EUR 23 million in the second quarter of 2010, and EUR 28 million in the first quarter of 2011.

### Underlying result before tax

The underlying result before tax improved to EUR 673 million from EUR 18 million in the second quarter of 2010 and EUR 428 million in the first quarter of 2011. Non-operating elements amounted to EUR -17 million in the second quarter of 2011.

Gains/losses and impairments on investments decreased to EUR -110 million from EUR -143 million in the second quarter of 2010 and EUR -125 million in the previous quarter as a EUR 123 million impairment of Greek government bonds was partly compensated by capital gains in the Benelux.

Revaluations amounted to EUR 111 million versus EUR 176 million in the same quarter of last year and EUR 86 million in the first quarter of 2011. Revaluations were exceptionally high in the second quarter of 2010 due to the effect of slower prepayments on CMO's in the US.

Market and other impacts improved to EUR -18 million this quarter from EUR -392 million in the same quarter of 2010 and EUR -43 million in the previous quarter. The prior-year result included DAC unlocking of EUR -521 million. The current quarter's result consisted primarily of EUR -109 million related to the change of provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands, EUR 61 million of positive results on Japan SPVA (reported in the Corporate Line) and EUR 49 million of hedging gains, net of reserve changes, in US Closed Block VA.

### Net result

The insurance operations recorded a net result of EUR 547 million in the second quarter compared with EUR 105 million in the second quarter of 2010 and EUR 234 million in the previous quarter. The net result of EUR 547 million includes EUR -58 million of special items (after tax) mainly associated with restructuring programmes and separation expenses, a EUR 27 million gain on the divestment of PALIC and a EUR 38 million net result from discontinued operations due to the announced sale of the Latin American pension, life insurance and investment management businesses.

### Sales

New sales (APE) of EUR 944 million decreased 13.4%, or 6.3% excluding currency effects, from the second quarter of 2010 owing to lower sales in the Benelux and the US. In the Benelux, the decrease was due to high sales in Luxembourg in the second quarter of 2010 in anticipation of changes to the European Savings Taxation Directive. In Central and Rest of Europe, sales declined compared with the same quarter last year due to regulatory changes for pension funds in Hungary and Poland, while life sales in most countries in the region were higher. In the US, the decrease was largely due to lower sales of Stable Value retirement plans, which is a lower-margin product. Compared with the first quarter of 2011, APE fell 23.8% (21.0% excluding currency effects) due to seasonality in the Benelux, the US and Asia/Pacific.

# INSURANCE

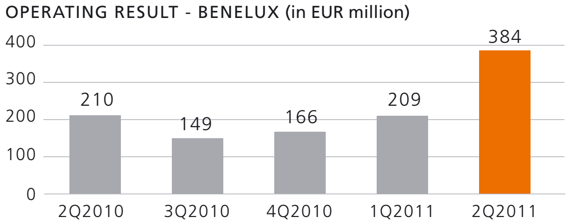
**Insurance: Breakdown by business area**

| | Benelux | | Central & Rest of Europe | | United States[1] | | US Closed Block VA[1] | | Asia/Pacific | | ING IM | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| In EUR million | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010 |
| Investment margin | 216 | 141 | 21 | 18 | 213 | 185 | 7 | -12 | 18 | 12 | 1 | 1 |
| Fees and premium-based revenues | 141 | 140 | 123 | 131 | 260 | 269 | 61 | 18 | 334 | 335 | 228 | 214 |
| Technical margin | 145 | 46 | 48 | 31 | 22 | 44 | 6 | 8 | 39 | 41 | - | - |
| Income non-modelled life business | 8 | 8 | 1 | 4 | -0 | -0 | -0 | 0 | 15 | 18 | 0 | -0 |
| **Life & ING IM operating income** | **509** | **334** | **192** | **184** | **495** | **498** | **74** | **13** | **407** | **406** | **229** | **215** |
| Administrative expenses | 142 | 121 | 75 | 61 | 193 | 238 | 20 | 20 | 113 | 112 | 180 | 186 |
| DAC amortisation and trail commissions | 49 | 50 | 52 | 50 | 149 | 158 | 38 | -25 | 170 | 175 | 1 | 1 |
| **Life & ING IM expenses** | **191** | **172** | **127** | **111** | **342** | **396** | **58** | **-5** | **284** | **287** | **181** | **187** |
| **Life & ING IM operating result** | **318** | **163** | **66** | **74** | **152** | **102** | **17** | **18** | **124** | **118** | **48** | **28** |
| Non-life operating result | 66 | 48 | 1 | 1 | - | - | - | - | 1 | 1 | - | - |
| Corporate Line operating result | | | | | | | | | | | | |
| **Operating result** | **384** | **210** | **67** | **75** | **152** | **102** | **17** | **18** | **125** | **120** | **48** | **28** |
| Gains/losses and impairments | 0 | -59 | -109 | -19 | -4 | -83 | -5 | -0 | 6 | 13 | 0 | 5 |
| Revaluations | 7 | 7 | - | - | 119 | 207 | 0 | -3 | -1 | -4 | 9 | 3 |
| Market & other impacts | -109 | 110 | - | - | -22 | -108 | 49 | -419 | 4 | -12 | - | - |
| **Underlying result before tax** | **282** | **268** | **-42** | **56** | **245** | **118** | **61** | **-404** | **134** | **117** | **56** | **37** |
| **Life Insurance - New business figures** | | | | | | | | | | | | |
| Single premiums | 486 | 727 | 198 | 164 | 1,962 | 3,103 | - | 126 | 101 | 106 | - | - |
| Annual premiums | 70 | 58 | 63 | 68 | 215 | 221 | - | - | 321 | 320 | - | - |
| New sales (APE) | 119 | 131 | 83 | 85 | 411 | 532 | - | 13 | 331 | 330 | - | - |
| **Key figures** | | | | | | | | | | | | |
| Gross premium income | 1,477 | 1,600 | 527 | 522 | 2,570 | 2,862 | 110 | 158 | 1,607 | 1,609 | - | - |
| Adm. expenses / operating income (Life & ING IM) | 27.9% | 36.2% | 39.1% | 33.2% | 39.0% | 47.8% | 27.0% | 153.8% | 27.8% | 27.6% | 78.6% | 86.5% |
| Life general account assets (end of period, in EUR billion) | 60 | 60 | 8 | 8 | 60 | 67 | 4 | 6 | 24 | 22 | 1 | 1 |
| Investment margin / Life general account asset (in bps)[2] | 91 | 69 | 101 | 95 | 138 | 115 | 54 | -29 | 29 | 17 | 60 | 241 |
| Provision for life insurance & investm. contracts for risk policyholder (end of period) | 21,813 | 22,824 | 3,806 | 3,420 | 34,944 | 34,305 | 32,156 | 34,396 | 21,227 | 21,925 | - | - |
| Net production client balances (in EUR billion) | 0.1 | -0.3 | -1.7 | 0.4 | -0.1 | -0.8 | -0.7 | -0.6 | 0.5 | 0.5 | 1.7 | -3.4 |
| Client balances (end of period, in EUR billion) | 70.4 | 69.9 | 27.9 | 25.5 | 92.2 | 99.3 | 32.9 | 35.2 | 42.9 | 42.7 | 127.0 | 119.0 |
| Administrative expenses (total) | 242 | 215 | 76 | 62 | 193 | 238 | 20 | 20 | 114 | 113 | 180 | 186 |

1 The result has been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011
2 Four-quarters rolling average

## INSURANCE BENELUX

OPERATING RESULT - BENELUX (in EUR million)




The operating result of Insurance Benelux increased sharply in the second quarter of 2011 compared with both the second quarter of last year and the first quarter of 2011. The increase, driven by higher investment income and a higher technical margin, was partially offset by higher administrative expenses.

The life investment margin climbed to EUR 216 million versus EUR 141 million in the second quarter of 2010. This was mainly attributable to reinvestment into fixed income securities, EUR 10 million of higher dividends on equity securities and EUR 28 million of nonrecurring items in the second quarter, largely related to interest credited on separate account pension contracts.

Compared with the first quarter of 2011, the investment margin increased by EUR 97 million. This was mainly driven by higher dividends on equity securities, the bulk of which are typically received in the second quarter, as well as the EUR 28 million of nonrecurring items. The investment spread, calculated as a four-quarter rolling average, improved to 91 basis points (86 basis points excluding the impact of nonrecurring items) from 69 basis points in the second quarter of 2010 and 79 basis points in the first quarter of 2011.

Fees and premium-based revenues were EUR 141 million and remained flat compared with the second quarter of 2010. Fees and premium-based revenues decreased from EUR 165 million in the previous quarter, reflecting the fact that annual group life contract renewals are usually recognised in the first quarter.

The technical margin rose to EUR 145 million from EUR 46 million in the second quarter of 2010. The main reasons for this increase were an early surrender of a contract with a large pension fund in the Netherlands (EUR 70 million) and improved morbidity results. Compared with the previous quarter, the technical margin increased by EUR 67 million, driven by the early contract surrender in the second quarter of 2011.

Life administrative expenses rose to EUR 142 million from EUR 121 million in the second quarter of 2010. This increase mainly reflects EUR 25 million of favourable nonrecurring items in the second quarter of 2010. Excluding these items, expenses improved slightly, reflecting a continuous focus on cost control. The project to integrate the Dutch insurance operations is ahead of target and expected to be finalised in the fourth quarter of this year. The structural reduction in annual total insurance expenses of EUR 100 million and workforce reduction of 800 positions is therefore projected to be achieved one year earlier than originally anticipated. Compared with the first quarter of 2011, administrative expenses increased by EUR 3 million, predominantly due to higher additions to employee benefit provisions. The ratio of life administrative expenses to operating income improved to 27.9% from 36.2% in the second quarter of 2010 and from 37.3% in the first quarter of 2011, reflecting the increase in operating income, which was supported in part by seasonal and nonrecurring items.

DAC amortisation & trail commissions were EUR 49 million in the second quarter of 2011, which was flat compared with the second quarter of 2010. Compared with the previous quarter, DAC amortisation & trail commissions decreased by EUR 16 million; this was mainly a consequence of the seasonal effect in group life premiums.

The non-life operating result increased to EUR 66 million from EUR 48 million in the second quarter of 2010 and EUR 40 million in the first quarter of 2011. These increases were primarily caused by lower claims in Disability & Accident and a EUR 12 million provision release, mainly in the Fire segment.

The underlying result before tax in the current quarter increased to EUR 282 million compared with EUR 268 million in the second quarter of 2010 and EUR 14 million in the first quarter of 2011.

Gains/losses and impairments were nil in the second quarter of 2011 from EUR -59 million in the second quarter of 2010 and EUR -111 million in the first quarter of 2011. In the current quarter, EUR 43 million of impairments on debt securities (of which EUR 16 million is related to Greek government bonds) and EUR 16 million of real estate impairments were offset by EUR 66 million of capital gains on public equities.

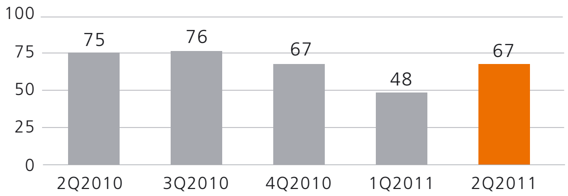
Revaluations in the current quarter were EUR 7 million versus EUR 7 million in the second quarter of 2010 and EUR 9 million in the first quarter of 2011.

Market & other impacts in the second quarter were EUR -109 million and relate to the change of the provision for guarantees on separate account pension contracts net of hedging. The EUR 109 million loss was mainly driven by changes of interest rates, which included a non-parallel shift in the yield curve, updated information received from clients and hedging costs. In the second quarter of 2010, the impact of the change of the provision for guarantees on separate account pension contracts net of hedging was a positive EUR 110 million, while in the first quarter of 2011 there was a negative impact of EUR 93 million.

New sales (APE) fell to EUR 119 million from EUR 131 million a year ago when sales in Luxembourg accelerated in anticipation of changes to the European Savings Taxation Directive. APE decreased from EUR 198 million in the first quarter of 2011 due to seasonality in corporate pension sales.

## INSURANCE CENTRAL AND REST OF EUROPE

OPERATING RESULT - CENTRAL AND REST OF EUROPE (in EUR million)




In the second quarter, the performance of Insurance Central and Rest of Europe continued to be under pressure, reflecting regulatory changes in the pension businesses, higher project costs and reduced margins on life insurance products.

The operating result declined to EUR 67 million from EUR 75 million in the same quarter of last year. This decline was mainly caused by higher administrative expenses. The operating result was EUR 19 million higher than in the previous quarter, which included a EUR 16 million annual financial institutions tax in Hungary.

The investment margin increased to EUR 21 million from EUR 18 million in the second quarter of 2010 and EUR 15 million in the first quarter of 2011. The investment margin in the previous quarter was relatively low because of high investment expenses.

Fees and premium-based revenues declined to EUR 123 million from EUR 131 million in the second quarter of 2010. This was partly due to the reallocation of health insurance premiums in Greece to the technical margin (as from the first quarter of 2011), which led to a EUR 6 million decrease in fees and premium-based revenues. In Hungary, regulatory changes to pension funds (the government effectively took control of the mandatory pension business at the end of 2010) led to a decrease in fees and premium-based revenues of EUR 3 million. Compared with the first quarter of this year, fees and premium-based revenues increased by EUR 5 million, mainly due to higher fee income of life insurance in Poland.

The technical margin increased by EUR 17 million from EUR 31 million to EUR 48 million compared to the second quarter of 2010. EUR 6 million of this increase was caused by the reallocation of health insurance premiums in Greece from fees and premium-based revenues to the technical margin. Furthermore, morbidity results rose by EUR 4 million, while surrender results increased by EUR 4 million.

Life administrative expenses rose to EUR 75 million from EUR 61 million in the same quarter of last year. This increase was mainly due to higher project costs for Solvency II and expenses related to building a regional IT organisation. Expenses were lower than in the previous quarter, which contained a EUR 16 million annual financial institutions tax in Hungary. Excluding this effect, life administrative expenses grew 13.6% compared with the first quarter of 2011 and mainly reflected the higher project costs.

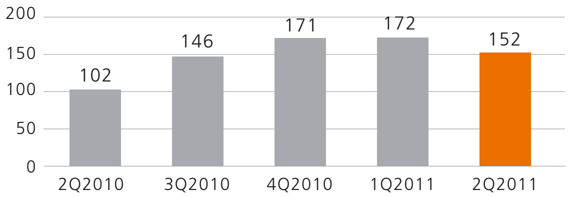
DAC amortisation & trail commissions increased by EUR 2 million compared with the same quarter of last year, reflecting higher life sales.

The underlying result before tax was EUR -42 million, which is EUR 98 million lower than the same quarter of last year. In addition to the lower operating result, the underlying result was impacted by impairments on Greek government bonds of EUR 106 million.

New sales (APE) were EUR 83 million compared with EUR 85 million in the same quarter of last year. Insurance CRE's focus on expanding life sales in the region resulted in a 7.1% increase in life sales (excluding currency effects) to EUR 60 million. Most countries contributed to the increase, though sales in Greece continued to be negatively impacted by the economic crisis. Pension sales were EUR 23 million, down 17.9% excluding currency effects, due to the regulatory changes for pension funds in Hungary and Poland. APE decreased from EUR 97 million in the previous quarter, mainly reflecting lower pension fund sales in Poland as the new regulations took effect on 1 May 2011.

## INSURANCE UNITED STATES

OPERATING RESULT - UNITED STATES (in EUR million)




The operating result for Insurance US increased to EUR 152 million from EUR 102 million in the second quarter of 2010. This 49.0% increase from the prior year, or 68.1% excluding currency effects, is attributable to a higher investment margin, higher fees and premium-based revenues, and lower administrative expenses. The operating result in the current quarter declined 6.7% (excluding currency effects) from the first quarter of 2011 due to a EUR 22 million nonrecurring reduction in expense accruals in the prior quarter. Excluding this nonrecurring item, the operating result in the current quarter was 7.7% higher due to an increase in the investment margin, fees and premium-based revenues, and the technical margin.

The investment margin of EUR 213 million increased 15.1% from the second quarter of 2010, or 30.5% excluding currency effects. The increase from the prior year was primarily driven by lower interest rate swap expense, a reduction in average credited rates and higher prepayment fees. The investment margin in the current quarter was 3.9% higher than in the first quarter of 2011 (excluding currency effects). This was primarily due to lower interest rate swap expense, higher prepayment fees and higher dividend income.

Fees and premium-based revenues rose to EUR 260 million, up 9.2% from the second quarter of 2010 and up 2.0% from the first quarter of 2011, excluding currency effects. These increases were driven by higher AuM-based fee income in Retirement Plans as well as higher premium-based revenues in Individual Life.

The technical margin of EUR 22 million decreased 41.0% from the second quarter of 2010, excluding currency effects, but increased 15.0%, excluding currency effects, from the first quarter of 2011. The decline from the prior year is due in part to the decrease in the amortisation of the gain related to the transfer of the US group reinsurance business in the first quarter of 2010. The decline from the second quarter of 2010 also reflects strong claim results in Employee Benefits in the prior year, partially offset by more favourable claim results in Individual Life in the current quarter. The increase of the technical margin over the first quarter of 2011 reflects more favourable claim results in both Individual Life and Employee Benefits versus the prior quarter.

Administrative expenses were EUR 193 million, down 18.9% (or 8.1% excluding currency effects) from the second quarter of 2010. This decline reflects expense reductions initiated in 2010, including the reduction of 700 positions since 30 June 2010. Administrative expenses were flat compared with the first quarter of 2011, excluding currency effects and the EUR 22 million nonrecurring reduction in expense accruals related to incentive compensation in the first quarter.

DAC amortisation & trail commissions of EUR 149 million rose 7.1% from the second quarter of 2010 and 4.9% from the first quarter of 2011, excluding currency effects. The change relative to both quarters was primarily due to an increase in operating income that drives DAC amortisation. Higher AuM-based commissions and higher Fixed Annuity DAC amortisation rates also contributed to the increase over the prior year.

The underlying result before tax more than doubled to EUR 245 million from EUR 118 million in the second quarter of 2010. Excluding currency effects, the underlying result before tax in the current quarter was 135.6% higher than in the prior year due to the 68.1% increase in operating results, a decrease in impairments and unfavourable DAC unlocking in the previous year. The underlying result before tax was 39.2% higher than in the first quarter in 2011, excluding currency effects, due to higher revaluations, lower impairments and higher trading gains.

Gains/losses and impairments improved to EUR -4 million from EUR -83 million in the second quarter of 2010 and EUR -39 million in the first quarter of 2011 as market conditions continued to improve. Losses in the current quarter reflect EUR -31 million of impairments and credit-related losses, which were mostly offset by EUR 27 million in net trading gains.

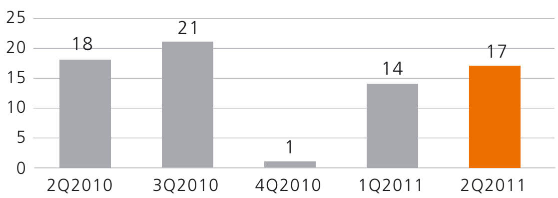
Revaluations were EUR 119 million versus EUR 207 million in the second quarter of 2010 and EUR 43 million in the first quarter of 2011. Results in the current quarter mainly reflect positive revaluations from CMO assets and alternative assets. Revaluations were exceptionally high in the second quarter of 2010 due to the effect of slower prepayments on CMO's.

Market and other impacts were EUR -22 million compared with EUR -108 million in the second quarter of 2010 and EUR 8 million in the first quarter of 2011. The current quarter primarily reflects DAC amortisation related to revaluations. Market and other impacts in the previous year reflected higher DAC amortisation (due to the higher revaluation results) and unfavourable DAC unlocking (partially due to equity-related DAC unlocking due to the equity market decrease in the prior year). Effective with the first quarter of 2011, a mean reversion methodology has been implemented to determine the short-term equity growth assumption in the company's DAC calculations, reducing the sensitivity of the 'market and other impacts' result to movements in equity markets going forward.

New sales (APE) dropped to EUR 411 million from EUR 532 million in the second quarter of 2010. The 12.5% decrease excluding currency effects was largely attributable to a 58% decrease in sales of Stable Value retirement plans, which is a lower-margin product. Sales of core Retirement and Individual Life products were strong. Full Service Retirement Plan sales were 17% higher than in the second quarter 2010, while Individual Life sales were up 32%. APE was flat with the first quarter of 2011 excluding currency effects and seasonal effects in Employee Benefits (the first quarter is always the strongest quarter for Employee Benefits).

## INSURANCE US CLOSED BLOCK VA

OPERATING RESULT - US CLOSED BLOCK VA (in EUR million)




The operating result for the US Closed Block VA was EUR 17 million versus EUR 18 million in the second quarter of 2010 and EUR 14 million in the previous quarter.

The investment margin of EUR 7 million increased from EUR -12 million in the second quarter of 2010 and was flat on the first quarter of 2011. The increase from last year reflects the reinvestment of short-term investments and government bonds into longer-duration fixed income securities.

Fees and premium-based revenues climbed to EUR 61 million from EUR 18 million in the second quarter of 2010. This increase reflects higher fee income and lower hedging costs due to improving market conditions and the impact related to the move towards fair value accounting on reserves for Guaranteed Minimum Withdrawal Benefits for life ('GMWB').

Administrative expenses in the second quarter were EUR 20 million, up 11.1% excluding currency effects from the second quarter of 2010 and flat on the first quarter of 2011. The increase in expenses over last year was primarily due to a realignment of staff between the US Closed Block VA and Insurance US (excluding US Closed Block VA) to reflect the ongoing requirements of both businesses.

DAC amortisation & trail commissions increased to EUR 38 million from EUR -25 million in the second quarter of 2010. This increase was mainly attributable to higher operating income and lower interest on DAC. DAC amortisation is reported net of DAC interest, which declined by EUR 24 million from a year ago due to the significant reductions in the DAC balance during 2010.

The underlying result before tax increased to a profit of EUR 61 million compared to a loss of EUR 404 million in the second quarter of 2010 and was flat on the first quarter of 2011. The loss in the prior year was mainly due to a reduction in the DAC balance and an increase in reserves; the latter was partially offset by hedge gains.

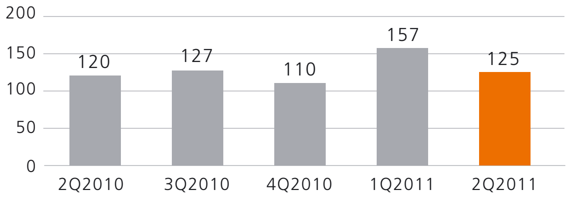
Prior quarters have been restated to reflect the move towards fair value accounting on reserves for GMWB as of 1 January 2011. The restatement had no impact on operating results. The historical, restated numbers do not reflect the impact of interest rate hedging, which was implemented in December 2010 and January 2011. Further details on the restatement are available in the restated fourth-quarter 2010 Historical Trend Document, which is available on www.ing.com.

Gains/losses and impairments were EUR -5 million versus nil in the second quarter of 2010 and EUR 6 million in the first quarter of 2011. Revaluations in the current quarter were nil compared to EUR -3 million in the second quarter of 2010 and EUR 3 million in the first quarter of 2011.

Market and other impacts were EUR 49 million, a substantial improvement from EUR -419 million in the second quarter of last year. The prior year reflected a reduction in the DAC balance and an increase in reserves (the latter partially offset by hedging gains). The current quarter primarily reflects hedging gains that are greater than reserve changes due to favourable volatility and favourable bond fund performance, which is not hedged. Effective with the first quarter of 2011, a mean reversion methodology has been implemented to determine the short-term equity growth assumption in the company's DAC calculations, reducing the sensitivity of the 'market and other impacts' result to movements in equity markets going forward.

## INSURANCE ASIA/PACIFIC

OPERATING RESULT - ASIA/PACIFIC (in EUR million)




The operating result for Insurance Asia/Pacific was EUR 125 million compared to EUR 120 million in the second quarter of 2010. Excluding currency effects, the operating result rose 8.7%, supported by a higher investment margin and partly offset by higher life administrative expenses. Compared with the first quarter of 2011, the operating result declined 17.8% excluding currency effects, mainly due to seasonality in fees and premium-based revenues in Japan.

The investment margin rose to EUR 18 million compared with EUR 12 million a year ago, supported by higher investment income from higher general account assets. The investment margin was EUR 4 million higher than in the first quarter of 2011.

Fees and premium-based revenues grew 3.4%, excluding currency effects, to EUR 334 million. This increase was mainly due to growth in the Japan COLI business and the inclusion of the Malaysian Employee Benefits business (modelled as of the first quarter of 2011), which contributed an additional EUR 10 million, with a corresponding reduction in non-modelled income. This increase was partly offset by a decline in ING Life Korea and lower fee income on the non-core Japan SPVA. Compared with the previous quarter, fees and premium-based revenues declined 8.2%, excluding currency effects, mainly due to seasonality of the Japan COLI business.

The technical margin was EUR 39 million, which remained stable compared with the second quarter of 2010. Compared with the first quarter of 2011, the technical margin declined 15.2% excluding currency effects, mainly due to a lower surrender result in ING Life Korea.

The 'income non-modelled business' was EUR 15 million versus EUR 18 million in the second quarter of 2010. Excluding the Malaysian Employee Benefits business, 'income non-modelled business' rose by EUR 8 million compared with a year ago, mainly due to growth of the Malaysian unit-linked business.

Life administrative expenses rose to EUR 113 million from EUR 112 million a year ago (up 5.6% excluding currency effects) in order to support business growth. The ratio of administrative expenses to operating income was 27.8%, essentially flat compared to the same quarter a year ago. DAC amortisation & trail commissions fell to EUR 170 million from EUR 175 million in the second quarter of 2010, but they rose 1.2% excluding currency effects.

The underlying result before tax increased to EUR 134 million compared with EUR 117 million in the second quarter of 2010, or up 19.6% excluding currency effects. Total non-operating impacts were EUR 9 million, of which EUR 6 million was due to capital gains on equity and debt securities.

New sales (APE) of EUR 331 million grew 4.1% (excluding currency effects) compared with the second quarter of 2010. In Asia outside Japan, sales rose 14.5% excluding currency effects, caused by improved agent productivity in ING Life Korea, new product introductions in Malaysia and growth in KB Life. COLI sales in Japan declined compared with the strong second quarter of 2010. Compared with the previous quarter, new sales fell 21.3%, excluding currency effects, due to seasonality.

During the quarter, ING renewed its distribution agreement with China Construction Bank (CCB) in Hong Kong for another 10 years, further strengthening bank distribution in Asia. On 23 June 2011, ING completed the sale of its 50% stake in PALIC, with a net disposal gain of EUR 27 million.

## ING INVESTMENT MANAGEMENT

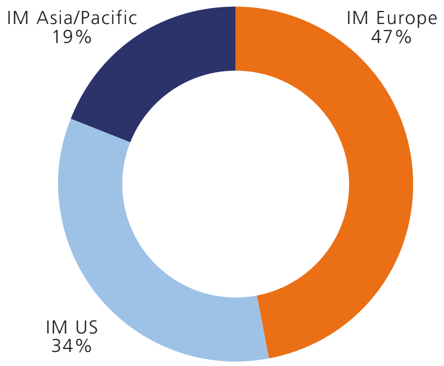
**ING Investment Management: Key figures**

| | 2Q2011 | 1Q2011 | 2Q2010 |
|---|---|---|---|
| Operating result (in EUR million) | 48 | 45 | 28 |
| of which Europe & Asia | 38 | 27 | 22 |
| of which US | 9 | 17 | 6 |
| Assets under Management (in EUR billion) | 326.3 | 327.5 | 329.6 |
| of which Proprietary | 138.0 | 136.9 | 146.4 |
| of which Retail | 100.4 | 101.2 | 98.7 |
| of which Institutional | 87.9 | 89.4 | 84.5 |
| Net inflow (in EUR billion) | -0.7 | 3.6 | -4.2 |
| Fees and premium based revenues / average AUM (annualised in bps) | 28 | 27 | 26 |
| Administrative expenses / operating income | 78.6% | 80.2% | 86.5% |

On 25 July 2011, ING announced an agreement to sell its Latin American pension, life insurance and investment management businesses to GrupoSura. As a consequence, ING's Latin American operations affected by this transaction will be treated as discontinued operations. This means that the earnings until the closing date will be accounted for in "Net result from discontinued operations". Historical data has been restated for this.

Assets under Management (AuM) at ING Investment Management (ING IM) decreased to EUR 326.3 from EUR 327.5 at the end of March 2011. Net outflows in the second quarter were EUR 0.7 billion and included a EUR 1.3 billion outflow in Hungary related to changes in pension fund regulations. The institutional segment in the US and the proprietary and institutional segments in Asia Pacific recorded net inflows. Adjusted for the outflow in Hungary, AuM remained flat compared to the previous quarter. Currency and other impacts had a negative impact on AuM of EUR 3.3 billion, offsetting a positive contribution from market performance this quarter.

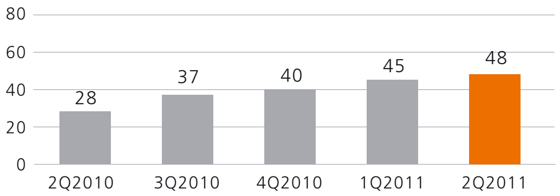
ING IM: AUM BY REGION




During the second quarter of 2011, ING IM continued to improve its investment performance. The percentage of AuM performing above benchmark on a one-year basis increased to 77% compared with 70% in the previous quarter. With 79% of rated mutual funds awarded three Morningstars or more, ING IM beats the market standard of 68%. Over the last twelve months, equity, fixed income and alternative assets all outperformed their respective aggregated benchmarks.

The operating result increased to EUR 48 million from EUR 28 million in the second quarter of 2010 and EUR 45 million in the first quarter of 2011. The 71.4% increase from the second quarter of 2010 is mainly attributable to higher fee income.

OPERATING RESULT - ING IM (in EUR million)




Fees and premium-based revenues grew 6.5%, or 12.3% excluding currency effects, to EUR 228 million. Part of the increase is due to the introduction of a fixed service fee related to the transfer of funds to the Luxembourg platform. As of the third quarter of 2010, expenses of these funds are no longer recorded as negative income. The remaining portion of the increase in fees and premium-based revenues is attributable to performance fees in Asia/Pacific and higher revenues in the US as a result of a higher AuM beginning position in the second quarter of 2011. Compared with the first quarter of 2011, fees and premium-based revenues rose 0.9%, or 3.6% excluding currency effects. The annualised ratio of fees to average AuM rose to 28 basis points from 27 basis points in the previous quarter.

Administrative expenses were EUR 180 million compared with EUR 186 million in the second quarter of 2010. Excluding currency effects, administrative expenses rose 2.8% due to the impact of the previously-mentioned introduction of a fixed service fee. Compared with the previous quarter, administrative expenses rose 2.3%, excluding currency effects.

The underlying result before tax increased to EUR 56 million from EUR 37 million in the second quarter of 2010 and EUR 55 million in the first quarter of 2011. Positive revaluations of private equity holdings contributed EUR 9 million to the underlying result before tax in the second quarter.

During the second quarter, ING reached an agreement to sell ING IM Australia to UBS AG. The business had EUR 24.8 billion in AuM at the end of March 2011. The transaction, subject to regulatory approval, is expected to close in the fourth quarter of 2011. The transaction is expected to have a negligible impact on ING's profit and loss account.

## CORPORATE LINE INSURANCE

| Corporate Line Insurance | | |
|---|---|---|
| in EUR million | 2Q2011 | 2Q2010 |
| Interest on hybrids and debt | -99 | -173 |
| Amortisation intangible assets | -6 | -6 |
| Investment income & fees (ING Insurance holding) | 6 | 7 |
| Capital Management | -99 | -172 |
| Results from reinsurance run-off portfolios | 0 | 0 |
| Other | -4 | -4 |
| **Operating result** | **-103** | **-176** |
| Gains/losses and impairments | 2 | 0 |
| Revaluations | -23 | -34 |
| Market and other impacts | 61 | 37 |
| **Underlying result before tax** | **-63** | **-172** |

The Corporate Line results have been restated to reflect the sale of the Latin American pension, life insurance and investment management businesses. Interest on debt and amortisation of intangible assets related to these businesses were formerly reported in the Corporate Line but are now reflected under net results from discontinued operations. In addition, the Corporate Line has been restated to reflect the inclusion of results from continuing operations in Latin America, most importantly ING's stake in the Brazilian insurer Sul America.

The Corporate Line Insurance operating result of EUR -103 million improved from EUR -176 million in the second quarter of 2010, primarily due to lower interest on hybrids and debt.

The Corporate Line Insurance mainly consists of items related to Capital Management and other insurance results. Corporate Line Insurance also includes ING Life Japan's SPVA guaranteed benefits, which are reinsured to ING Reinsurance, net of the associated hedges that correspond to those benefits.

The Capital Management result improved to EUR -99 million from EUR -172 million in the second quarter of 2010 due to lower interest on hybrids and debt. In preparation for potential Insurance IPOs, in December 2010 EUR 1.5 billion of hybrids on-lent from ING Group to ING Insurance were converted into equity capital. As from 1 January 2011, the Group also ceased to allocate a portion of interest expenses on Group debt to the Corporate Line Insurance.

The 'Other' result of EUR -4 million was flat compared to the second quarter of 2010. This includes the result of ING's stake in the Brazilian insurer Sul America, which was EUR 22 million in the current quarter and EUR 23 million in the second quarter of 2010.

Revaluations of EUR -23 million improved from EUR -34 million during the prior year quarter. Market and other impacts of EUR 61 million were EUR 24 million higher than in the second quarter of 2010 due to improved results from the internally reinsured Japanese SPVA guaranteed benefits.

## CONSOLIDATED BALANCE SHEET

**ING Verzekeringen N.V.: Consolidated balance sheet**

| in EUR million | 30 June 11 | 31 Mar. 11 pro forma[1] | 31 Mar. 11 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 7,273 | 7,364 | 7,451 |
| Financial assets at fair value through P&L | 120,125 | 122,160 | 122,837 |
| - trading assets | 643 | 619 | 632 |
| - non-trading derivatives | 3,555 | 3,236 | 3,235 |
| - investments for risk of policyholders | 113,486 | 115,946 | 116,090 |
| - other | 2,442 | 2,361 | 2,881 |
| Investments | 119,330 | 119,259 | 119,933 |
| - debt securities available-for-sale | 112,404 | 112,183 | 112,851 |
| - equity securities available-for-sale | 6,925 | 7,076 | 7,082 |
| Loans and advances to customers | 30,380 | 30,025 | 30,031 |
| Reinsurance contracts | 5,447 | 5,542 | 5,544 |
| Investments in associates | 2,375 | 2,473 | 2,467 |
| Real estate investments | 961 | 960 | 1,053 |
| Property and equipment | 455 | 464 | 494 |
| Intangible assets | 2,226 | 2,332 | 3,098 |
| Deferred acquisition costs | 10,021 | 10,116 | 10,125 |
| Assets held for sale | 3,174 | 3,259 | 372 |
| Other assets | 9,316 | 10,084 | 10,633 |
| **Total assets** | **311,083** | **314,036** | **314,036** |

| | 30 June 11 | 31 Mar. 11 pro forma[1] | 31 Mar. 11 |
|---|---|---|---|
| **Equity** | | | |
| Shareholders' equity | 19,461 | 18,955 | 18,955 |
| Minority interests | 94 | 124 | 124 |
| **Total equity** | **19,556** | **19,079** | **19,079** |
| **Liabilities** | | | |
| Subordinated loans | 4,266 | 4,295 | 4,295 |
| Debt securities in issue | 3,895 | 3,901 | 3,901 |
| Other borrowed funds | 7,555 | 7,686 | 7,854 |
| Insurance and investment contracts | 259,599 | 262,461 | 263,154 |
| - life insurance provisions | 136,479 | 136,032 | 136,582 |
| - non-life insurance provisions | 3,796 | 3,913 | 3,913 |
| - provision for risk of policyholders | 113,947 | 116,448 | 116,591 |
| - other | 5,377 | 6,067 | 6,067 |
| Financial liabilities at fair value through P&L | 3,240 | 3,396 | 3,396 |
| - non-trading derivatives | 3,240 | 3,396 | 3,396 |
| Liabilities held for sale | 1,489 | 1,689 | 271 |
| Other liabilities | 11,485 | 11,529 | 12,086 |
| **Total liabilities** | **291,527** | **294,957** | **294,957** |
| **Total equity and liabilities** | **311,083** | **314,036** | **314,036** |

1 Adjusted for transfer of ING Latin America to assets/liabilities held for sale

ING Insurance's balance sheet declined by EUR 3.0 billion in the second quarter to EUR 311.1 billion, primarily due to currency effects. The strengthening of the euro against the US dollar during the second quarter of 2011 resulted in a negative currency effect of EUR 2.2 billion. Shareholders' equity increased by EUR 0.5 billion, mainly due to the positive net result of EUR 0.5 billion.

### Assets

Excluding currency effects, investments for risk of policyholders decreased by EUR 1.4 billion to EUR 113.5 billion. Negative revaluations of EUR 0.3 billion in the investment portfolio and a net outflow of EUR 1.1 billion caused the decrease. All of these effects are mirrored in the provision for risk of policyholders.

Debt securities available-for-sale increased by EUR 1.1 billion excluding currency effects due to EUR 0.4 billion of additional investments and EUR 0.7 billion of positive revaluations as a result of decreasing interest rates.

Deferred acquisition costs remained flat during the quarter, excluding currency effects.

### Liabilities

Insurance and investment contracts decreased by EUR 2.9 billion to EUR 259.6 billion. The decline was largely due to negative currency effects and the decrease in provision for risk of policyholders, which mirrors the movement in the investments for risk of policyholders.

### Shareholders' equity

Shareholders' equity increased by EUR 0.5 billion, mainly due to the net profit of EUR 0.5 billion.

Shareholders' equity at 31 December 2010 has been restated to reflect the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011. As a result, the restated shareholders' equity is EUR 651 million lower than the original figure for the fourth quarter of 2010. Further details on the restatement are available in the restated fourth quarter 2010 Historical Trend Document, which is available on www.ing.com.

## RISK MANAGEMENT

Market conditions were relatively volatile as equity markets declined and credit spreads widened towards the end of the quarter. An impairment of EUR 123 million was taken on Greek government bonds during the quarter.

### Credit risk

**ING Insurance: General account (excluding Latin America) IFRS-EU Balance Sheet Value**

| in EUR billion | 2Q2011 | 1Q2011 |
|---|---|---|
| Government bonds | 48.3 | 47.3 |
| Corporate Bonds | 37.8 | 37.6 |
| Covered Bonds | 1.1 | 1.2 |
| Financial Institutions | 12.2 | 12.2 |
| RMBS and other ABS | 15.5 | 16.0 |
| - US agency RMBS | 4.4 | 4.5 |
| - US prime RMBS | 1.3 | 1.4 |
| - US Alt-A RMBS | 0.3 | 0.3 |
| - US Subprime RMBS | 1.1 | 1.3 |
| - Non-US RMBS | 5.0 | 5.0 |
| - CDO/CLO | 0.8 | 0.8 |
| - Other ABS | 2.5 | 2.7 |
| CMBS | 4.4 | 4.7 |
| Public equities | 4.1 | 4.3 |
| Other equities | 2.9 | 2.8 |
| Real Estate | 3.0 | 3.1 |
| Cash | 7.3 | 7.3 |
| Mortgages | 13.5 | 13.4 |
| Other loans | 10.5 | 10.2 |
| Other | 6.4 | 5.9 |
| **Total** | **166.7** | **165.9** |

The general account increased by EUR 0.8 billion, largely driven by positive inflow in Asia and the appreciation of the Japanese yen and Korean won versus the euro. This was partially offset by the depreciation of the US dollar versus the euro, as well as negative revaluations due to increased credit spreads and lower equity values.

'Government bonds' increased by EUR 1.0 billion mainly due to investments in, amongst others, Japanese, German, Austrian and Malaysian sovereign bonds and positive mark-to-market revaluations for northern European sovereign bonds. In the second quarter, credit spreads widened further for the southern European region, causing further negative revaluations on that part of the sovereign portfolio.

'Financial Institutions' remained unchanged at EUR 12.2 billion as divestments of EUR 0.2 billion of hybrid securities were reinvested in high quality bonds issued by financial institutions. No impairments were taken on the financials portfolio in the second quarter.

'RMBS and other ABS' decreased by EUR 0.5 billion due to appreciation of the euro against the US dollar and further reductions in various RMBS categories (Agency, Prime and Subprime). Impairments on US RMBS amounted to EUR 38 million and were largely related to the subprime category. At 30 June 2011, the remaining position in subprime RMBS was EUR 1.1 billion, with a remaining pre-tax revaluation reserve of EUR -0.2 billion.

'CMBS' decreased by EUR 0.3 billion, primarily due to divestments and US dollar depreciation, partially offset by positive revaluations. Impairments and impairment reversals were negligible for this portfolio. At 30 June 2011, the total CMBS pre-tax revaluation reserve was almost zero.

### Greece, Ireland and Portugal

Greece, Ireland and Portugal have applied for support from the European Financial Stability Fund ('EFSF'). At 30 June 2011, ING Insurance's balance sheet value of 'Government bonds' and unsecured 'Financial institutions' bonds to Greece, Ireland and Portugal and the related pre-tax revaluation reserve in equity was as follows:

**ING Insurance: Greece, Ireland and Portugal**

| in EUR million | 30 June 2011 | | |
|---|---|---|---|
| | Balance sheet value | Pre-tax revaluation reserve | Pre-tax impairments in 2Q2011 |
| **Greece** | | | |
| Government bonds - available-for-sale | 323 | -103 | -123 |
| **Ireland** | | | |
| Government bonds - available-for-sale | 35 | -19 | |
| Financial Institutions - available-for-sale | 12 | | |
| **Portugal** | | | |
| Government bonds - available-for-sale | 109 | -73 | |
| Financial Institutions - available-for-sale | 94 | -81 | |
| **Total** | **574** | **-276** | **-123** |

On 21 July 2011 a Private Sector Initiative to support Greece was announced. This initiative involves a voluntary exchange of existing Greek government bonds together with a Buyback Facility. The initiative relates to Greek Government Bonds maturing up to 2020. ING is currently assessing the alternative exchange options in this initiative. Based on this Private Sector Initiative, it was concluded that bonds that are in scope of the initiative (i.e. Greek government bonds maturing up to 2020) are impaired in the second quarter of 2011. The impairment relates to bonds classified as available-for-sale and is based on the 30 June 2011 market values of these bonds.

## Market risk

| IFRS-EU Earnings sensitivities for market risks (full year impact and excluding Latin America) | | |
|---|---|---|
| In EUR million | 2Q2011 | 1Q2011 |
| Interest Rates +30% * | -28 | 48 |
| Interest Rates -30% * | 129 | -56 |
| Equity -25% | -663 | -628 |
| Real Estate -15% | -776 | -800 |
| Foreign Exchange -10% | -171 | -158 |

* Parallel shock based on 30% move in 10-year swap rate at year-end 2010

Interest rate risk affecting the IFRS-EU P&L mainly arises in the Benelux and the US. The change in interest rate sensitivities during the second quarter is primarily attributable to changes in the level of market rates as well as modelling refinements. The effects of nonparallel shifts in the yield curve as well as basis risk contributed to the loss on separate account pension contracts in the Netherlands during the second quarter.

Equity risk is mainly present in the Benelux and the US. For the Benelux, the sensitivities reflect the risk of impairments on direct exposures which is partially hedged. The equity risk on the separate account pension contracts is fully hedged. In both cases there is still a significant amount of basis risk. For the US, the sensitivities include the unhedged part of equity risk related to DAC and investment margins on client funds.

Real Estate exposure relates to direct holdings and real estate investment funds, mainly in the Benelux, which combined were stable at EUR 3.0 billion in the second quarter of 2011.

## Insurance and other risks

Insurance risks such as mortality, longevity, morbidity and adverse P&C claims result from the pricing and acceptance of insurance contracts.

Through scenario analysis, ING Insurance measures the sensitivity of pre-tax earnings of the insurance operations to an adverse change of the insurance risk factors over a one-year period.

Earnings sensitivities in this section are defined on a shock scenario at the 90% confidence level on pre-tax IFRS-EU earnings, projected one year forward from the calculation date.

| IFRS-EU Earnings sensitivities for Insurance risks (full year impact and excluding Latin America) | | |
|---|---|---|
| In EUR million | 2Q2011 | 1Q2011 |
| Mortality | -34 | -33 |
| Morbidity | -116 | -114 |
| P&C | -48 | -49 |

The sensitivities present figures after diversification between insurance risks and after diversification across business units. The largest earnings sensitivity to mortality risk arises in Asia/Pacific, with slightly smaller contributions in the other regions. Earnings sensitivity to morbidity risk (sickness, disability, accidental death, workers' compensation, medical insurance and long-term care insurance) is also present in all regions, with the largest contribution from the Benelux. The earnings sensitivity for P&C risk is mainly concentrated in the Benelux. Overall exposure to insurance risks did not change significantly during the second quarter of 2011 and sensitivities mainly changed because of modelling updates.

Annually, and mostly concentrated in the third and fourth quarters, actuarial assumptions including lapse risk, expense risk and insurance risks are reviewed. This can have an impact on third and future quarter results.

# CONSOLIDATED PROFIT AND LOSS ACCOUNT

## ING Group: Consolidated profit and loss account

| | Total Group[1][2] | | Total Banking | | Total Insurance[2] | |
|---|---|---|---|---|---|---|
| in EUR million | 2Q2011 | 2Q2010[3] | 2Q2011 | 2Q2010 | 2Q2011 | 2Q2010[3] |
| Gross premium income | 6,299 | 6,759 | | | 6,299 | 6,759 |
| Interest result Banking operations | 3,345 | 3,229 | 3,348 | 3,258 | | |
| Commission income | 1,090 | 1,023 | 682 | 658 | 408 | 364 |
| Total investment & other income | 2,291 | 4,068 | 71 | 460 | 2,334 | 3,639 |
| **Total underlying income** | **13,024** | **15,078** | **4,101** | **4,377** | **9,041** | **10,763** |
| Underwriting expenditure | 7,190 | 9,578 | | | 7,190 | 9,578 |
| Staff expenses | 1,941 | 1,842 | 1,428 | 1,321 | 514 | 522 |
| Other expenses | 1,372 | 1,297 | 950 | 878 | 422 | 419 |
| Intangibles amortisation and impairments | 48 | 106 | 48 | 106 | | |
| Operating expenses | 3,362 | 3,246 | 2,427 | 2,305 | 936 | 941 |
| Interest expenses Insurance operations | 119 | 158 | | | 236 | 219 |
| Addition to loan loss provision | 370 | 465 | 370 | 465 | | |
| Other | 6 | 6 | | | 6 | 6 |
| **Total underlying expenditure** | **11,047** | **13,453** | **2,797** | **2,770** | **8,367** | **10,744** |
| **Underlying result before tax** | **1,977** | **1,625** | **1,304** | **1,607** | **673** | **18** |
| Taxation | 436 | 329 | 305 | 425 | 131 | -95 |
| Minority interests | 13 | 19 | 11 | 17 | 1 | 2 |
| **Underlying net result** | **1,528** | **1,277** | **987** | **1,165** | **541** | **112** |
| Net gains/losses on divestments | 51 | | 25 | | 27 | |
| Net result from divested units | -1 | -2 | | 4 | -1 | -6 |
| Net result from discontinued operations | 38 | 42 | | | 38 | 42 |
| Special items after tax | -110 | -106 | -52 | -62 | -58 | -44 |
| **Net result** | **1,507** | **1,211** | **960** | **1,106** | **547** | **105** |

## ING Group: Consolidated profit and loss account

| | Total Group[1][2] | | Total Banking | | Total Insurance[2] | |
|---|---|---|---|---|---|---|
| in EUR million | 1H2011 | 1H2010[3] | 1H2011 | 1H2010 | 1H2011 | 1H2010[3] |
| Gross premium income | 14,506 | 14,990 | | | 14,506 | 14,990 |
| Interest result Banking operations | 6,738 | 6,455 | 6,744 | 6,521 | | |
| Commission income | 2,171 | 2,015 | 1,377 | 1,314 | 794 | 702 |
| Total investment & other income | 3,841 | 5,501 | 489 | 719 | 3,559 | 4,833 |
| **Total underlying income** | **27,255** | **28,961** | **8,609** | **8,554** | **18,859** | **20,525** |
| Underwriting expenditure | 15,394 | 18,162 | | | 15,394 | 18,162 |
| Staff expenses | 3,889 | 3,693 | 2,873 | 2,664 | 1,016 | 1,029 |
| Other expenses | 2,758 | 2,576 | 1,909 | 1,764 | 849 | 811 |
| Intangibles amortisation and impairments | 126 | 276 | 126 | 276 | | |
| Operating expenses | 6,773 | 6,544 | 4,908 | 4,704 | 1,865 | 1,841 |
| Interest expenses Insurance operations | 274 | 315 | | | 487 | 433 |
| Addition to loan loss provision | 702 | 962 | 702 | 962 | | |
| Other | 11 | 12 | | | 11 | 12 |
| **Total underlying expenditure** | **23,155** | **25,996** | **5,610** | **5,666** | **17,758** | **20,448** |
| **Underlying result before tax** | **4,100** | **2,965** | **2,999** | **2,889** | **1,102** | **76** |
| Taxation | 1,064 | 776 | 787 | 775 | 277 | 2 |
| Minority interests | 45 | 39 | 35 | 38 | 10 | 1 |
| **Underlying net result** | **2,991** | **2,150** | **2,176** | **2,076** | **815** | **74** |
| Net gains/losses on divestments | 62 | 404 | 36 | 405 | 27 | -2 |
| Net result from divested units | -4 | -2 | | 4 | -4 | -6 |
| Net result from discontinued operations | 66 | 93 | | | 66 | 93 |
| Special items after tax | -227 | -203 | -104 | -137 | -123 | -65 |
| **Net result** | **2,888** | **2,441** | **2,107** | **2,348** | **781** | **94** |

1 Including intercompany eliminations

2 Insurance operating and underlying figures exclude the Insurance Latin American pension, life insurance and investment management operations, following the announced sale of these businesses on 25 July 2011. The result of Insurance Latin America has been transferred to "net result from discontinued operations." Previous periods have been restated.

3 The result of this period has been restated to reflect the change in accounting policy, i.e. the move towards fair value accounting for Guaranteed Minimum Withdrawal Benefits for life in the US Closed Block VA as of 1 January 2011.

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