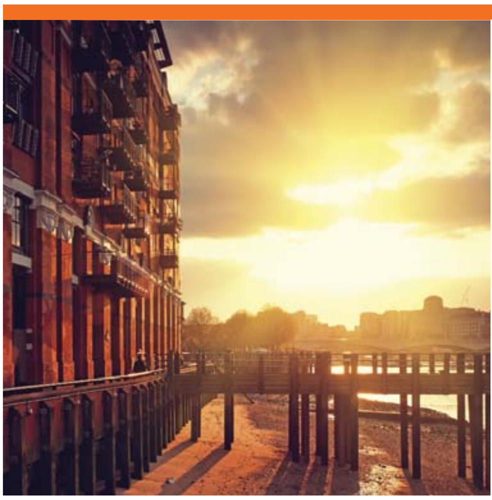
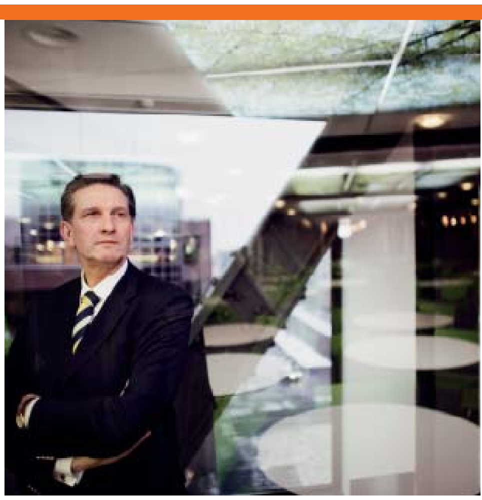
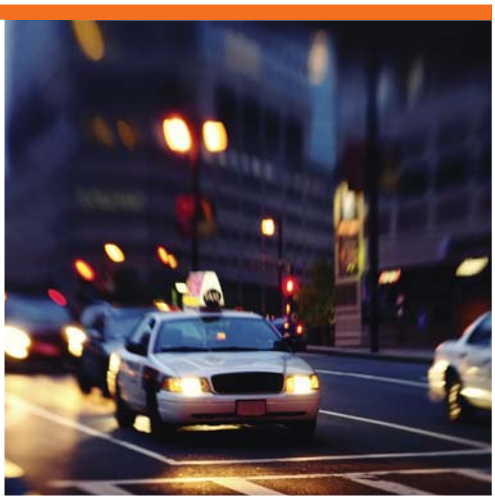
ING BANK







Condensed consolidated interim financial information for the period ended 30 June 2013

Contents

Interim report

Interim report 3
Conformity statement 8

Condensed consolidated interim accounts

Condensed consolidated balance sheet 9
Condensed consolidated profit and loss account 10
Condensed consolidated statement of comprehensive income 11
Condensed consolidated statement of cash flows 12
Condensed consolidated statement of changes in equity 13
Notes to the condensed consolidated interim accounts 14
Review report 48

Interim report

ING BANK N.V.

Introduction
ING Bank N.V., together with ING Insurance N.V., is part of ING Groep N.V. ING Bank N.V. consist of the following segments: Retail Netherlands, Retail Belgium, Retail Germany, Retail Rest of World and Commercial Banking.

ING Bank evaluates the results of its segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. The breakdown of underlying net result by segment and the reconciliation between IFRS-EU and the underlying net result can be found in Note 16 'Segments'. Disclosures on comparative periods in Note 16 'Segments' also reflect the impact of current period's divestments.

CONSOLIDATED RESULTS
Net profit in the first six months of 2013 for ING Bank N.V. was EUR 1,636 million, down 14.7% from the first six months of 2012. Net results in the first six months of 2013 included a net loss of EUR 86 million on divestments and special items (versus a net gain of EUR 311 million in the first six months of 2012).

Excluding divestments and special items, ING Bank posted an underlying net profit of EUR 1,722 million in the first six months of 2013, up 7.2% from 1,606 million in the same period last year.

Underlying result before tax rose 5.0% to EUR 2,417 million from EUR 2,302 million in the first six months of last year. The first half of 2013 included a EUR 99 million positive impact of credit and debt valuation adjustments (CVA/DVA) recorded in Commercial Banking and the Corporate Line, while last year was affected by EUR 284 million negative CVA/DVAs as well as EUR 193 million of losses from selective de-risking of the investment portfolio to reduce exposure to southern European debt and prevent RWA migration. Excluding aforementioned items in both periods, underlying result before tax declined by EUR 461 million, or 16.6%, mainly due to higher risk costs and lower income in Commercial Banking.

Total underlying income increased 4.9% compared with the first six months of 2012, mainly reflecting higher interest results and a strong improvement in other income following the completion of the planned de-risking of the investment portfolio at the end of last year. Interest results increased 0.7%, driven primarily by volume growth in Retail Banking and higher lending margins, partly offset by lower interest results in Bank Treasury following the lengthening of the funding profile. The underlying interest margin improved by 8 basis points to 1.42% in the first six months of 2013. Commission income remained stable compared to last year. Investment income improved slightly to EUR 176 million compared with EUR 173 million in the first half in 2012, as positive effect from the absence of impairments in 2013 was largely offset by lower capital gains on debt securities. Other income increased to EUR 491 million from EUR 178 million last year. The increase was mainly attributable to the aforementioned positive swing in CVA/DVA impacts and the absence of de-risking losses in the first half of 2013.

Underlying operating expenses including other impairments were up 1.2% to EUR 4,228 million, as the impact of the cost savings initiatives, lower impairments on real estate development projects and lower performance related personnel expenses could not fully compensate for higher pension costs (caused by a decrease in the discount rate at the end of 2012) and annual salary increases as well as higher regulatory expenses. The cost/income ratio improved to 54.1% from 56.0% in the first half of 2012.

Net additions to loan loss provisions rose significantly compared with last year reflecting the weak economic environment. Underlying risk costs were EUR 1,176 million, an increase of 20.2% compared with the first six months of 2012, mainly attributable to Retail Netherlands. Risk costs were annualized 85 basis points of average risk-weighted assets compared with 67 basis points in the first half of 2012.

Retail Netherlands
Underlying result before tax of Retail Netherlands decreased to EUR 420 million from EUR 564 million in the first six months of 2012 due to higher risk costs. Income increased slightly, mainly reflecting higher interest results, which was offset by increased operating expenses mainly due to higher pension costs.

Total underlying income increased to EUR 1,994 million, up 1.0% compared with EUR 1,975 million in the first half of 2012, mainly reflecting improved margins on mortgages at slightly higher volumes. Demand for credit, however, remained low. Net mortgage production was EUR 0.2 billion, reflecting the ongoing uncertainty in the Dutch housing market. Other lending, mainly business lending, reported a net outflow of EUR 0.3 billion. Savings volumes continued to grow, with funds entrusted up EUR 3.7 billion in the first half of 2013.

Interim report continued

Operating expenses including other impairments increased by EUR 22 million (or 2.0%) in the first half of this year, mainly due to higher pension costs. Excluding the increase in pension costs, expenses declined about 4% from a year ago, supported by the on-going efficiency programmes and lower marketing expenses. The combined cost savings programmes, announced in 2011 and 2012, are running ahead of plan. Headcount has been reduced by 2,515 out of an expected 2,950 by year-end 2013. Since the start of the programme, EUR 194 million of cost savings have already been realized out of an expected EUR 430 million by year-end 2015.

The net addition to loan loss provisions rose to EUR 432 million versus EUR 291 million in the first half of 2012, mainly reflecting the weakness in the housing market and in the broader Dutch economy.

Retail Belgium

Retail Belgium's underlying result before tax increased to EUR 363 million from EUR 332 million in the first six months of 2012, due to higher income partly offset by increased operating expenses and risk costs.

The underlying income rose 6.5% to EUR 1,161 million compared with EUR 1,090 million last year, as growth in client balances was accompanied by slightly higher margins in lending partly offset by lower margins in both current accounts and savings accounts. The lending portfolio increased by EUR 2.1 billion, of which EUR 0.5 billion was in residential mortgages and EUR 1.6 billion in other lending. Funds entrusted increased by EUR 5.6 billion in the first half of 2013, mainly due to current accounts inflow in the mid-corporate and SME segment as well as higher savings balances.

Operating expenses including other impairments increased by EUR 31 million (or 4.5%) compared with the first half of 2012, which included a EUR 38 million refund from the old deposit guarantee scheme. Excluding this DGS-refund, expenses declined 1.0%. In the beginning of 2013, ING Belgium announced that it is accelerating its strategic projects to further align its products and services with the new mobile banking environment. This programme is on track and is expected to result in EUR 150 million of cost savings by 2015.

The net addition to the provision for loan losses rose by EUR 8 million to EUR 80 million versus EUR 72 million a year ago. Risk costs for mortgages were low at EUR 6 million versus a small release in the first half of 2012. The net addition for non-mortgage lending to private persons was up EUR 6 million to EUR 12 million, while risk costs for the business banking segment declined by EUR 8 million to EUR 62 million.

Retail Germany

Retail Germany's underlying result before tax increased to EUR 259 million from EUR 231 million in the first months of 2012, due to higher income, in part offset by higher operating expenses.

The underlying income increased to EUR 650 million in the first half of 2013 compared with EUR 598 million last year, mainly due to higher interest results and the absence of de-risking losses in 2013. Interest result rose 5.5% to EUR 609 million, supported by volume growth and higher margins on lending, while the margin on savings declined despite a reduction of the main client savings rate reflecting the low interest rate environment. Despite the reduction of rates, funds entrusted increased by EUR 5.6 billion in the first half of 2013. The lending portfolio was slightly up by EUR 0.7 billion, of which EUR 0.4 billion was in residential mortgages and EUR 0.3 billion in other lending. Investment income improved by EUR 14 million on the first half of 2012, fully attributable to the absence of de-risking losses this year.

Operating expenses including other impairments increased by EUR 21 million, or 6.4%, compared with the first half of 2012 due to increases in the number of staff and higher deposit guarantee costs, in line with growth in the deposit base.

The net addition to the provision for loan losses was EUR 42 million versus EUR 39 million a year ago.

Retail Rest of World

Retail Rest of World's underlying result before tax recovered strongly to EUR 229 million from nil in the first six months of last year, despite this year´s higher losses related to UK legacy run-off results (EUR -89 million versus EUR -46 million in the first half of 2012). The improvement was mainly caused by the completion of the selective de-risking programme of the investment portfolio, which led to EUR 175 million of realized losses over the first six months of 2012. Excluding de-risking losses and UK legacy losses, underlying result before tax improved by EUR 97 million, or 43.9%, from the first half of last year.

The underlying income rose by EUR 301 million to EUR 1,222 million from EUR 921 million in the first half of 2012. Excluding de-risking losses, income was EUR 126 million, or 11.5%, higher. The increase was supported by capital gains on bonds in Poland, the sale of ING Bank's equity stake in KB Financial Group, and a EUR 13 million result on the sale of a EUR 0.8 billion mortgage portfolio in Australia. Interest income increased by EUR 90 million, mainly due to volume growth and higher lending margins. In the first six months of 2013, net inflow of funds entrusted was EUR 1.9 billion, primarily in Australia, Spain and Poland, partly offset by net outflows in France and Italy. The net production in lending (excluding currency effects and the sale of the Australian mortgage portfolio) was EUR 1.7 billion, mainly in Turkey and Poland.

Interim report continued

Operating expenses including other impairments increased by EUR 44 million (or 5.6%) compared with the first half of 2012, reflecting business growth and higher deposit insurance premiums.

The addition to the provision for loan losses was EUR 159 million versus EUR 131 million a year ago, mainly due to higher net additions in Turkey and the specific provisions for a restructured CMBS loan in the UK legacy portfolio.

Commercial Banking
Underlying result before tax of Commercial Banking increased 5.6% to EUR 1,121 million from EUR 1,062 million in the first six months of 2012. The increase was attributable to higher income (particularly due to CVA/DVA impacts) and lower impairments on real estate development projects.

Underlying income rose by EUR 48 million, or 1.8%, to EUR 2,741 million in the first half of 2013, mainly in Financial Markets, due to a positive swing in CVA/DVA adjustments, and to a lesser extend higher income from Industry Lending. This was largely offset by lower income in Bank Treasury, Real Estate & Other and in the General Lending & Transaction Services.

The total interest result dropped 11.6% on the first six months of 2012, mainly due to lower interest results in Bank Treasury, Real Estate & Other, which was affected by higher liquidity costs at Bank Treasury following a lengthening of the Bank's funding profile and by reduced volumes in the General Lease run-off portfolio. Interest result of General Lending & Transaction Services also dropped, mainly due to a decline in lending volumes and margin pressure in PCM business. Interest result of Industry Lending increased slightly, as higher interest results from Structured Finance were offset by a decline in the Real Estate Finance portfolio.

Commission income increased by EUR 8 million, or 1.7%, on the first six month of 2012, mainly attributable to higher fee income in Structured Finance and General Lending. Investment income dropped by EUR 18 million, reaching EUR 126 million this year from EUR 144 million in 2012, due to lower gains on bonds in the ALM book of Bank Treasury. Other income jumped to EUR 570 million compared with EUR 310 million in the first half of 2012. The increase was fully attributable to Financial Markets, which included EUR 154 million of positive CVA/DVA adjustments this year compared with EUR 218 million of negative adjustments last year.

Operating expenses including other impairments amounted to EUR 1,157 million, 2.4% lower compared with the same period in 2012 as impairments on real estate development projects dropped by EUR 70 million to EUR 33 million this year. Excluding these impairments, expenses increased by EUR 41 million or 3.8%, mainly due to higher pension expenses. The underlying cost/income ratio in the first half of 2012 was 42.2%, compared with 44.0% a year ago.

Net additions to loan loss provisions rose to EUR 463 million from EUR 445 million in the first half of 2012, due to higher risk costs in Industry Lending, fully attributable to Real Estate Finance. Risk costs in the first six months of 2013 were annualized 72 basis points of average risk-weighted assets, up from 65 basis points a year ago.

Corporate Line
The Corporate Line Banking reported an underlying result before tax of EUR 24 million compared with EUR 113 million in the first half of last year. The decline was largely due to a negative swing in fair value changes excluding DVA, mainly attributable to hedge ineffectiveness. DVA on own issued debt improved by EUR 11 million to EUR –55 million. The repurchase of EUR 2.0 billion of Dutch government guaranteed ING Bank notes executed at the end of June 2013 resulted in a loss of EUR 25 million, while the first half of 2012 included EUR 24 million of realised gains on bonds. Income on capital surplus increased by EUR 58 million to EUR 282 million compared with a year ago, mainly due to the lower benefits paid to the business units as a result of a decline in average economic capital following the divestments of ING Direct USA and ING Direct Canada in 2012, and ING Direct UK in 2013. Value added tax restitutions added EUR 29 million in the first half of 2013 compared with nil in the same period of last year.

Balance sheet
The comparative figures at 31 December 2012 have been restated to reflect the new pension accounting requirements under IFRS (the revised IAS 19, which took effect on 1 January 2013). The change in accounting reduced year-end shareholders' equity by EUR 1,705 million, reflecting the immediate recognition in shareholders' equity of accumulated actuarial gains/losses, which were previously deferred through the so-called corridor approach. Further details about this are included on page 14 of this Interim Report.

ING Bank's balance sheet decreased by EUR 4 billion, including EUR 8 billion of negative currency impacts, to EUR 830 billion at 30 June 2013 from EUR 834 billion at the end of 2012. This decline was mainly attributable to the sale of ING Direct UK's mortgages and savings and deposits portfolio to Barclay's in the first quarter of 2013. Assets/liabilities held for sale at 30 June 2013 amounted to EUR 4 billion following the agreement to transfer mortgages and savings from WestlandUtrecht Bank to ING Insurance in July. Excluding the assets/liabilities held for sale and currency movements, the balance sheet total increased by EUR 9 billion. The loan-to-deposit ratio (excluding securities at amortized costs and the Illiquid Asset Back-up Facility receivable) improved to 1.07 from 1.13 at year-end 2012. The asset leverage ratio, defined as total assets divided by shareholders' equity, increased to 24.1 from 23.9 at the end of 2012.

Interim report continued

Assets
Excluding currency impacts, total assets increased by EUR 3 billion, mainly due to EUR 8 billion higher financial assets at fair value through P&L and EUR 4 billion higher amounts due from banks, partly offset by EUR 3 billion lower assets held for sale and EUR 7 billion lower loans and advances to customers.

Loans and advances to customers
Loans and advances to customers declined by EUR 13 billion to EUR 529 billion at 30 June 2013 from EUR 542 billion at 31 December 2012. The decline was for EUR 6 billion attributable to currency impacts. Excluding currency impacts, the EUR 7 billion drop was caused by a EUR 2 billion repayment of loans by ING Group, the transfer of a EUR 4 billion portion of the WestlandUtrecht Bank's Dutch mortgage portfolio to assets held for sale, the sale of a mortgage portfolio in Australia and the lower fair value hedge for mortgages as well as EUR 1 billion maturities in securities at amortized cost and IABF.

Amounts due to and from banks
Amounts due from banks increased by EUR 4 billion, primarily reflecting higher reverse repos, in part compensated by the placement of maturing repos at central banks, while amounts due to banks declined by EUR 4 billion.

Customer deposits and other funds on deposit
Customer deposits and other funds on deposit increased by EUR 22 billion to EUR 476 billion, excluding EUR 4 billion of negative currency impacts. This growth was driven by EUR 10 billion higher savings accounts, due to strong net inflows in Retail Banking (Netherlands, Belgium and Germany in particular), coupled with EUR 10 billion increase in credit balances on current accounts. Corporate deposits increased by EUR 2 billion at comparable currency rates.

Debt securities in issue
Debt securities in issue declined with EUR 3 billion at comparable currency rates, mainly reflecting reduction in long-term debt following the buy-back of EUR 3 billion government-guaranteed debt issued by ING Bank NV and ING Australia as well as maturing securities. ING Bank issued EUR 14.5 billion of long-term debt in in the first half of 2013, primarily replacing maturing debt.

Shareholders' equity
Shareholders' equity decreased by EUR 0.5 billion to EUR 34.4 billion, primarily reflecting EUR 1.8 billion dividend to ING Group, EUR 0.8 billion lower revaluation reserves and EUR 0.3 billion lower currency translations reserves. This was partly compensated by EUR 1.6 billion of retained profit and EUR 0.7 billion of actuarial gains as a result of an increase in the discount rates used to value pension assets and liabilities.

CAPITAL MANAGEMENT
ING Bank's core Tier 1 ratio remained stable at 11.8%, following the EUR 1.8 billion dividend upstream from ING Bank to the Group to facilitate a EUR 1.5 billion reduction of the Group double leverage and a EUR 0.3 billion capital injection into NN Bank ahead of the transfer of WestlandUtrecht Bank.

The CRD IV will be adopted in the EU as of the start of 2014, however ING Bank is already meeting most CRD IV requirements. The pro-forma core Tier 1 ratio on a fully loaded basis, stands at 10.2%, exceeding the Bank's target of at least 10%. The calculation of this impact assumes an immediate implementation without future management actions.

RISK MANAGEMENT
Despite the weak macro-economic backdrop, ING Bank's loan book continued to hold up well with an increase in non-performing loans to 2.8%, while the coverage ratio edged down to 36%. The bank's capital position remains robust with a Core Tier 1 ratio of 11.8% even following the EUR 1.8 billion capital upstream to the Group. The funding profile remained strong with strong growth in funds, leading to an improvement of the loan-to-deposit ratio to 1.07.

Credit Risk Management
Non-performing loans (NPLs) as a percentage of credit outstandings increased in the first six months of this year to 2.8% from 2.5%, due in part to one Real Estate Finance file in Spain which has subsequently been sold in July. On a pro-forma basis the NPL ratio increased to 2.7%, driven by lower credit outstandings and slightly higher NPLs. The NPL ratio in Retail Banking Benelux increased from 2.6% to 2.8%, largely driven by Dutch residential mortgages as well as lending to small and medium-sized companies. For Retail Banking International, the NPL ratio increased from 1.4% to 1.6%. The increase in the Commercial Banking NPL ratio from 3.5% to 3.9% was largely driven by Real Estate Finance.

The Stock of Provisions increased by EUR 0.4 billion to EUR 5.9 billion at the end of June 2013, reflecting higher net additions to loan loss provisions compared with write-offs. ING Bank's overall NPL coverage ratio, defined as the stock of provisions divided by the non-performing loans, slightly decreased to 36%.

Security portfolio
ING Bank's total exposure to debt securities was reduced by EUR 2.6 billion in the first half year to EUR 99.6 billion as matured securities were only partly replaced by new investments. The reduction in covered bonds is mainly due to maturing Spanish and German bonds, while the new investments concentrate in liquidity eligible government bonds.

Interim report continued

Greece, Italy, Ireland, Portugal, Spain and Cyprus
ING Bank's total exposure to the GIIPSC countries was reduced by EUR 2.3 billion in the first half of 2013 to EUR 58.9 billion, supported by a EUR 1.7 billion reduction in debt securities to EUR 16.6 billion. ING Bank's total exposure to Spain was reduced by EUR 1.9 billion in the first half year to EUR 32.1 billion. The mismatch between Spanish assets and liabilities declined to EUR 7.8 billion, from EUR 9.3 billion at the end of 2012, as the total exposure was reduced and funds entrusted increased.

Market risk
During the first half year of 2013, the average Value-at-Risk (VaR) remained stable at EUR 9 million. The overnight VaR for ING Bank's trading portfolio ranged from EUR 5 million to EUR 17 million.

Funding and liquidity
Capital markets and money markets continued to improve in the first half year, and ING Bank demonstrated access to all markets at competitive levels. In the first six months of 2013, ING Bank issued EUR 14.5 billion of debt with tenors longer than one year.

ING Bank's loan-to-deposit ratio, excluding securities that are recorded at amortised costs in loans and advances and the IABF government receivable, improved to 1.07, in line with the Bank's 2015 target, due to strong net inflows of funds entrusted and reduced customer lending. The bank's total eligible collateral position was stable at EUR 197 billion at market values, compared to year-end.

Non financial risk
In April, the banking industry in the Netherlands suffered from a number of cyber-attacks, which led to availability issues for ING Bank's mobile and internet banking services. Since these DDoS attacks an additional taskforce has been established, complementary to the Cybercrime Task Force, to look further into mitigating actions being implemented at ING premises, the Internet Service Providers and DDoS mitigation providers.

The external fraud risk level of the Netherlands improved significantly this half year due to the implementation of Geo-blocking; bank cards are blocked for use outside of Europe unless the client requests otherwise.

OTHER
Reference is made to Note 21 'Important events and transactions' in the condensed consolidated interim accounts for information on the most important events in the first half of 2013, other than the information disclosed in this Interim report. This disclosure is deemed to be incorporated by reference here.

LOOKING AHEAD
ING has made good progress so far this year as we work to improve our operational performance, execute our restructuring and prepare our banking companies for independent futures.

Conformity statement

The Management Board is required to prepare the Interim Accounts and the Interim Report of ING Bank N.V. for each financial period in accordance with applicable Dutch law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)*
The Management Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Management Board, so that the timeliness, completeness and correctness of the external financial reporting are assured.

As required by section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act (Wet op het financieel toezicht), each of the signatories hereby confirms that to the best of his knowledge:

- the ING Bank N.V. interim accounts for the period ended 30 June 2013 give a true and fair view of the assets, liabilities, financial position and profit or loss of ING Bank N.V. and the entities included in the consolidation taken as a whole; and
- the ING Bank N.V. interim report for the period ended 30 June 2013 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* regarding ING Bank N.V. and the entities included in the consolidation taken as a whole.

AMSTERDAM, 6 AUGUST 2013
THE MANAGEMENT BOARD BANKING

J.H.M. HOMMEN
CEO and chairman

J.V. TIMMERMANS
Vice-chairman

P.G. FLYNN
CFO

W.F. NAGEL
CRO

R.A.J.G. HAMERS
Member of the board

W.L. CONNELLY
Member of the board

C.P.A.J. LEENAARS
Member of the board

H. VAN DER NOORDAA
Member of the board

Condensed consolidated balance sheet of ING Bank

as at

amounts in millions of euros	30 June 2013	31 December 2012
ASSETS		
Cash and balances with central banks	**16,928**	15,447
Amounts due from banks	**43,027**	39,053
Financial assets at fair value through profit and loss 2	**133,722**	126,163
Investments 3	**79,118**	80,824
Loans and advances to customers 4	**529,166**	541,546
Investments in associates	**864**	841
Real estate investments	**151**	207
Property and equipment	**2,311**	2,336
Intangible assets 5	**1,694**	1,778
Assets held for sale 6	**4,033**	6,781
Other assets 7	**18,919**	19,457
Total assets	**829,933**	834,433
EQUITY 8		
Shareholder's equity (parent)	**34,425**	34,964
Minority interests	**835**	843
Total equity	**35,260**	35,807
LIABILITIES		
Subordinated loans	**15,467**	16,407
Debt securities in issue 9	**129,963**	134,689
Amounts due to banks	**35,156**	38,704
Customer deposits and other funds on deposit	**475,672**	460,363
Financial liabilities at fair value through profit and loss 10	**115,051**	112,970
Liabilities held for sale 6	**3,742**	14,244
Other liabilities 11	**19,622**	21,249
Total liabilities	**794,673**	798,626
Total equity and liabilities	**829,933**	834,433

Amounts for 2012 have been restated to reflect the change in accounting policy as disclosed in the section 'Changes in accounting policies' on page 14.

References relate to the accompanying notes. These form an integral part of the Condensed consolidated interim accounts.

Condensed consolidated profit and loss account of ING Bank

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2013**	2012	**2013**	2012
Interest income	**13,729**	15,251	**27,802**	30,611
Interest expense	**–10,688**	–12,200	**–21,795**	–24,448
Interest result	**3,041**	3,051	**6,007**	6,163
Investment income 12	**47**	75	**169**	200
Commission income	**581**	563	**1,131**	1,111
Other income 13	**221**	72	**505**	902
Total income	**3,890**	3,761	**7,812**	8,376
Addition to loan loss provision	**616**	541	**1,177**	982
Intangible amortisation and other impairments 14	**26**	56	**65**	125
Staff expenses 15	**1,219**	928	**2,502**	2,192
Other operating expenses	**865**	862	**1,733**	2,214
Total expenses	**2,726**	2,387	**5,477**	5,513
Result before tax	**1,164**	1,374	**2,335**	2,863
Taxation	**287**	359	**646**	900
Net result (before minority interests)	**877**	1,015	**1,689**	1,963
Attributable to:				
Shareholder of the parent	**854**	995	**1,636**	1,916
Minority interests	**23**	20	**53**	47
	877	1,015	**1,689**	1,963

Amounts for the three and six month period ended 30 June 2012 have been restated to reflect the change in accounting policy as disclosed in the section ‘Changes in accounting policies’ on page 14.

References relate to the accompanying notes. These form an integral part of the Condensed consolidated interim accounts.

Condensed consolidated statement of comprehensive income of ING Bank

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2013**	2012	**2013**	2012
Net result for the period	**877**	1,015	**1,689**	1,963
Items that will not be reclassified to the profit and loss account:				
Remeasurement of the net defined benefit asset/liability 11	**–116**	–244	**693**	–1,747
Unrealised revaluations property in own use	**1**	–1		–3
Items that may be reclassified subsequently to the profit and loss account:				
Unrealised revaluations available-for-sale investments and other	**–292**	256	**–688**	816
Realised gains/losses transferred to the profit and loss account	**19**	–38	**104**	–116
Changes in cash flow hedge reserve	**–141**	–122	**–124**	–100
Exchange rate differences and other	**–683**	267	**–425**	–183
Total comprehensive income	**–335**	1,133	**1,249**	630
Comprehensive income attributable to:				
Shareholder of the parent	**–299**	1,101	**1,259**	562
Minority interests	**–36**	32	**-10**	68
	–335	1,133	**1,249**	630

Amounts for the three and six month period ended 30 June 2012 have been restated to reflect the change in accounting policy as disclosed in the section ‘Changes in accounting policies’ on page 14.

Reference relates to the accompanying notes. These form an integral part of the Condensed consolidated interim accounts.

Condensed consolidated statement of cash flows of ING Bank

for the six month period

amounts in millions of euros		1 January to 30 June 2013	2012
Result before tax		**2,335**	2,863
Adjusted for	– depreciation	**303**	298
	– addition to loan loss provisions	**1,177**	982
	– other	**261**	334
Taxation paid		**–846**	–479
Changes in	– amounts due from banks, not available on demand	**–3,816**	1,070
	– trading assets	**–10,659**	4
	– non-trading derivatives	**–1,082**	–302
	– other financial assets at fair value through profit and loss	**–287**	–206
	– loans and advances to customers	**1,149**	–5,483
	– other assets	**1,436**	–618
	– amounts due to banks, not payable on demand	**–5,849**	–11,816
	– customer deposits and other funds on deposit	**22,878**	1,029
	– trading liabilities	**7,093**	–7,031
	– other financial liabilities at fair value through profit and loss	**–645**	515
	– other liabilities	**–3,044**	729
Net cash flow from operating activities		**10,404**	–18,111
Investments and advances	– available-for-sale investments	**–59,734**	–38,569
	– other investments	**–364**	–297
Disposals and redemptions	– group companies	**–7,186**	–10,316
	– available-for-sale investments	**56,081**	37,333
	– loans	**968**	2,074
	– other investments	**2,639**	1,788
Net cash flow from investing activities		**–7,596**	–7,987
Proceeds from borrowed funds and debt securities		**71,611**	229,045
Repayments of borrowed funds and debt securities		**–71,806**	–215,491
Dividend paid 19		**–1,500**	
Net cash flow from financing activities		**–1,695**	13,554
Net cash flow		**1,113**	–12,544
Cash and cash equivalents at beginning of period		**20,612**	31,197
Effect of exchange rate changes on cash and cash equivalents		**507**	–87
Cash and cash equivalents at end of period		**22,232**	18,566
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**661**	3,651
Amounts due from/to banks		**4,643**	925
Cash and balances with central banks		**16,928**	13,990
Cash and cash equivalents at end of period		**22,232**	18,566

Condensed consolidated statement of changes in equity of ING Bank

for the six month period

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holder's equity (parent)	Minority interests	Total equity
Balance at 1 January 2013	**525**	**16,542**	**17,897**	**34,964**	**843**	**35,807**
Remeasurement of the net defined benefit asset/liability 11			**693**	**693**		**693**
Unrealised revaluations available-for-sale investments and other			**–674**	**–674**	**–14**	**–688**
Realised gains/losses transferred to profit and loss			**104**	**104**		**104**
Changes in cash flow hedge reserve			**–116**	**–116**	**–8**	**–124**
Exchange rate differences and other			**–384**	**–384**	**–41**	**–425**
Total amount recognised directly in equity			**–377**	**–377**	**–63**	**–440**
Net result for the period			**1,636**	**1,636**	**53**	**1,689**
Total comprehensive income			**1,259**	**1,259**	**–10**	**1,249**
Changes in the composition of the group					**8**	**8**
Dividends			**–1,830**	**–1,830**	**–6**	**–1,836**
Employee stock option and share plans			**32**	**32**		**32**
Balance at 30 June 2013	**525**	**16,542**	**17,358**	**34,425**	**835**	**35,260**

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holder's equity (parent)	Minority interests	Total equity
Balance at 1 January 2012 (before change in accounting policy)	525	16,542	17,300	34,367	693	35,060
Effect of change in accounting policy [1]			438	438		438
Balance at 1 January 2012 (after change in accounting policy)	525	16,542	17,738	34,805	693	35,498
Remeasurement of the net defined benefit asset/liability 11			–1,747	–1,747		–1,747
Unrealised revaluations property in own use			–3	–3		–3
Unrealised revaluations available-for-sale investments			816	816		816
Realised gains/losses transferred to profit and loss			–116	–116		–116
Changes in cash flow hedge reserve			–100	–100		–100
Exchange rate differences and other			–204	–204	21	–183
Total amount recognised directly in equity			–1,354	–1,354	21	–1,333
Net result for the period			1,916	1,916	47	1,963
Total comprehensive income			562	562	68	630
Changes in the composition of the group					–16	–16
Employee stock option and share plans			51	51		51
Balance at 30 June 2012	525	16,542	18,351	35,418	745	36,163

[1] The change in accounting policy is disclosed in the section 'Changes in accounting policies' on page 14

Notes to the condensed consolidated interim accounts

amounts in millions of euros, unless stated otherwise

1 BASIS OF PRESENTATION

These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these Condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and are consistent with those set out in the notes to the 2012 ING Bank Consolidated Annual Accounts, except for the amendments referred to below.

These Condensed consolidated interim accounts should be read in conjunction with ING Bank's 2012 Consolidated Annual Accounts.

IFRS-EU provides several options in accounting policies. ING bank's accounting policies under IFRS-EU and its decision on the options available are set out in the section 'Basis of presentation' in the 2012 ING Bank Consolidated Annual Accounts.

Certain amounts recorded in the Condensed consolidated interim accounts reflect estimates and assumptions made by management. Actual results may differ from the estimates made. Interim results are not necessarily indicative of full-year results.

The comparison of balance sheet items between 31 December 2012 and 30 June 2013 is impacted by the disposal of companies as disclosed in Note 17 'Acquisitions and disposals' and by the held for sale classification as disclosed in Note 6 'Assets and liabilities held for sale'. Changes in assets and liabilities as a result of classification as held for sale are included in the notes in the line 'Changes in the composition of the group and other'.

The presentation of and certain terms used in these Condensed consolidated interim accounts has been changed to provide additional and more relevant information or (for changes in comparative information) to better align with the current period presentation. The impact of these changes is explained in the relevant notes when significant.

CHANGES IN ACCOUNTING POLICIES

The following new and/or amended IFRS-EU standards were implemented by ING Bank in 2013:
- Amendments to IAS 19 'Employee Benefits';
- Amendments to IAS 1 'Presentation of Financial Statements';
- Amendments to IFRS 7 'Financial instruments: Disclosures'; and
- IFRS 13 'Fair Value Measurement'.

Amendments to IAS 19 'Employee Benefits'

The most significant change in the revised IAS 19 'Employee Benefits' relates to the accounting for defined benefit pension obligations and the corresponding plan assets. The amendments require immediate recognition in Other comprehensive income (i.e. in equity) of changes in the defined benefit obligation and in the fair value of plan assets due to actuarial gains and losses. The deferral of actuarial gains and losses through the 'corridor approach', which was applied under the previous version of IAS 19 until the end of 2012, is no longer allowed. As a related consequence, deferred actuarial gains and losses are no longer released to the profit and loss account upon curtailment. Furthermore, the amendments require the expected return on plan assets to be determined using a high-quality corporate bond rate, equal to the discount rate of the defined benefit obligation; until the end of December 2012, management's best estimate was applied. The amendments also introduce a number of other changes and extended disclosure requirements. The implementation of the amendments to IAS 19 resulted in the recognition of accumulated actuarial gains and losses in equity as at 1 January 2013. As a result, Shareholders' equity decreased with EUR 1,7 billion (after tax) on 1 January 2013. The recognition of actuarial gains and losses in equity will create volatility in equity going forward. The changes in IAS 19 are implemented retrospectively; as a result, comparative figures for previous periods have been restated and are presented as if the new requirements were always applied.

The impact of changes in IAS 19 on previous reporting periods is as follows:

Impact on Shareholders' equity	31 December 2012	30 June 2012	31 March 2012	1 January 2012
Shareholders' equity (before change in accounting policy)	36,669	36,629	35,307	34,367
Change in net defined benefit asset/liability before tax	–2,297	–1,699	–1,427	537
Tax effect	592	488	396	–99
Shareholders' equity (after change in accounting policy)	34,964	35,418	34,276	34,805

Notes to the condensed consolidated interim accounts continued

Impact on Net result	3 month period	6 month period
	1 April to 30 June 2012	1 January to 30 June 2012
Net result (before change in accounting policy)	951	1,865
Impact on staff expenses - Pension and other staff-related benefit costs	84	128
Tax effect	–20	–30
Net result (after change in accounting policy)	1,015	1,963

Impact on Other comprehensive income	3 month period	6 month period
	1 April to 30 June 2012	1 January to 30 June 2012
Total amount recognised directly in equity (before change in accounting policy)	362	414
Remeasurement of the net defined benefit asset/liability	–356	–2,364
Tax effect	112	617
Total amount recognised directly in equity (after change in accounting policy)	118	–1,333

Reference is made to Note 22 ‘Impact of change in accounting policy’.

Amendments to IAS 1 ‘Presentation of Financial Statements’
The amendments to IAS 1 ‘Presentation of Financial Statements’ result in changes to the presentation in the Condensed consolidated statement of comprehensive income, including a split of Other comprehensive income into items that may be recognised in the profit and loss account in future periods and items that will never be recognised in the profit and loss account. There is no impact on Shareholders’ equity, Net result and/or Other comprehensive income.

Amendments to IFRS 7 ‘Financial instruments: Disclosures’
The amendments to IFRS 7 ‘Financial instruments: Disclosures’ introduce additional disclosures on offsetting (netting) of financial instruments in the balance sheet and on the potential effect of netting arrangements. There is no impact on Shareholders’ equity, Net result and/or Other comprehensive income. These additional disclosures will be included in the 2013 Annual Accounts.

IFRS 13 ‘Fair Value Measurement’
IFRS 13 ‘Fair value measurement’ brings together in one standard all guidance on how to determine fair value. It does not change the scope of assets/liabilities that are measured at fair value. ING Bank’s interpretation of fair value measurement is not significantly different from the guidance in IFRS 13. Therefore, the implementation of IFRS 13 ‘Fair Value Measurement’ at 1 January 2013 did not have a significant impact on Shareholders’ equity, Net result and/or Other comprehensive income. In addition, IFRS 13 introduces an extended scope for the disclosure of the fair value hierarchy by level of fair value. In addition to the disclosures in these interim accounts additional disclosures will be included in the 2013 Annual Accounts.

UPCOMING CHANGES IN IFRS-EU AFTER 2013
The following new and revised standards and interpretations will become effective for ING Bank from 1 January 2014 (unless otherwise indicated), if and when endorsed by the EU:
- IFRS 10 ‘Consolidated Financial Statements’;
- IFRS 11 ‘Joint Arrangements’ and amendments to IAS 28 ‘Investments in Associates and Joint Ventures’;
- IFRS 12 ‘Disclosure of Interests in Other Entities’;
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27);
- Amendments to IAS 32 ‘Presentation - Offsetting Financial Assets and Financial Liabilities’;
- Amendments to IAS 39 ‘Novation of Derivatives and continuation of Hedge Accounting’; and
- IFRIC 21 ‘Levies’.

IFRS 10 ‘Consolidated Financial Statements’
IFRS 10 ‘Consolidated Financial Statements’ introduces amendments to the criteria for consolidation. Similar to the current requirements, all entities controlled by ING Bank will be included in the Consolidated Annual Accounts. However, IFRS 10 redefines control as being exposed to variable returns and having the ability to affect those returns through power over the investee. The implementation of IFRS 10 is not expected to have a significant impact on Shareholders’ equity, Net result and/or Other comprehensive income.

Notes to the condensed consolidated interim accounts continued

IFRS 11 ‘Joint Arrangements’ and amendments to IAS 28 ‘Investments in Associates and Joint Ventures’
IFRS 11 ‘Joint Arrangements’ and the related amendments to IAS 28 ‘Investments in Associates and Joint Ventures’ eliminate the proportionate consolidation method for joint ventures that was applied by ING Bank. Under the new requirements, all joint ventures will be reported using the equity method of accounting (similar to the current accounting for Investments in associates). The implementation of IFRS 11 is not expected to have a significant impact on Shareholders’ equity, Net result and/or Other comprehensive income.

IFRS 12 ‘Disclosure of Interests in Other Entities’
IFRS 12 ‘Disclosure of Interests in Other Entities’ introduces extended disclosure requirements for subsidiaries, associates, joint ventures and structured entities. There will be no impact on Shareholders' equity, Net result and/or Other comprehensive income.

IFRS 9 ‘Financial Instruments’
In 2009, IFRS 9 ‘Financial Instruments’ was issued. However, in December 2011 the International Accounting Standards Board decided to amend this standard and to postpone the mandatory application of IFRS 9 until at least 2015. This standard has not yet been endorsed by the EU and, therefore, is not yet part of IFRS-EU. Implementation of IFRS 9, if and when endorsed by the EU, may have a significant impact on Shareholders' equity, Net result and/or Other comprehensive income.

2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss

	30 June 2013	31 December 2012
Trading assets	124,979	114,320
Non-trading derivatives	6,140	9,075
Designated as at fair value through profit and loss	2,603	2,768
	133,722	126,163

Trading assets and trading liabilities include assets and liabilities that are classified under IFRS-EU as ‘Trading’ but are closely related to servicing the needs of the clients of ING. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities (‘securities underwriting’). Although these are presented as ‘Trading’ under IFRS-EU, these are directly related to services to ING’s customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING’s own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 10 ‘Financial liabilities at fair value through profit and loss’ for information on trading liabilities.

3 INVESTMENTS

Investments

	30 June 2013	31 December 2012
Available-for-sale		
– equity securities	1,937	2,634
– debt securities	73,245	71,645
	75,182	74,279
Held-to-maturity		
– debt securities	3,936	6,545
	3,936	6,545
	79,118	80,824

The decrease in Held-to-maturity debt securities is mainly due to redemptions.

Notes to the condensed consolidated interim accounts continued

Exposure to debt securities
ING Bank's exposure to debt securities is included in the following balance sheet lines:

Debt securities	30 June 2013	31 December 2012
Available-for-sale investments	**73,245**	71,645
Held-to-maturity investments	**3,936**	6,545
Loans and advances to customers	**19,382**	20,622
Amounts due from banks	**3,075**	3,386
Available-for-sale investments and Assets at amortised cost	**99,638**	102,198
Trading assets	**19,380**	17,462
Designated as at fair value through profit and loss	**1,323**	1,586
Financial assets at fair value through profit and loss	**20,703**	19,048
	120,341	121,246

ING Bank's total exposure to debt securities included in available-for-sale investments and assets at amortised cost is specified as follows

Debt securities by type and balance sheet line (Available-for-sale investments and Assets at amortised cost)

	Available-for-sale investments		Held-to-maturity investments		Loans and advances to customers		Amounts due from banks		Total	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012	**30 June 2013**	31 December 2012	**30 June 2013**	31 December 2012	**30 June 2013**	31 December 2012
Government bonds	**49,779**	48,007	**50**	330	**6,727**	7,641			**56,556**	55,978
Covered bonds	**7,284**	7,363	**3,363**	5,558	**5,658**	5,408	**2,943**	3,249	**19,248**	21,578
Corporate bonds	**1,672**	900	**37**		**495**	438			**2,204**	1,338
Financial institution bonds	**13,320**	14,094	**130**	301	**78**	91	**132**	137	**13,660**	14,623
Bond portfolio (excluding ABS)	**72,055**	70,364	**3,580**	6,189	**12,958**	13,578	**3,075**	3,386	**91,668**	93,517
US agency RMBS	**376**	426							**376**	426
US prime RMBS	**15**	12							**15**	12
US Alt-A RMBS	**117**	156							**117**	156
US subprime RMBS	**14**	23							**14**	23
Non-US RMBS	**230**	286			**4,446**	4,970			**4,676**	5,256
CDO/CLO	**29**	162							**29**	162
Other ABS	**390**	107	**356**	356	**1,758**	1,789			**2,504**	2,252
CMBS	**19**	109			**220**	285			**239**	394
ABS portfolio	**1,190**	1,281	**356**	356	**6,424**	7,044			**7,970**	8,681
	73,245	71,645	**3,936**	6,545	**19,382**	20,622	**3,075**	3,386	**99,638**	102,198

Notes to the condensed consolidated interim accounts continued

2013 – Greece, Italy, Ireland, Portugal, Spain and Cyprus

Since 2010 concerns arose regarding the creditworthiness of certain European countries. As a result of these concerns the value of sovereign debt decreased and exposures in those countries are being monitored closely. With regard to the sovereign debt crisis, ING Bank's main focus is on Greece, Italy, Ireland, Portugal, Spain and Cyprus as these countries have either applied for support from the European Financial Stability Facility ('EFSF') or received support from the European Central Bank ('ECB') via government bond purchases in the secondary market. Within these countries, ING Bank's main focus is on exposure to Government bonds and Unsecured Financial institutions' bonds.

At 30 June 2013, ING Bank's balance sheet value of 'Government bonds' and 'Unsecured Financial institutions' bonds to Greece, Italy, Ireland, Portugal, Spain and Cyprus and the related revaluation reserve (before tax) in equity was as follows:

Greece, Italy, Ireland, Portugal, Spain and Cyprus - Government bonds and Unsecured Financial institutions' bonds [1]

				30 June 2013
	Balance sheet value	Revaluation reserve (before tax)	Amortised cost value	Fair value for investments held-to-maturity
Greece				
Government bonds available-for-sale				
Italy				
Government bonds available-for-sale	998	–54	1,052	
Government bonds at amortised cost (loans)	103		103	
Financial institutions available-for-sale	226	–5	231	
Financial institutions at amortised cost (held-to-maturity)	30		30	31
Ireland				
Financial institutions available-for-sale	15		15	
Portugal				
Government bonds available-for-sale	607	–12	619	
Financial institutions available-for-sale	27	–1	28	
Spain				
Government bonds available-for-sale	295	–72	367	
Government bonds at amortised cost (held-to-maturity)	50		50	51
Financial institutions available-for-sale	3		3	
Cyprus				
Government bonds available-for-sale	9	–1	10	
Total	2,363	–145	2,508	82

[1] Exposures are included based on the country of residence.

The revaluation reserve on debt securities includes EUR 1,050 million (before tax) related to Government bonds. This amount comprises EUR 139 million negative revaluation reserve for Government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which is fully offset by EUR 1,189 million of positive revaluation reserves for Government bonds from other countries.

No impairments are recognised in the first half of 2013 on the above bonds.

Notes to the condensed consolidated interim accounts continued

2012 – Greece, Italy, Ireland, Portugal, Spain and Cyprus

At 31 December 2012, ING Bank's balance sheet value of 'Government bonds' and 'Unsecured Financial institutions' bonds to Greece, Italy, Ireland, Portugal, Spain and Cyprus and the related revaluation reserve (before tax) in equity was as follows:

Greece, Italy, Ireland, Portugal, Spain and Cyprus - Government bonds and Unsecured Financial institutions' bonds [(1)]

31 December 2012

	Balance sheet value	Revaluation reserve (before tax)	Amortised cost value	Fair value for investments held-to-maturity
Greece				
Government bonds available-for-sale				
Italy				
Government bonds available-for-sale	960	–95	1,055	
Government bonds at amortised cost (loans)	104	–1	104	
Financial institutions available-for-sale	447	–6	453	
Financial institutions at amortised cost (held-to-maturity)	30		30	31
Ireland				
Financial institutions available-for-sale	15		15	
Financial institutions at amortised cost (held-to-maturity)	34		34	34
Portugal				
Government bonds available-for-sale	620	–14	634	
Financial institutions available-for-sale	37	–1	38	
Spain				
Government bonds available-for-sale	279	–104	383	
Government bonds at amortised cost (held-to-maturity)	50		50	52
Financial institutions available-for-sale	3	2	1	
Cyprus				
Government bonds available-for-sale	13	–5	18	
Total	2,592	–224	2,815	117

(1) Exposures are included based on the country of residence.

The revaluation reserve on debt securities includes EUR 1,688 million (before tax) related to Government bonds. This amount comprises EUR 219 million negative revaluation reserve for Government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which is more than offset by EUR 1,907 million positive revaluation reserves for Government bonds from other countries.

No impairments were recognised in 2012 on the above bonds.

On 21 July 2011 a Private Sector Initiative ('PSI') to support Greece was announced. This initiative involved a voluntary exchange of existing Greek government bonds together with a Buyback Facility. In the first quarter of 2012, the agreement under the PSI to exchange Greek Government bonds into new instruments was executed. Under this exchange, ING received new listed Greek Government bonds (for a notional amount of 31.5% of the notional of the exchanged bonds, maturities between 2023 and 2042), listed European Financial Stability Facility ('EFSF') notes (for a notional amount of 15% of the notional of the exchanged bonds, maturities of one to two years) and listed short-term EFSF notes (maturity of 6 months, in discharge of all unpaid interest accrued on the exchanged bonds). These new securities were recognised as available-for-sale instruments. Furthermore, ING received listed GDP-linked securities issued by Greece (notional equal to notional of the new Greek Government bonds, maturity 2042). The exchange was executed on 12 March 2012. The exchanged bonds were derecognised and the new instruments were recognised at fair value on the exchange date. The exchange resulted in a gain of EUR 22 million in the first quarter of 2012, being the difference between amortised cost (net of cumulative impairments) of the exchanged bonds and fair value of the new instruments at the date of exchange. This result was included in 'Investment income'.

Reference is made to Note 12 'Investment income' for impairments on available-for-sale debt securities. Further information on ING Bank's risk exposure with regard to Greece, Italy, Ireland, Portugal, Spain and Cyprus is provided in Note 20 'Risk exposures Greece, Italy, Ireland, Portugal, Spain and Cyprus' and the Risk management section of ING Bank 2012 Consolidated Annual Accounts for more details on ING Bank's risk exposures to Greece, Italy, Ireland, Portugal, Spain and Cyprus.

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks (2009 and 2008)
Reclassifications out of available-for-sale investments to loans and receivables are allowed under IFRS-EU as of the third quarter of 2008. In the first quarter of 2009 and in the fourth quarter of 2008 ING Bank reclassified certain financial assets from Investments available-for-sale to Loans and advances to customers and Amounts due from banks. The Bank identified assets, eligible for reclassification, for which at the reclassification date it had the intention to hold for the foreseeable future. The table below provides information on the two reclassifications made in the first quarter of 2009 and the fourth quarter of 2008. Information is provided for each of the two reclassifications (see columns) as at the date of reclassification and as at the end of the subsequent reporting periods (see rows). This information is disclosed under IFRS-EU as long as the reclassified assets continue to be recognised in the balance sheet.

The decrease in the carrying value of the reclassified Loans and advances in 2012 compared to 2011 was mainly due to disposals.

Reclassifications to Loans and advances to customers and Amounts due from banks

	Q1 2009	Q4 2008
As per reclassification date		
Fair value	22,828	1,594
Range of effective interest rates (weighted average)	2.1%–11.7%	4.1%–21%
Expected recoverable cash flows	24,052	1,646
Unrealised fair value losses in shareholder's equity (before tax)	–1,224	–69
Recognised fair value gains (losses) in shareholder's equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	–79
Recognised fair value gains (losses) in shareholder's equity (before tax) in the year prior to reclassification	–192	–20
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	nil
Recognised impairment (before tax) in the year prior to reclassification	nil	nil
Impact on the financial periods after reclassification:		
2013		
Carrying value as at 30 June	**8,294**	**418**
Fair value as at 30 June	**8,120**	**478**
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 30 June	**–173**	**–1**
Effect on shareholder's equity (before tax) as at 30 June if reclassification had not been made	**–174**	**60**
Effect on result (before tax) for the six month period ended 30 June if reclassification had not been made	**nil**	**nil**
Effect on result (before tax) for the period ended 30 June (interest income and sales results)	**105**	**10**
Recognised impairments (before tax) for the six month period ended 30 June	**nil**	**nil**
Recognised provision for credit losses (before tax) for the six month period ended 30 June	**nil**	**nil**
2012		
Carrying value as at 31 December	8,707	443
Fair value as at 31 December	8,379	512
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–221	–2
Effect on shareholder's equity (before tax) if reclassification had not been made	–328	69
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the period (interest income and sales results)	–164	22
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2011		
Carrying value as at 31 December	14,419	633
Fair value as at 31 December	13,250	648
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–446	–8
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	–1,169	15
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the year (mainly interest income)	390	28
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks (continued)	Q1 2009	Q4 2008
2010		
Carrying value as at 31 December	16,906	857
Fair value as at 31 December	16,099	889
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–633	–65
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the year (mainly interest income)	467	34
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2009		
Carrying value as at 31 December	20,551	1,189
Fair value as at 31 December	20,175	1,184
Unrealised fair value losses in shareholder's equity (before tax) as at 31 December	–902	–67
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	–376	–5
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	629	n/a
Effect on result (before tax) for the year (mainly interest income)	n/a	47
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2008		
Carrying value as at 31 December		1,592
Fair value as at 31 December		1,565
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December		–79
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made		–28
Effect on result (before tax) if reclassification had not been made		nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)		9
Recognised impairments (before tax)		nil
Recognised provision for credit losses (before tax)		nil

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers analysed by type	**30 June 2013**	31 December 2012
Loans to, or guaranteed by, public authorities	**50,301**	50,774
Loans secured by mortgages	**301,296**	312,467
Loans guaranteed by credit institutions	**5,300**	6,163
Personal lending	**25,631**	24,598
Asset backed securities	**6,424**	7,044
Corporate loans	**146,080**	145,977
	535,032	547,023
Loan loss provisions	**–5,866**	–5,477
	529,166	541,546

The decrease in Loans secured by mortgages partly reflects the transfer of WestlandUtrecht Bank mortgage portfolio as disclosed in Note 6 'Assets and Liabilities held for sale'.

Notes to the condensed consolidated interim accounts continued

Changes in the loan loss provisions	6 month period ended	Year ended
	30 June 2013	31 December 2012
Opening balance	**5,505**	4,950
Changes in the composition of the group	**–14**	–13
Write-offs	**–751**	–1,682
Recoveries	**36**	142
Increase in loan loss provisions	**1,177**	2,125
Exchange rate differences	**–34**	20
Other changes	**–33**	–37
Closing balance	**5,886**	5,505

Changes in the loan loss provisions are presented under Addition to loan loss provision on the face of the profit and loss account.

The loan loss provision at 30 June 2013 of EUR 5,886 million (31 December 2012: EUR 5,505 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 5,866 million (31 December 2012: EUR 5,477 million) and EUR 20 million (31 December 2012: EUR 28 million) respectively.

5 INTANGIBLE ASSETS

Intangible assets	30 June 2013	31 December 2012
Goodwill	**1,138**	1,188
Software	**507**	526
Other	**49**	64
Closing balance	**1,694**	1,778

Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units	30 June 2013	31 December 2012
Retail Banking Netherlands		1
Retail Banking Belgium	**50**	50
Retail Banking Germany	**349**	349
Retail Banking Central Europe	**715**	764
Commercial Banking	**24**	24
	1,138	1,188

No goodwill impairment is recognised in the first half of 2013 (first half of 2012: nil).

Changes in the first half of 2013 are mainly due to changes in currency exchange rates.

6 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale include disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations. This relates to businesses for which a sale is agreed upon but for which the transaction has not yet closed or a sale is highly probable at the balance sheet date but for which no sale has yet been agreed. As at 30 June 2013 this relates to WestlandUtrecht Bank. As at 31 December 2012 this related to ING Direct UK.

The transfer of WestlandUtrecht Bank, in which the commercial operations of WestlandUtrecht Bank will be combined with the retail banking activities of Nationale-Nederlanden, was announced in November 2012. The transaction involves a transfer of a portion of WestlandUtrecht Bank's Dutch mortgage portfolio and Dutch savings portfolio to Nationale-Nederlanden. This transaction was completed on 1 July 2013.

In the first half of 2013, the divestment of ING Direct UK closed. Reference is made to Note 17 'Acquisitions and disposals'.

Notes to the condensed consolidated interim accounts continued

Assets held for sale	30 June 2013	31 December 2012
Cash and balances with central banks		14
Amounts due from banks	7	123
Available-for-sale investments	15	
Loans and advances to customers	3,996	6,621
Property and equipment		23
Other assets	15	
	4,033	6,781

Liabilities held for sale	30 June 2013	31 December 2012
Customer deposits and other funds on deposit	3,702	14,207
Financial liabilities at fair value through profit and loss		8
Other liabilities	40	29
	3,742	14,244

Included in Shareholders' equity is cumulative other comprehensive income of EUR 1 million (31 December 2012: EUR 372 million) related to Assets and liabilities held for sale.

Other potential divestments
In addition to the businesses presented as held for sale above, ING is considering potential divestments, including those that are listed under the European Commission Restructuring Plan in Note 30 'Related parties' in the 2012 ING Bank Consolidated Annual Accounts. However, none of these businesses qualify as held for sale as at 30 June 2013 as the potential divestments are not yet available for immediate sale in their present condition and/or a sale is not yet highly probable to occur.

7 OTHER ASSETS

Other assets by type	30 June 2013	31 December 2012
Deferred tax assets	1,657	2,139
Property development and obtained from foreclosures	1,113	1,148
Income tax receivable	366	514
Accrued interest and rents	8,473	9,665
Other accrued assets	629	502
Net defined benefit assets	2,306	919
Other	4,375	4,570
	18,919	19,457

Reference is made to Note 11 'Other liabilities' for information on the Net defined benefit assets.

8 EQUITY

Equity	30 June 2013	31 December 2012
Share capital	525	525
Share premium	16,542	16,542
Revaluation reserve	1,404	2,216
Currency translation reserve	–535	–263
Net defined benefit asset/liability remeasurement reserve	–1,167	–1,860
Other reserves	17,656	17,804
Shareholders' equity (parent)	34,425	34,964
Minority interest	835	843
Total equity	35,260	35.807

Notes to the condensed consolidated interim accounts continued

Net defined benefit asset/liability remeasurement reserve
Reference is made to Note 11 'Other liabilities' for information on the amounts recognised directly in equity (other comprehensive income) related to the net defined benefit asset/liability remeasurement.

Other reserves
The change in Other reserves includes EUR 1,636 million from the Net result for the 6 month period ending 30 June 2013, EUR 1.5 billion dividend paid to ING Groep N.V. and EUR 330 million dividend that was declared to be paid to ING Groep N.V. (and which was paid on 1 July 2013).

9 DEBT SECURITIES IN ISSUE

The decline in the first half year of 2013 in Debt securities in issue is due to a reduction of short-term debt (CD/CPs) and a reduction in long-term debt following the repurchase of certain government guaranteed debt, as well as maturing securities.

In the first quarter of 2013, ING Bank issued EUR 11.8 billion of long-term debt of which EUR 11.3 billion of debt with a tenor of more than two years, which primarily replaced maturing debt.

In the second quarter of 2013, ING Bank issued an additional EUR 2.7 billion of long-term debt of which EUR 2.0 billion with a maturity longer than 2 years.

Buy-back of certain Government guaranteed notes
In the second quarter of 2013, ING Bank bought-back certain Euro and USD denominated Government guaranteed notes. One offer was for the Euro-denominated notes with a total principal amount of EUR 4.0 billion (3.375% fixed rate notes due on 3 March 2014). The aggregate principal amount of the notes bought-back was approximately EUR 1.28 billion or 32%, leaving a remaining amount outstanding of approximately EUR 2.72 billion. ING Bank paid a purchase price of EUR 1,022.19 per EUR 1,000 principal amount for the Euro denominated notes. In the second quarter of 2013, a charge of EUR 14 million (EUR 11 million after tax) is recognised in 'Other income' on the Euro-denominated notes. The second offer was for the US-denominated notes with a principal amount of USD 2.25 billion (3.90% fixed rate notes due on 19 March 2014). The aggregate principal amount of the notes bought-back was approximately USD 990 million or 44%, leaving a remaining amount outstanding of approximately USD 1.26 billion. ING Bank paid a purchase price of USD 1,026.66 per USD 1,000 principal amount for the USD denominated notes. In the second quarter of 2013, a charge of EUR 11 million (EUR 8 million after tax) is recognised in 'Other income' on the US-denominated notes. The notes that are subject to the buy-back are derecognised from the balance sheet as at 30 June. The related payable is recognised in 'Amounts due to Banks' until the settlement in cash on 3 July 2013.

10 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss	30 June 2013	31 December 2012
Trading liabilities	**90,757**	83,652
Non-trading derivatives	**11,578**	15,919
Designated as at fair value through profit and loss	**12,716**	13,399
	115,051	112,970

The change in the fair value of financial liabilities designated as at fair value through profit and loss attributable to changes in credit risk in the first half of 2013 includes EUR –44 million (first half of 2012: EUR –306 million; entire year 2012: EUR –633 million) and EUR –81 million (31 December 2012: EUR –38 million) on a cumulative basis.

Reference is made to Note 2 'Financial assets at fair value through profit and loss' for information on trading.

Notes to the condensed consolidated interim accounts continued

11 OTHER LIABILITIES

Other liabilities by type

	30 June 2013	31 December 2012
Deferred tax liabilities	1,010	1,571
Income tax payable	558	809
Net defined benefit liability	378	133
Other post-employment benefits	109	143
Other staff-related liabilities	368	396
Other taxation and social security contributions	562	817
Accrued interest	7,897	9,616
Costs payable	1,475	1,458
Reorganisation provision	482	644
Other provisions	318	538
Prepayments received under property under development	20	21
Amounts to be settled	3,341	2,145
Other	3,104	2,958
	19,622	21,249

Net defined benefit asset/liability

The amounts included in the Condensed Consolidated balance sheet arising from ING Bank's obligations in respect of its defined benefit plans is as follows:

Summary of net defined benefit asset/liability

	30 June 2013	31 December 2012
Fair value of plan assets	15,113	15,327
Defined benefit obligation	13,185	14,541
Funded status	1,928	786
Presented as:		
– Other assets	2,306	919
– Other liabilities	–378	–133
	1,928	786

Changes in the fair value of the plan assets for the period were as follows:

Changes in fair value of plan assets

	6 month period ended 30 June 2013	year ended 31 December 2012
Opening balance	15,327	13,435
Interest income	248	667
Remeasurements: Return on plan assets excluding amounts included in interest income	–582	1,058
Employer's contribution	341	510
Participants' contributions		9
Benefits paid	–156	–383
Changes in the composition of the group and other changes	9	
Exchange rate differences	–74	31
Closing balance	15,113	15,327

Notes to the condensed consolidated interim accounts continued

Changes in the present value of the defined benefit obligation for the period were as follows:

Changes in defined benefit obligation

	6 month period ended 30 June 2013	year ended 31 December 2012
Opening balance	14,541	10,410
Current service cost	138	181
Interest cost	235	548
Remeasurements: Actuarial gains and losses arising from demographic assumptions		2
Remeasurements: Actuarial gains and losses arising from financial assumptions	–1,483	4,105
Participants' contributions	1	2
Benefits paid	–159	–386
Past service cost	1	–2
Changes in the composition of the group and other changes	4	
Effect of curtailment or settlement	–37	–335
Exchange rate differences	–56	16
Closing balance	13,185	14,541

2013 – Effect of curtailment
In the first half of 2013, the Effect of curtailment or settlement includes the curtailments of a pension plan in the Netherlands. This plan is closed for new pension rights and is replaced by defined contribution schemes.

2012 – Effect of curtailment – New pension scheme for employees in the Netherlands
In 2012, ING finalised its agreement on a new pension scheme for employees in the Netherlands, following acceptance by both the unions and their members. The new pension scheme will take effect on 1 January 2014 and will apply to the approximately 19,000 staff members in the Netherlands of ING Bank and WestlandUtrecht Bank as well as to the approximately 8,000 staff members in the Netherlands of Insurance/Investment Management (IM). Under the agreement, two new separate pension funds will be created, one for banking and one for Insurance/IM. The new scheme qualifies as a defined contribution under IFRS-EU and will replace the existing defined benefit scheme in the Netherlands.

As of the start of the new defined contribution plan on 1 January 2014, the current defined benefit plan will stop accruing new pension benefits. Accruals built up under the defined benefit plan up to that date will remain valid. The change to the new pension scheme represents a curtailment under IFRS-EU and has resulted in a release of provisions previously taken by ING to cover estimated future liabilities in the existing defined benefit plan that are now no longer required. This release amounted to a one-off after tax gain in 2012 of EUR 251 million (EUR 335 million before tax). The curtailment was included in the line Staff expenses in the second quarter of 2012. This curtailment related to the current defined benefit plan in The Netherlands, which represented approximately 75% of the above defined benefit obligation as at 31 December 2012.

Amounts recognised directly in Other comprehensive income (equity) were as follows:

Remeasurement of the net defined benefit asset/liability

	3 month period 1 April to 30 June 2013	6 month period 1 January to 30 June 2013	year end 31 December 2012
Remeasurement of plan assets	–740	–582	1,058
Actuarial gains and losses arising from changes in financial assumptions	612	1,483	–4,105
Taxation	12	–208	738
	–116	693	–2,309

The amount of the remeasurement of the net defined benefit asset/liability in the first half of 2013 was mainly a result of the change in the high quality corporate bond rate during the first half of 2013. The weighted average discount rate as at 30 June 2013 was 4.3% (31 December 2012: 3.7%). The change in this rate impacts both the Remeasurement of plan assets and Actuarial gains and losses arising from changes in financial assumptions.

Notes to the condensed consolidated interim accounts continued

The accumulated amount of remeasurements recognised directly in Other comprehensive income (equity) is EUR –1,598 million (EUR –1,167 million after tax) as at 30 June 2013 (31 December 2012: EUR –2,499 million, EUR –1,860 million after tax).

12 INVESTMENT INCOME

Investment income				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Income from real estate investments	**7**	4	**8**	12
Dividend income	**13**	27	**24**	33
Realised gains/losses on disposal of debt securities	**19**	51	**113**	165
Impairments of available-for-sale debt securities		–8		–9
Reversal of impairments of available-for-sale debt securities			**2**	
Realised gains/losses on disposal of equity securities	**7**	11	**23**	15
Impairments of available-for-sale equity securities		–8	**–2**	–12
Change in fair value of real estate investments	**1**	–2	**1**	–4
	47	75	**169**	200

In the first half of 2012 a gain of EUR 22 million was recognised in 'Realised gains/losses on disposal of debt securities' resulting from the exchange of the Greek Government bonds. Reference is made to Note 3 'Investments'.

Impairments/ reversals of impairments on investments per segment				
3 month period	Impairments		Reversal of impairments	
	1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012
Retail Belgium		–1		
Commercial Banking		–13		
Corporate Line Banking		–2		
		–16		

Impairments/ reversals of impairments on investments per segment				
6 month period	Impairments		Reversal of impairments	
	1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Retail Belgium		–1		
Commercial Banking	**–1**	–16	**2**	
Corporate Line Banking	**–1**	–4		
	–2	–21	**2**	

13 OTHER INCOME

Other income				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Result on disposal of group companies	**5**		**19**	742
Valuation results on non-trading derivatives	**436**	11	**324**	–413
Net trading income	**–257**	172	**99**	650
Result from associates	**12**	6	**12**	9
Other income	**25**	–117	**51**	–86
	221	72	**505**	902

Result on disposal of group companies
In the first half of 2012, results on disposal of group companies includes the sale ING Direct USA. Reference is made to Note 17 'Acquisitions and disposals'.

Notes to the condensed consolidated interim accounts continued

Valuation results on non-trading derivatives
In the second quarter of 2013, Valuation results on non-trading derivatives includes EUR 7 million positive DVA adjustments on own issued notes compared to EUR 153 million positive DVA adjustments in the second quarter of 2012.

In the first half of 2013, Valuation results on non-trading derivatives includes EUR 43 million negative DVA adjustments on own issued notes compared to EUR 306 million negative DVA adjustments in the first half of 2012.

Included in the Valuation results on non-trading derivatives are the fair value movements on derivatives used to economically hedge exposures, but for which no hedge accounting is applied. The fair value movements on the derivatives are influenced by changes in the market conditions, such as stock prices, interest rates and currency exchange rates.

Valuation results on non-trading derivatives are reflected in the condensed consolidated statement of cash flows in the line 'Result before tax - Adjusted for: other'.

Net trading income
Net trading income includes for the second quarter of 2013 EUR 40 million positive CVA/DVA adjustments on trading derivatives, compared with EUR 75 million negative CVA/DVA adjustment in the second quarter of 2012.

Net trading income includes for the second quarter of 2013 EUR –332 million foreign exchange results.

Net trading income includes for the first half of 2013 EUR 181 million positive CVA/DVA adjustments on trading derivatives, compared with EUR 143 million positive CVA/DVA adjustment in the first half of 2012.

Trading income mainly relates to trading assets and trading liabilities which include assets and liabilities that are classified under IFRS-EU as ‘Trading’ but are closely related to servicing the needs of the clients of ING. ING Bank offers institutional and corporate clients and governments products that are traded on the financial markets. A significant part of the derivatives in the trading portfolio are related to servicing corporate clients in their risk management to hedge for example currency or interest rate exposures. In addition, ING Bank provides its customers access to equity and debt markets for issuing their own equity or debt securities (‘securities underwriting’). Although these are presented as ‘Trading’ under IFRS-EU, these are directly related to services to ING’s customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING’s own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 2 ‘Financial assets at fair value through profit and loss’ and Note 10 ‘Financial liabilities at fair value through profit and loss’ for information on trading assets and liabilities.

14 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversal of) other impairments

3 month period	Impairments		Reversal of impairments		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Property and equipment	**11**	6	**–1**	–1	**10**	5
Property development	**14**	44	**–6**		**8**	44
Software and other intangible assets	**1**				**1**	
(Reversals of) other impairments	**26**	50	**–7**	–1	**19**	49
Amortisation of other intangible assets					**7**	7
					26	56

In the second quarter of 2013, EUR 14 million impairments are recognised on Property development (Commercial Banking segment) relating to real estate development projects (mainly in Spain). The unfavourable economic circumstances in these regions resulted in lower expected sales prices.

In the second quarter of 2012 EUR 44 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including the United Kingdom, Italy and Spain) due to worsening market conditions.

Notes to the condensed consolidated interim accounts continued

Intangible amortisation and (reversal of) other impairments						
6 month period	Impairments		Reversal of impairments		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Property and equipment	**19**	10	**–3**	–3	**16**	7
Property development	**40**	103	**–6**		**34**	103
Software and other intangible assets	**1**				**1**	
(Reversals of) other impairments	**60**	113	**–9**	–3	**51**	110
Amortisation of other intangible assets					**14**	15
					65	125

In the first half of 2013, EUR 40 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including Europe and Australia). The unfavourable economic circumstances in these regions resulted in lower expected sales prices.

In the first half of 2012 EUR 103 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including the United Kingdom, Italy, Spain and Portugal) due to worsening market conditions.

15 STAFF EXPENSES

Staff expenses				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	**2012**	**2013**	**2012**
Salaries	**823**	864	**1,660**	1,728
Pension costs	**38**	–315	**117**	–294
Other staff-related benefit costs	**–6**	5	**–7**	9
Social security costs	**135**	135	**269**	269
Share-based compensation arrangements	**5**	28	**32**	51
External employees	**165**	154	**315**	309
Education	**12**	15	**25**	26
Other staff costs	**47**	42	**91**	94
	1,219	928	**2,502**	2,192

Amounts recognised in ‘Pension costs’ were as follows:

Staff expenses-Pension costs				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	**2012**	**2013**	**2012**
Current service cost	**68**	41	**138**	93
Past service cost	**1**	1	**1**	2
Net interest result	**–8**	–42	**–13**	–86
Effect of curtailment or settlement	**–37**	–335	**–37**	–335
Defined benefit plans	**24**	–335	**89**	–326
Defined contribution plans	**14**	20	**28**	32
	38	–315	**117**	–294

In the first half of 2013 and 2012, curtailments are recognised due to changes in various pension schemes. Reference is made to Note 11 ‘Other liabilities’ for information on pensions.

Notes to the condensed consolidated interim accounts continued

16 SEGMENTS

ING Bank's segments relate to the internal segmentation by business lines. ING Bank identifies the following segments:

Segments of ING Bank
Retail Netherlands
Retail Belgium
Retail Germany
Retail Rest of World
Commercial Banking

The Management Board Banking sets the performance targets and approves and monitors the budgets prepared by the business lines. Business lines formulate strategic, commercial and financial policy in conformity with the strategy and performance targets set by the Management Board Banking.

Except for the changes described in Note 1 'Basis of presentation', the accounting policies of the segments are the same as those described under 'Accounting policies for the Consolidated Annual Accounts of ING' in the 2012 ING Bank Consolidated Annual Accounts. Transfer prices for inter-segment transactions are set at arm's length. Corporate expenses are allocated to business lines based on time spent by head office personnel, the relative number of staff, or on the basis of income, expenses and/or assets of the segment.

ING Bank evaluates the results of its segments using a financial performance measure called underlying result. The information presented in this note is in line with the information presented to the Executive and Management Board. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. Disclosures on comparative periods also reflect the impact of current period's divestments.

The following table specifies the main sources of income of each of the segments:

Specification of the main sources of income in each of the segments

Segment	Main source of income
Retail Netherlands	Income from retail and private banking activities in the Netherlands, including the SME and mid-corporate segments. The main products offered are current and savings accounts, business lending, mortgages and other consumer lending in the Netherlands.
Retail Belgium	Income from retail and private banking activities in Belgium, including the SME and mid-corporate segments. The main products offered are similar to those in the Netherlands.
Retail Germany	Income from retail and private banking activities in Germany. The main products offered are current and savings accounts, mortgages and other customer lending.
Retail Rest of World	Income from retail banking activities in the rest of the world, including the SME and mid-corporate segments in specific countries. The main products offered are similar to those in the Netherlands.
Commercial Banking	Income from wholesale banking activities (a full range of products is offered from cash management to corporate finance), real estate and lease.

In addition to these segments, ING Bank reconciles the total segment results to the total result of ING Bank using the Corporate Line Banking. Corporate Line Banking is a reflection of capital management activities and certain expenses that are not allocated to the banking businesses. ING Group applies a system of capital charging for its banking operations in order to create a comparable basis for the results of business units globally, irrespective of the business units' book equity and the currency they operate in.

Notes to the condensed consolidated interim accounts continued

Segments Banking

3 month period

1 April to 30 June 2013	Retail Nether-lands	Retail Belgium	Retail Germany	Retail Rest of World	Com-mercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	893	440	322	467	757	163	3,041
– Commission income	117	90	28	94	253	–2	581
– Total investment and other income	14	39	3	46	321	–154	268
Total underlying income	1,024	569	352	607	1,330	6	3,890
Underlying expenditure							
– Operating expenses	560	364	173	412	543	5	2,056
– Additions to loan loss provision	218	41	21	91	245		616
– Other impairments*	7	2			10	7	26
Total underlying expenses	785	407	193	502	798	12	2,698
Underlying result before taxation	240	161	159	105	532	–5	1,192
Taxation	59	52	52	36	130	–36	294
Minority interests		–2		16	8		23
Underlying net result	181	111	107	52	394	31	875
Divestments							
Special items	–49					27	–22
Net result	132	111	107	52	394	58	854

Notes to the condensed consolidated interim accounts continued

Segments Banking

3 month period

1 April to 30 June 2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	844	431	284	420	853	120	2,953
– Commission income	128	86	20	82	258	–4	570
– Total investment and other income	2	25	–17	–100	178	56	146
Total underlying income	974	543	287	402	1,290	173	3,670
Underlying expenditure							
– Operating expenses	551	326	162	398	533	27	1,998
– Additions to loan loss provision	161	28	25	48	278		540
– Other impairments*	4				44	7	56
Total underlying expenses	715	354	187	446	856	34	2,593
Underlying result before taxation	259	189	100	–44	434	139	1,077
Taxation	62	49	34	–8	105	33	276
Minority interests				14	5		20
Underlying net result	197	139	66	–50	324	106	782
Divestments				11			11
Special items	–27	–2				231	202
Net result	170	137	66	–40	324	337	995

* analysed as a part of operating expenses

Reconciliation between Underlying and IFRS-EU income and net result

3 month period

1 April to 30 June			**2013**			2012
	Income	**Expenses**	**Net result**	Income	Expenses	Net result
Underlying	**3,890**	**2,698**	**875**	3,670	2,593	782
Divestments				95	71	11
Special items		**28**	**–22**	–4	–277	202
IFRS-EU	**3,890**	**2,726**	**854**	3,761	2,387	995

Special items in the second quarter of 2013 is primarily related to the previously announced restructuring programmes which is partly offset by pension curtailments in the Netherlands. Special items in the second quarter of 2012 includes mainly the impact (after tax) of the new pension scheme for employees in the Netherlands as disclosed in Note 11 'Other liabilities' which is partially offset by costs related to restructuring programmes and separation expenses.

Notes to the condensed consolidated interim accounts continued

Segments Banking

6 month period

1 January to 30 June 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	1,738	876	609	926	1,555	318	6,023
– Commission income	229	185	55	179	489	–6	1,131
– Total investment and other income	27	100	–14	117	697	–259	667
Total underlying income	1,994	1,161	650	1,222	2,741	53	7,821
Underlying expenditure							
– Operating expenses	1,129	715	349	834	1,121	15	4,163
– Additions to loan loss provision	432	80	42	159	463		1,176
– Other impairments*	13	2			35	14	65
Total underlying expenses	1,575	798	391	993	1,620	29	5,405
Underlying result before taxation	420	363	259	229	1,121	24	2,417
Taxation	104	117	85	46	282	8	642
Minority interests		–2		38	16		53
Underlying net result	316	248	173	145	823	16	1,722
Divestments				–42			–42
Special items	–70					25	–44
Net result	246	248	173	103	823	42	1,636

.

Notes to the condensed consolidated interim accounts continued

Segments Banking

6 month period

1 January to 30 June 2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	1,708	837	577	836	1,759	267	5,983
– Commission income	251	179	45	169	481	–1	1,123
– Total investment and other income	16	75	–24	–84	454	–85	351
Total underlying income	1,975	1,090	598	921	2,693	181	7,458
Underlying expenditure							
– Operating expenses	1,113	686	328	790	1,083	53	4,053
– Additions to loan loss provision	291	72	39	131	445		978
– Other impairments*	7				103	14	125
Total underlying expenses	1,411	758	367	921	1,630	68	5,156
Underlying result before taxation	564	332	231	0	1,062	113	2,302
Taxation	141	95	75	15	293	32	650
Minority interests		2		29	15		46
Underlying net result	423	235	156	–44	755	81	1,606
Divestments				513			513
Special items	–54	–4				–143	–202
Net result	370	230	156	468	755	–62	1,917

* analysed as a part of operating expenses

Reconciliation between Underlying and IFRS-EU income and net result

6 month period

1 January to 30 June			**2013**			2012
	Income	**Expenses**	**Net result**	Income	Expenses	Net result
Underlying	**7,821**	**5,405**	**1,722**	7,458	5,156	1,606
Divestments	**–9**	**14**	**–42**	922	136	513
Special items		**58**	**–44**	–4	220	–202
IFRS-EU	**7,812**	**5,477**	**1,636**	8,376	5,512	1,917

Divestments in the first half of 2012 reflect mainly the result on the sale of ING Direct USA.

Special items in the first half of 2013 is primarily related to the previously announced restructuring programmes which is partly offset by pension curtailments in the Netherlands. Special items in the first half of 2012 include the impact (after tax) of the settlement with US authorities as disclosed in Note 21 ‘Important events and transactions’, costs related to restructuring programmes and separation expenses and an offsetting impact (after tax) related to the new pension scheme for employees in the Netherlands as disclosed in Note 11 ‘Other liabilities’.

Notes to the condensed consolidated interim accounts continued

17 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first half of 2013.

Disposal in the first quarter of 2013 – ING Direct UK

In October 2012, ING reached an agreement to sell ING Direct UK to Barclays. Under the terms of the agreement, the GBP 11.6 billion (approximately EUR 13.4 billion) of savings deposits and GBP 5.5 billion of mortgages (approximately EUR 6.4 billion) of ING Direct UK have been transferred to Barclays. The transfer resulted in an after tax loss of EUR 260 million which was recognised in the fourth quarter of 2012. In the fourth quarter of 2012, ING Direct UK was classified as held for sale. ING Direct UK was included in the segment Retail Rest of World. The transaction closed on 6 March 2013.

Disposal in the first quarter of 2012 – ING Direct USA

In June 2011, ING reached an agreement to sell ING Direct USA to Capital One Financial Corporation, a leading US based financial holding company. In February 2012, ING announced that the transaction closed. Total proceeds of the transaction were approximately USD 9.0 billion (or approximately EUR 6.9 billion), including USD 6.3 billion in cash and USD 2.7 billion in the form of 54.0 million shares in Capital One, based on the share price of USD 49.29 at closing on 16 February 2012. These shares represented a 9.7% stake in Capital One at closing. The transaction resulted in a positive result after tax of EUR 489 million and had a positive impact on ING Bank's core Tier 1 ratio of approximately 80 basis points at closing. This result included the release of the currency translation reserve and the available-for-sale reserve. The net negative cash proceeds from the divestment of ING Direct USA of EUR 10.3 billion (being the net amount of cash received of EUR 4.8 billion and cash included in the divestment of EUR 15.1 billion) is included in the cash flow statement in 'Disposals and redemptions – other investments'. ING Direct USA was previously included in the segment Retail Rest of World (ING Direct). In the third quarter of 2012, ING sold all of its shares in Capital One Financial Corporation and recognised a gain of EUR 323 million (before and after tax) in the third quarter of 2012 in Investment income.

18 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair values of financial assets and liabilities represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date ('exit price'). The fair value of financial assets and liabilities is based on unadjusted quoted market prices, where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices are obtained from independent market vendors, brokers or market makers. Because substantial trading markets do not exist for all financial instruments various techniques have been developed to estimate the approximate fair values of financial assets and liabilities that are not actively traded. These techniques are subjective in nature and involve various assumptions about the relevant pricing factors, especially for inputs that are not readily available in the market (such as credit spreads for own-originated loans and advances to customers). Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values. Further information on the methods and assumptions that were used by ING Bank to estimate the fair value of the financial instruments is disclosed in the 2012 ING Bank Consolidated Annual Accounts in Note 31 'Fair value of financial assets and liabilities'.

Notes to the condensed consolidated interim accounts continued

The following table presents the estimated fair values of ING Bank's financial assets and liabilities. Certain balance sheet items are not included in the table, as they do not meet the definition of a financial asset or liability. The aggregation of the fair values presented below does not represent, and should not be construed as representing, the underlying value of ING Bank.

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012
Financial assets				
Cash and balances with central banks	**16,928**	15,447	**16,928**	15,447
Amounts due from banks	**43,303**	39,126	**43,027**	39,053
Financial assets at fair value through profit and loss				
– trading assets	**124,979**	114,320	**124,979**	114,320
– non-trading derivatives	**6,140**	9,075	**6,140**	9,075
– designated as at fair value through profit and loss	**2,603**	2,768	**2,603**	2,768
Investments				
– available-for-sale	**75,182**	74,279	**75,182**	74,279
– held-to-maturity	**4,005**	6,626	**3,936**	6,545
Loans and advances to customers	**533,505**	557,493	**529,166**	541,546
Other assets [(1)]	**13,477**	14,737	**13,477**	14,737
	820,122	833,871	**815,438**	817,770
Financial liabilities				
Subordinated loans	**14,877**	15,730	**15,467**	16,407
Debt securities in issue	**133,267**	140,758	**129,963**	134,689
Other borrowed funds				
Amounts due to banks	**35,655**	39,628	**35,156**	38,704
Customer deposits and other funds on deposit	**477,336**	462,983	**475,672**	460,363
Financial liabilities at fair value through profit and loss				
– trading liabilities	**90,757**	83,652	**90,757**	83,652
– non-trading derivatives	**11,578**	15,919	**11,578**	15,919
– designated as at fair value through profit and loss	**12,716**	13,399	**12,716**	13,399
Other liabilities [(2)]	**15,778**	16,177	**15,778**	16,177
	791,964	788,246	**787,087**	779,310

(1) Other assets do not include (deferred) tax assets, net defined benefit asset and property development and obtained from foreclosures.
(2) Other liabilities do not include (deferred) tax liabilities, net defined benefit liability, insurance provisions, prepayments received under property under development, share-based payment plans, other provisions and other taxation and social security contributions.

Notes to the condensed consolidated interim accounts continued

Fair value hierarchy

ING Bank has categorised its financial instruments that are measured in the balance sheet at fair value into a three level hierarchy based on the priority of the inputs to the valuation. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to valuation techniques based on unobservable inputs. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide reliable pricing information on an on-going basis. The fair value hierarchy consists of three levels, depending upon whether fair values were determined based on quoted prices in an active market (Level 1), valuation techniques with observable inputs (Level 2) or valuation techniques that incorporate inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument (Level 3). Financial assets in Level 3 include for example illiquid debt securities, complex OTC and credit derivatives, certain complex loans (for which current market information about similar assets to use as observable, corroborated data for all significant inputs into a valuation model is not available), private equity investments and investment in real estate funds. Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on the Bank's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Transfers into and transfers out of fair value hierarchy levels are recognised as of the date of the event or change in circumstances that caused the transfer. Further information on the fair value hierarchy is disclosed in the 2012 ING Bank Consolidated Annual Accounts in Note 31 'Fair value of financial assets and liabilities'.

The fair values of the financial instruments at fair value were determined as follows:

Methods applied in determining fair values of financial assets and liabilities

				30 June 2013
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Trading assets	**24,478**	**98,543**	**1,958**	**124,979**
Non-trading derivatives	**13**	**5,704**	**423**	**6,140**
Financial assets designated as at fair value through profit and loss	**219**	**1,411**	**973**	**2,603**
Available-for-sale investments	**57,647**	**16,325**	**1,210**	**75,182**
	82,357	**121,983**	**4,564**	**208,904**
Liabilities				
Trading liabilities	**10,603**	**78,460**	**1,694**	**90,757**
Non-trading derivatives	**3**	**11,106**	**469**	**11,578**
Financial liabilities designated as at fair value through profit and loss	**997**	**6,586**	**5,133**	**12,716**
	11,603	**96,152**	**7,296**	**115,051**

Methods applied in determining fair values of financial assets and liabilities

				31 December 2012
	Level 1	Level 2	Level 3	Total
Assets				
Trading assets	29,214	83,615	1,491	114,320
Non-trading derivatives	43	8,541	491	9,075
Financial assets designated as at fair value through profit and loss	157	1,383	1,228	2,768
Available-for-sale investments	56,146	16,842	1,291	74,279
	85,560	110,381	4,501	200,442
Liabilities				
Trading liabilities	14,349	67,780	1,523	83,652
Non-trading derivatives	112	15,493	314	15,919
Financial liabilities designated as at fair value through profit and loss	1,833	6,464	5,102	13,399
	16,294	89,737	6,939	112,970

Notes to the condensed consolidated interim accounts continued

Level 3 financial assets and liabilities
Financial assets measured at fair value in the balance sheet as at 30 June 2013 of EUR 209 billion include an amount of EUR 4.5 billion (2.2%) that is classified as Level 3 (31 December 2012: EUR 4.5 billion, being 2.2%). Changes in Level 3 from 31 December 2012 to 30 June 2013 are disclosed below in the table 'Changes in Level 3 Assets'.

Financial liabilities measured at fair value in the balance sheet as at 30 June 2013 of EUR 115 billion include an amount of EUR 7.3 billion (6.3%) is classified as Level 3 (31 December 2012: EUR 6.9 billion, being 6.1%). Changes in Level 3 from 31 December 2012 to 30 June 2013 are disclosed below in the table 'Changes in Level 3 Liabilities'.

Financial assets and liabilities in Level 3 include both assets and liabilities for which the fair value was determined using valuation techniques that incorporate unobservable inputs and assets and liabilities for which the fair value was determined using quoted prices, but for which the market was not actively trading at or around the balance sheet date. Unobservable inputs are inputs which are based on ING's own assumptions about the factors that market participants would use in pricing an asset or liability, developed based on the best information available in the circumstances. Unobservable inputs may include volatility, correlation, spreads to discount rates, default rates and recovery rates, prepayment rates and certain credit spreads. Fair values that are determined using valuation techniques using unobservable inputs are sensitive to the inputs used. Fair values that are determined using quoted prices are not sensitive to unobservable inputs, as the valuation is based on unadjusted external price quotes. These are classified in Level 3 as a result of the illiquidity in the relevant market, but are not significantly sensitive to ING's own unobservable inputs.

Of the total amount of financial assets classified as Level 3 as at 30 June 2013 of EUR 4.5 billion, an amount of EUR 2.4 billion (52%) are based on unadjusted quoted prices in inactive markets. As ING does not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Furthermore, Level 3 financial assets includes approximately EUR 1.0 billion which relates to financial assets that are part of structures that are designed to be fully neutral in terms of market risk. Such structures include various financial assets and liabilities for which the overall sensitivity to market risk is insignificant. Whereas the fair value of individual components of these structures may be determined using different techniques and the fair value of each of the components of these structures may be sensitive to unobservable inputs, the overall sensitivity is by design not significant.

The remaining EUR 1.1 billion of the fair value classified in Level 3 financial assets is established using valuation techniques that incorporates certain inputs that are unobservable. This relates mainly to assets that are classified as Available-for-sale investments, for which changes in fair value are recognised in shareholders' equity and do not directly impact profit and loss.

Of the total amount of financial liabilities classified as Level 3 as at 30 June 2013 of EUR 7.3 billion, an amount of EUR 4.5 billion (62%) are based on unadjusted quoted prices in inactive markets. As ING does not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Furthermore, Level 3 financial liabilities includes approximately EUR 2.4 billion which relates to financial liabilities that are part of structures that are designed to be fully neutral in terms of market risk. As explained above, the fair value of each of the components of these structures may be sensitive to unobservable inputs, but the overall sensitivity is by design not significant.

The remaining EUR 0.4 billion of the fair value classified in Level 3 financial liabilities is established using valuation techniques that incorporates certain inputs that are unobservable

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Assets

	6 month period ended 30 June 2013				
	Trading assets	Non-trading derivatives	Financial assets designated as at fair value through profit and loss	Available-for-sale investments	Total
Opening balance	1,491	491	1,228	1,291	4,501
Amounts recognised in the profit and loss account during the period	23	–51	–125	7	–146
Revaluation recognised in equity during the period				6	6
Purchase of assets	732	40	374	195	1,341
Sale of assets	–250	–27	–360	–209	–846
Maturity/settlement	–150	–20	–234	–71	–475
Reclassifications				2	2
Transfers into Level 3	242		108	3	353
Transfers out of Level 3	–130	–10	–18	–4	–162
Exchange rate differences				–8	–8
Changes in the composition of the group and other changes				–2	–2
Closing balance	1,958	423	973	1,210	4,564

Changes in Level 3 Assets

	Year ended 31 December 2012				
	Trading assets	Non-trading derivatives	Financial assets designated as at fair value through profit and loss	Available-for-sale investments	Total
Opening balance	979	798	1,463	2,251	5,491
Amounts recognised in the profit and loss account during the year	149	–283	–190	24	–300
Revaluation recognised in equity during the year				30	30
Purchase of assets	1,137	154	693	289	2,273
Sale of assets	–326	–187	–358	–580	–1,451
Maturity/settlement	–313	–2	–378	–737	–1,430
Transfers into Level 3	27	11		289	327
Transfers out of Level 3	–163		–2	–261	–426
Exchange rate differences	1			–3	–2
Changes in the composition of the group and other changes				–11	–11
Closing balance	1,491	491	1,228	1,291	4,501

Changes in Level 3 Liabilities

	6 month period ended 30 June 2013			
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Total
Opening balance	1,523	314	5,102	6,939
Amounts recognised in the profit and loss account during the period	–77	135	–96	–38
Issue of liabilities	158	42	551	751
Early repayment of liabilities	–96	–13	–359	–468
Maturity/settlement	–173	–9	–275	–457
Transfers into Level 3	449		260	709
Transfers out of Level 3	–86		–53	–139
Exchange rate differences	–4		3	–1
Closing balance	1,694	469	5,133	7,296

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Liabilities

	Year ended 31 December 2012			
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Total
Opening balance	940	881	4,272	6,093
Amounts recognised in the profit and loss account during the year	232	–796	96	–468
Issue of liabilities	1,380	239	2,614	4,233
Early repayment of liabilities	–348	–14	–1,067	–1,429
Maturity/settlement	–535	–3	–1,174	–1,712
Transfers into Level 3	85	7	395	487
Transfers out of Level 3	–223		–30	–253
Exchange rate differences	–8		–4	–12
Closing balance	1,523	314	5,102	6,939

Amounts recognised in the profit and loss account during the 6 month period (Level 3)

	30 June 2013		
	Held at balance sheet date	**Derecognised during the period**	**Total**
Assets			
Trading assets	**23**		**23**
Non-trading derivatives	**–51**		**–51**
Financial assets designated as at fair value through profit and loss	**–125**		**–125**
Available-for-sale investments	**2**	**5**	**7**
	–151	**5**	**–146**
Liabilities			
Trading liabilities	**–77**		**–77**
Non-trading derivatives	**135**		**135**
Financial liabilities designated as at fair value through profit and loss	**–96**		**–96**
	–38		**–38**

Amounts recognised in the profit and loss account during the year (Level 3)

	31 December 2012		
	Held at balance sheet date	Derecognised during the year	Total
Assets			
Trading assets	149		149
Non-trading derivatives	–283		–283
Financial assets designated as at fair value through profit and loss	–190		–190
Available-for-sale investments	–11	35	24
	–335	35	–300
Liabilities			
Trading liabilities	232		232
Non-trading derivatives	–796		–796
Financial liabilities designated as at fair value through profit and loss	96		96
	–468		–468

Notes to the condensed consolidated interim accounts continued

Recognition of unrealised gains and losses in Level 3
Amounts recognised in the profit and loss account relating to unrealised gains and losses during the period that relates to Level 3 assets and liabilities are included in the profit and loss account as follows:

- Results on trading assets and trading liabilities are included in Net trading income;
- Non-trading derivatives are included in Valuation results on non-trading derivatives; and
- Financial assets and liabilities designated as at fair value through profit and loss are included in Valuation results on non-trading derivatives.

Amounts recognised in Other comprehensive income relating to unrealised gains and losses during the period that relates to Available-for-sale assets are included in Reserves in the line Unrealised revaluations available-for-sale investments.

19 DIVIDEND PAID
In May 2013 a dividend was paid to ING Groep N.V. amounting to EUR 1.5 billion.

In June 2013 a dividend was declared to be paid to ING Groep N.V. amounting to EUR 330 million which was paid on 1 July 2013.

Notes to the condensed consolidated interim accounts continued

20 RISK EXPOSURES GREECE, ITALY, IRELAND, PORTUGAL, SPAIN AND CYPRUS

The table below provides information on ING's risk exposure with regard to Greece, Italy, Ireland, Portugal, Spain and Cyprus. Amounts represent risk exposure values. Exposures are included based on the country of residence, except for certain securitisations which are included based on the country of risk to better reflect the real country exposure. Credit default swap ('CDS') exposures in all countries are to Financial institutions.

Greece, Italy, Ireland, Portugal, Spain and Cyprus - Total risk exposures (1)

							30 June 2013
	Greece	Italy	Ireland	Portugal	Spain	Cyprus (2)	Total
Residential mortgages and other consumer lending	2	7,749	6	4	9,698	2	17,461
Corporate Lending	441	8,331	703	1,147	5,576	560	16,758
Financial institutions Lending		334	158	37	168	7	704
Government Lending		177			35		212
Total Lending	443	16,591	867	1,188	15,477	569	35,135
RMBS		605	65	417	2,315		3,402
CMBS			8				8
Other ABS		23	12	7	27		69
Corporate Bonds		32	15	77	3		127
Covered Bonds		174	370	155	10,044		10,743
Financial institutions' bonds (unsecured)		253		8			261
Government Bonds		1,129		613	339	10	2,091
CDS exposures in banking book(3)					–88		–88
Total Debt Securities		2,216	470	1,277	12,640	10	16,613
Real Estate (4)		102			244		346
Trading excluding CDS exposures		550	83	23	445	1	1,102
Sold CDS protection		2	2	4			8
Bought CDS protection	–1	–11	–10	–1	–28		–51
Trading including CDS protection	–1	541	75	26	417	1	1,059
Undrawn committed facilities	27	1,084	188	202	2,459	36	3,996
Pre-settlement exposures (5)	65	519	443	39	613	81	1,760
Total risk exposure	534	21,053	2,043	2,732	31,850	697	58,909

(1) The exposures reported are credit, market and real estate exposures based on source systems and measurement criteria that can differ from those of similar exposures reported in Note 3 'Investments' of these condensed consolidated interim accounts.
(2) The majority of the corporate lending risk exposures were either deals with country of risk outside of Cyprus, Letter of credits or Trade Commodity Finance with maturity less than 3 months. Therefore, net credit risk linked to Cyprus is not significant for ING Bank.
(3) In the first half of 2013 ING Bank holds CDS protection on the Spanish government.
(4) Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is reflected in Total Lending.
(5) Pre-settlement exposure is exposure to dealing room products such as options, swaps, and securities financing transactions. This exposure is based on the replacement value (Marked-To-Market) of each product plus potential future volatility.

ING's total exposure to the GIIPSC countries was reduced by EUR 2.3 billion in the first half of 2013. This decrease was due to a EUR 1.7 billion reduction in debt securities to EUR 16.6 billion. Although the planned de-risking were finalised in 2012, ING will continue to actively manage its investment portfolio.

ING's main reduction in the GIIPSC exposure was in Spain. The exposure to Spain was reduced by EUR 2.1 billion in the first half of 2013. The debt securities declined by EUR 1.1 billion mainly due to maturing covered bonds, offset by a sale of CDS in banking books of EUR 0.3 billion.

Notes to the condensed consolidated interim accounts continued

Greece, Italy, Ireland, Portugal, Spain and Cyprus - Total risk exposures [1]

							31 December 2012
	Greece	Italy	Ireland	Portugal	Spain	Cyprus [2]	Total
Residential mortgages and other consumer lending	3	7,531	6	4	9,661	1	17,206
Corporate Lending	287	8,391	680	1,015	5,733	653	16,759
Financial institutions Lending		227	4	76	372	9	688
Government Lending		203			35		238
Total Lending	290	16,352	690	1,095	15,801	663	34,891
RMBS		667	69	442	2,495		3,673
CMBS			12				12
Other ABS		149	43	49	35		276
Corporate Bonds		32	15	40	3		90
Covered Bonds		227	354	154	11,274		12,009
Financial institutions' bonds (unsecured)		476	38	18	2		534
Government Bonds		1,128		629	339	18	2,114
CDS exposures in banking book [3]					–390		–390
Total Debt Securities		2,679	531	1,332	13,758	18	18,318
Real Estate [4]		106			268		373
Trading excluding CDS exposures		450	28	8	454		940
Sold CDS protection		1	1	1	7		10
Bought CDS protection	–2	–22	–11	–1	–51		–87
Trading including CDS protection	–2	429	18	8	410		863
Undrawn committed facilities	165	1,286	258	181	2,779	90	4,759
Pre-settlement exposures [5]	80	516	343	41	953	112	2,045
Total risk exposure	533	21,368	1,840	2,657	33,969	883	61,250

(1) The exposures reported are credit, market and real estate exposures based on source systems and measurement criteria that can differ from those of similar exposures reported in Note 3 'Investments' of these condensed consolidated interim accounts.
(2) The majority of the corporate lending risk exposures were either deals with country of risk outside of Cyprus, Letter of credits or Trade Commodity Finance with maturity less than 3 months. Therefore, net credit risk linked to Cyprus is not significant for ING Bank.
(3) At the end of 2012, ING Bank holds CDS protection (notional value) on the Spanish government, Financial Institutions and covered bonds.
(4) Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is reflected in Total Lending and Total Debt Securities.
(5) Pre-settlement exposure is exposure to dealing room products such as options, swaps, and securities financing transactions. This exposure is based on the replacement value (Marked-To-Market) of each product plus potential future volatility.

21 IMPORTANT EVENTS AND TRANSACTIONS

SNS Reaal nationalisation

In the first quarter of 2013, the nationalisation of SNS Reaal, a Dutch financial institution, was announced. As a consequence of the arrangements made by the Dutch government, ING Bank and other Dutch banks will be required to pay a one-time levy of EUR 1 billion in 2014. For ING, this will result in a charge of EUR 304 million. ING will carefully assess further details on form, amount and timing of the levy as they become available. There is no impact from this 2014 levy on the result of the first half of 2013.

Sale of custody services in seven European countries

In the second quarter of 2013, ING announced that it has reached an agreement to transfer its local custody services business in seven countries in Central and Eastern Europe to Citi. The transaction did not have a significant impact on ING's results. The transfer is subject to consent and applicable regulatory approvals. The transaction closed in the second quarter of 2013. The full migration of the clients business is expected to be finalised in the second quarter of 2014.

Notes to the condensed consolidated interim accounts continued

Settlement agreement with U.S.
In the first quarter of 2012, ING Bank entered into a Settlement Agreement with U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) and Deferred Prosecution Agreements with the Department of Justice, the United States Attorney's Office for the District of Columbia and the District Attorney of the County of New York (together the 'U.S. Authorities') in relation to the investigation by those agencies into compliance with U.S. economic sanctions and U.S. dollar payment practices until 2007. Under the terms of the Deferred Prosecution Agreements, no further action will be taken against ING Bank if it meets the conditions set forth in the agreements during an 18 months period. As part of the settlement, ING Bank has paid a total penalty of EUR 473 million. As announced on 9 May 2012, ING Bank recognised a provision in the first quarter of 2012 by which this issue was sufficiently covered. ING Bank has cooperated closely and constructively with regulators and other authorities throughout this process. The U.S. Authorities have recognised ING's substantial cooperation in the resolution and ING's efforts and commitment to continuously enhance compliance within the organisation.

22 IMPACT OF CHANGE IN ACCOUNTING POLICY
This note provides more information on the change in accounting policy as a result of the implementation of the revised IAS 19 'Employee Benefits' accounting standard and how this change affects the financial information of the opening balance sheet of the comparative year. Reference is made to the section 'Changes in accounting policies' on page 14 for more details on the impact of this change in accounting policy.

As of 1 January 2013, ING Bank's accounting policy for pension obligations is as follows:

Employee benefits – pension obligations
Group companies operate various pension schemes covering a significant number of ING's employees. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Bank has both defined contribution and defined benefit plans.

A defined contribution plan is a pension plan under which a fixed contribution is paid into a separate entity (fund) and for which no legal or constructive obligation exists to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

A defined benefit plan is any pension plan other than a defined contribution plan. It generally defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined benefit plans
The net defined benefit asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the fair value of the plan assets less the present value of the defined benefit obligation at the balance sheet date.

Plan assets are measured at the fair value at the balance sheet date. For determining the pension expense, the expected return on plan assets is determined using a high quality corporate bond rate identical to the discount rate used in determining the defined benefit obligation.

Changes in plan assets that effects Shareholders' equity and/or Net result, include mainly:
- expected return on assets using a high quality corporate bond rate at the start of the reporting period which are recognised as staff costs in the profit and loss account; and
- remeasurements which are recognised in Other comprehensive income (equity).

The defined benefit obligation is calculated by internal and external actuaries through actuarial models and calculations using the projected unit credit method. This method considers expected future payments required to settle the obligation resulting from employee service in the current and prior periods, discounted using a high quality corporate bond rate. Inherent in these actuarial models are assumptions including discount rates, rates of increase in future salary and benefit levels, mortality rates, trend rates in health care costs, consumer price index, and the expected level of indexation. The assumptions are based on available market data as well as management expectations and are updated regularly. The actuarial assumptions may differ significantly from the actual results due to changes in market conditions, economic and mortality trends, and other assumptions. Any changes in these assumptions could have a significant impact on the defined benefit plan obligation and future pension costs.

Changes in the defined benefit obligation that effects Shareholders' equity and/or Net result, include mainly:
- service cost which are recognised as staff costs in the profit and loss account;
- interest expenses using a high quality corporate bond rate at the start of the period which are recognised as staff costs in the profit and loss account; and
- remeasurements which are recognised in Other comprehensive income (equity).

Remeasurements recognised in other comprehensive income are not recycled to profit and loss. Any past service cost upon a plan amendment is recognised in profit or loss in the period of the plan amendment. Gains and losses on curtailments and settlements are recognised in the profit and loss account when the curtailment or settlement occurs.

Notes to the condensed consolidated interim accounts continued

The recognition of a net defined benefit asset in the consolidated balance sheet is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plans
For defined contribution plans, the Bank pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Bank has no further payment obligations once the contributions have been paid. The contributions are recognised as staff expenses in the profit and loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The restated consolidated balance sheet as at 1 January 2012 is as follows:

Restated consolidated balance sheet

	1 January 2012 (Restated)
ASSETS	
Cash and balances with central banks	28,112
Amounts due from banks	45,323
Financial assets at fair value through profit and loss	
– trading assets	123,176
– non-trading derivatives	10,076
– designated as at fair value through profit and loss	2,838
Investments	
– available-for-sale	74,935
– held-to-maturity	8,868
Loans and advances to customers	577,569
Investments in associates	827
Real estate investments	435
Property and equipment	2,417
Intangible assets	1,743
Assets held for sale	62,483
Other assets	22,801
Total assets	961,603
EQUITY	
Shareholders' equity (parent)	34,805
Minority interests	693
Total equity	35,498
LIABILITIES	
Subordinated loans	18,408
Debt securities in issue	130,926
Amounts due to banks	72,233
Customer deposits and other funds on deposit	479,364
Financial liabilities at fair value through profit and loss	
– trading liabilities	107,682
– non-trading derivatives	18,161
– designated as at fair value through profit and loss	13,021
Liabilities held for sale	64,265
Other liabilities	22,045
Total liabilities	926,105
Total equity and liabilities	961,603

Notes to the condensed consolidated interim accounts continued

The change in accounting policy affects the balance sheet lines Other assets, Shareholders' equity (parent), Liabilities held for sale and Other liabilities. The following tables provide a further breakdown of the Other assets, Other liabilities and Deferred taxes as at 1 January 2012.

Other assets (Restated)

Other assets by type	1 January 2012 (Restated)
Deferred tax assets	2,338
Property development and obtained from foreclosures	1,512
Income tax receivable	459
Accrued interest and rents	11,183
Other accrued assets	530
Net defined benefit asset	3,048
Other	3,731
	22,801

Other liabilities (Restated)

Other liabilities by type	1 January 2012 (Restated)
Deferred tax liabilities	1,735
Income tax payable	806
Net defined benefit liability	23
Other post-employment benefits	181
Other staff-related liabilities	609
Other taxation and social security contributions	750
Accrued interest	10,550
Costs payable	1,322
Amounts payable to brokers	
Reorganisation provision	521
Other provisions	500
Prepayments received under property under development	83
Amounts to be settled	1,568
Other	3,397
	22,045

Notes to the condensed consolidated interim accounts continued

Deferred tax (Restated)

Changes in deferred tax

	Net liability 1 January 2012	Change through equity	Change through net result	Changes in the composition of the group	Exchange rate differences	Other	Net liability 31 December 2012
Investments	–146	774	180	–166	2		644
Real estate investments	2						2
Financial assets and liabilities at fair value through profit and loss	–707		–366		10		–1,063
Deferred acquisition costs and VOBA							
Depreciation	40		5	–1	–1		43
Insurance provisions							
Cash flow hedges	–282	–9		4	1		–286
Net defined benefit asset/liability	567	–738	216		1		46
Other post-employment benefits							
Other provisions	–95		29	5	4		–57
Receivables	–43		–8	2	1		–48
Loans and advances to customers	870	–82	157		2		947
Unused tax losses carried forward	–623		–138	1	–11		–771
Other	–186	74	26	65	–4		–25
	–603	19	101	–90	5		–568
Comprising:							
– deferred tax liabilities	1,735						1,571
– deferred tax assets	–2,338						–2,139
	–603						–568

Review report

To: the Shareholder, the Supervisory Board and the Management Board of ING Bank N.V.

REVIEW REPORT

Introduction

We have reviewed the accompanying condensed consolidated interim accounts for the six month period ended 30 June 2013, of ING Bank N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2013 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related notes for the six month period then ended. Management is responsible for the preparation and presentation of these condensed consolidated interim accounts in accordance with IAS 34, ‘Interim Financial Reporting’ as adopted by the European Union. Our responsibility is to express a conclusion on these interim accounts based on our review.

Scope of Review

We conducted our review in accordance with Dutch law including Standard 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim accounts as at and for the six month period ended 30 June 2013 are not prepared, in all material respects, in accordance with IAS 34, ‘Interim Financial Reporting’, as adopted by the European Union.

AMSTERDAM, 6 AUGUST 2013

Ernst & Young Accountants LLP
Signed by M.A. van Loo

DISCLAIMER

ING Bank's Annual Accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU').

In preparing the financial information in this document, except for the changes described in Note 1 'Basis of presentation, the same accounting principles are applied as in the 2012 ING Bank Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

Certain of the statements contained herein are not historical facts, including, without limitation, certain statements made of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation: (1) changes in general economic conditions, in particular economic conditions in ING's core markets, (2) changes in performance of financial markets, including developing markets, (3) consequences of a potential (partial) break-up of the euro, (4) the implementation of ING's restructuring plan to separate banking and insurance operations, (5) changes in the availability of, and costs associated with, sources of liquidity such as interbank funding, as well as conditions in the credit markets generally, including changes in borrower and counterparty creditworthiness, (6) the frequency and severity of insured loss events, (7) changes affecting mortality and morbidity levels and trends, (8) changes affecting persistency levels, (9) changes affecting interest rate levels, (10) changes affecting currency exchange rates, (11) changes in investor, customer and policyholder behaviour, (12) changes in general competitive factors, (13) changes in laws and regulations, (14) changes in the policies of governments and/or regulatory authorities, (15) conclusions with regard to purchase accounting assumptions and methodologies, (16) changes in ownership that could affect the future availability to us of net operating loss, net capital and built-in loss carry forwards, (17) changes in credit ratings, (18) ING's ability to achieve projected operational synergies and (19) the other risks and uncertainties detailed in the Risk Factors section contained in the most recent annual report of ING Groep N.V.

Any forward-looking statements made by or on behalf of ING speak only as of the date they are made, and, ING assumes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or for any other reason. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities.

ING Bank N.V.
Bijlmerplein 888
1102 MG Amsterdam-Zuidoost
The Netherlands
Telephone: +31 20 5415411
Fax: +31 20 5415444
Internet: www.ing.com
Commercial Register of Amsterdam, no. 33031431