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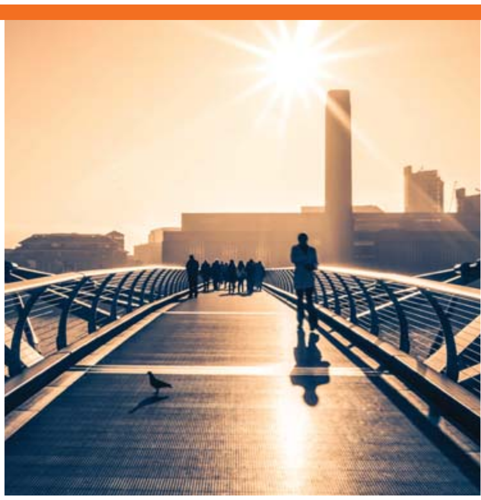
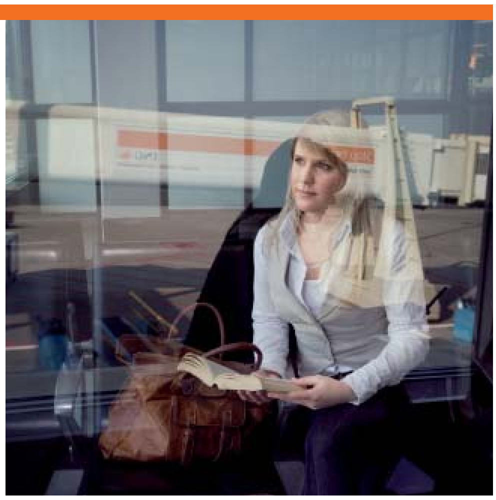
ING GROUP





Condensed consolidated interim financial information for the period ended 31 March 2014

ING

Contents

Condensed consolidated interim accounts

Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	31 March 2014	31 December 2013	31 December 2012
ASSETS			
Cash and balances with central banks	**21,253**	13,316	17,657
Amounts due from banks	**49,481**	42,996	39,053
Financial assets at fair value through profit and loss 2	**166,374**	165,172	232,371
Investments 3	**146,414**	140,995	200,129
Loans and advances to customers 4	**532,141**	531,655	563,385
Reinsurance contracts 11	**275**	252	5,290
Investments in associates and joint ventures 5	**2,813**	2,022	2,461
Real estate investments	**1,055**	1,046	1,190
Property and equipment	**2,368**	2,446	2,674
Intangible assets 6	**1,816**	1,841	2,639
Deferred acquisition costs	**1,411**	1,353	4,549
Assets held for sale 7	**3,074**	156,884	66,946
Other assets 8	**19,973**	21,339	26,210
Total assets	**948,448**	1,081,317	1,164,554
EQUITY 9			
Shareholders' equity (parent)	**45,380**	45,776	51,303
Non-voting equity securities	**683**	1,500	2,250
	46,063	47,276	53,553
Minority interests	**625**	5,913	1,643
Total equity	**46,688**	53,189	55,196
LIABILITIES			
Subordinated loans 10	**6,959**	6,889	8,786
Debt securities in issue 10	**131,662**	127,727	143,436
Other borrowed funds 10	**14,765**	13,706	16,723
Insurance and investment contracts 11	**113,836**	111,769	230,580
Amounts due to banks	**29,882**	27,200	38,704
Customer deposits and other funds on deposit	**482,648**	474,312	454,930
Financial liabilities at fair value through profit and loss 12	**100,718**	98,501	115,803
Liabilities held for sale 7	**18**	146,401	67,811
Other liabilities 13	**21,272**	21,623	32,585
Total liabilities	**901,760**	1,028,128	1,109,358
Total equity and liabilities	**948,448**	1,081,317	1,164,554

Amounts for 2013 and 2012 have been restated to reflect the changes in accounting policies as disclosed in the section 'Change in accounting policies in 2014' on page 10.

The comparison of the balance sheets is impacted by the classification as held for sale of VOYA (as of 2013) and the insurance and investment management businesses in Asia (as of 2012) and the classification to continuing operations of ING Group's business in Japan (as of 2013) as disclosed in the section 'Other significant changes'.

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 Group

for the three month period

3 month period	1 January to 31 March	
amounts in millions of euros	**2014**	2013
Continuing operations		
Interest income banking operations	**12,604**	14,017
Interest expense banking operations	**–9,597**	–11,141
Interest result banking operations	**3,007**	2,876
Gross premium income	**3,491**	3,633
Investment income 14	**936**	1,061
Commission income	**724**	696
Other income 15	**513**	–779
Total income	**8,671**	7,487
Underwriting expenditure 16	**3,839**	2,583
Addition to loan loss provision	**468**	561
Intangible amortisation and other impairments 17	**15**	41
Staff expenses 18	**2,974**	1,575
Other interest expenses	**82**	120
Other operating expenses	**1,202**	1,079
Total expenses	**8,580**	5,959
Result before tax from continuing operations	**91**	1,528
Taxation	**7**	419
Net result from continuing operations	**84**	1,109
Discontinued operations 19		
Net result from discontinued operations	**108**	–134
Net result from disposal of discontinued operations	**–2,022**	945
Total net result from discontinued operations	**–1,914**	811
Net result from continuing and discontinued operations (before attribution to minority interests)	**–1,830**	1,920

3 month period	1 January to 31 March	
amounts in millions of euros	**2014**	2013
Net result attributable to:		
Equityholders of the parent	**–1,917**	1,897
Minority interests	**87**	23
	–1,830	1,920
Net result from continuing operations attributable to:		
Equityholders of the parent	**47**	1,081
Minority interests	**37**	28
	84	1,109
Net result from discontinued operations attributable to:		
Equityholders of the parent	**–1,964**	816
Minority interests	**50**	–5
	–1,914	811

Condensed consolidated profit and loss account of ING Group continued

for the three month period

3 month period	1 January to 31 March	
amounts in euros	**2014**	2013
Earnings per share 20		
Basic earnings per ordinary share	**–0.60**	0.45
Diluted earnings per ordinary share	**–0.60**	0.45
Earnings per share from continuing operations 20		
Basic earnings per ordinary share from continuing operations	**–0.09**	0.24
Diluted earnings per ordinary share from continuing operations	**–0.09**	0.24
Earnings per share from discontinued operations 20		
Basic earnings per ordinary share from discontinued operations	**–0.51**	0.21
Diluted earnings per ordinary share from discontinued operations	**–0.51**	0.21

Amounts for the three month period ended 31 March 2013 have been restated to reflect the changes in accounting policies as disclosed in the section ‘Change in accounting policies in 2014’ on page 10.

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 Group

for the three month period

3 month period	1 January to 31 March	
amounts in millions of euros	**2014**	2013
Net result for the period from continuing and discontinued operations	**–1,830**	1,920
Items that will not be reclassified to the profit and loss account:		
Remeasurement of the net defined benefit asset/liability	**–272**	1,103
Unrealised revaluations property in own use	**–2**	–2
Items that may be reclassified subsequently to profit and loss account:		
Unrealised revaluations available-for-sale investments and other	**2,489**	–973
Realised gains/losses transferred to the profit and loss account	**–90**	–35
Changes in cash flow hedge reserve	**741**	–131
Transfer to insurance liabilities	**–1,047**	459
Share of other comprehensive income of associates and joint ventures	**32**	30
Exchange rate differences and other	**39**	298
Total comprehensive income	**60**	2,669
Comprehensive income attributable to:		
Equityholders of the parent	**–166**	2,646
Minority interests	**226**	23
	60	2,669

Amounts for the three month period ended 31 March 2013 have been restated to reflect the changes in accounting policies as disclosed in the section ‘Change in accounting policies in 2014’ on page 10.

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 Group

for the three month period

3 month period		1 January to 31 March	
amounts in millions of euros		**2014**	2013
Result before tax [1]		**–1,697**	2,359
Adjusted for:	– depreciation	**172**	187
	– deferred acquisition costs and value of business acquired	**–44**	–33
	– increase in provisions for insurance and investment contracts	**–570**	–1,181
	– addition to loan loss provisions	**468**	561
	– other	**1,513**	1,021
Taxation paid		**–296**	–410
Changes in:	– amounts due from banks, not available on demand	**–1,000**	–6,226
	– trading assets	**–4,828**	–20,537
	– non-trading derivatives	**–419**	–828
	– other financial assets at fair value through profit and loss	**–635**	422
	– loans and advances to customers	**–4,383**	–2,555
	– other assets	**190**	983
	– amounts due to banks, not payable on demand	**2,454**	–2,323
	– customer deposits and other funds on deposit	**11,932**	14,383
	– trading liabilities	**5,311**	13,440
	– other financial liabilities at fair value through profit and loss	**132**	–2,500
	– other liabilities	**505**	–1,466
Net cash flow from (used in) operating activities		**8,805**	–4,703
Investments and advances	– available-for-sale investments	**–28,715**	–44,735
	– investments for risk of policyholders	**–15,572**	–17,783
	– other investments	**–226**	–142
Disposals and redemptions	– group companies (including cash in company disposed)	**–1,364**	–5,556
	– associates and joint ventures	**206**	8
	– available-for-sale investments	**23,872**	45,516
	– investments for risk of policyholders	**19,794**	21,538
	– loans		174
	– other investments	**427**	2,461
Net cash flow from (used in) investing activities		**–1,578**	1,481
Proceeds from borrowed funds and debt securities		**45,485**	45,528
Repayments of borrowed funds and debt securities		**–41,875**	–45,192
Repayment of non-voting equity securities		**–817**	
Repurchase premium [2]		**–408**	
Other net cash flow from financing activities		**–8**	52
Net cash flow from financing activities		**2,377**	388
Net cash flow		**9,604**	–2,834
Cash and cash equivalents at beginning of the period		**17,180**	24,150
Effect of exchange rate changes on cash and cash equivalents		**140**	–112
Cash and cash equivalents at end of the period		**26,924**	21,204
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**498**	1,222
Amounts due from/to banks		**5,111**	5,668
Cash and balances with central banks		**21,253**	12,816
Cash and cash equivalents classified as Assets held for sale		**62**	1,498
Cash and cash equivalents at end of the period		**26,924**	21,204

[1] Result before tax includes results from continuing operations of EUR 91 million (2013: EUR 1,528 million) as well as results from discontinued operations of EUR –1,788 million (after tax EUR –1,914 million) and for 2013 EUR 830 million (after tax EUR 811 million).
[2] 2014 includes the repurchase premium paid on the repayment of EUR 817 million (2013: nil) non-voting equity securities.

Condensed consolidated statement of changes in equity of ING Group

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2014	921	16,038	28,817	45,776	1,500	5,913	53,189
Remeasurement of the net defined benefit asset/liability			–248	–248		–24	–272
Unrealised revaluations property in own use			–2	–2			–2
Unrealised revaluations available-for-sale investments and other			2,150	2,150		339	2,489
Realised gains/losses transferred to profit and loss			–90	–90			–90
Changes in cash flow hedge reserve			731	731		10	741
Transfer to insurance liabilities			–861	–861		–186	–1,047
Share of other comprehensive income of associates and joint ventures			32	32			32
Exchange rate differences and other			39	39			39
Total amount recognised directly in equity (other comprehensive income)			1,751	1,751		139	1,890
Net result from continuing and discontinued operations			–1,917	–1,917		87	–1,830
Total comprehensive income			–166	–166		226	60
Repayment of non-voting equity securities					–817		–817
Repurchase premium			–408	–408			–408
Purchase/sale of treasury shares			–32	–32			–32
Employee stock option and share plans	2	5	30	37		10	47
Changes in the composition of the group and other changes			173	173		–5,524	–5,351
Balance at 31 March 2014	923	16,043	28,414	45,380	683	625	46,688

Condensed consolidated statement of changes in equity of ING Group continued

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holders' equity (parent)	Non-voting equity securities	Minority interests	Total
Balance at 1 January 2013 (before change in accounting policy)	919	16,034	34,824	51,777	2,250	1,643	55,670
Effect of change in accounting policy			–474	–474			–474
Balance at 1 January 2013 (after change in accounting policy)	919	16,034	34,350	51,303	2,250	1,643	55,196
Remeasurement of the net defined benefit asset/liability			1,103	1,103			1,103
Unrealised revaluations property in own use			–2	–2			–2
Unrealised revaluations available-for-sale investments			–973	–973			–973
Realised gains/losses transferred to profit and loss			–35	–35			–35
Changes in cash flow hedge reserve			–132	–132		1	–131
Transfer to insurance liabilities			459	459			459
Share of other comprehensive income of associates and joint ventures			30	30			30
Exchange rate differences and other			299	299		–1	298
Total amount recognised directly in equity (other comprehensive income)			749	749		0	749
Net result for the period from continuing and discontinued operations			1,897	1,897		23	1,920
Total comprehensive income			2,646	2,646		23	2,669
Purchase/sale of treasury shares			143	143			143
Employee stock option and share plans			–7	–7			–7
Changes in the composition of the group and other changes			–30	–30		29	–1
Balance at 31 March 2013	919	16,034	37,102	54,055	2,250	1,695	58,000

Amounts for 2013 have been restated to reflect the changes in accounting policies as disclosed in the section 'Change in accounting policies in 2014' on page 10.

Notes to the condensed consolidated interim account of ING Group

amounts in millions of euros, unless stated otherwise

NOTES TO THE ACCOUNTING POLICIES

1 ACCOUNTING POLICIES

These condensed consolidated interim accounts of ING Groep N.V. (ING Group) 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 2013 ING Group Consolidated Annual Accounts, except for the amendments referred to below.

These condensed consolidated interim accounts should be read in conjunction with the 2013 ING Group Consolidated Annual Accounts.

International Financial Reporting Standards as adopted by the EU provide several options in accounting principles. ING Group's accounting principles under International Financial Reporting Standards as adopted by the EU and its decision on the options available are set out in Note 1 ‘Accounting policies’ in the 2013 ING Group 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 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 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 changes’.

Changes in accounting policies in 2014

Change in accounting for GMDB in Japan Closed Block VA

NN Group has moved towards fair value accounting for the reserves for Guaranteed Minimum Death Benefits (GMDB) reserves of the Japan Closed Block VA segment as of 1 January 2014. This improves the alignment of the book value of the GMDB reserves with their market value, better reflects the economic value of these guarantees and improves the alignment of the accounting for the guarantees with the accounting for the related hedges. Furthermore, such a move makes the accounting for the GMDB consistent with the accounting on the reserves for Guaranteed Minimum Accumulation and Withdrawal benefits.

As at 31 December 2013, the difference between the book value and the estimated fair value of the GMDB reserves was EUR 219 million (before tax). Implementation of fair value accounting for GMDB represents a change in accounting policy under IFRS with a transitional impact of EUR –165 million after tax being reflected only in Shareholders’ equity as of 1 January 2014. This impact is included in the table below.

Changes in IFRS-EU

The following new standards were implemented by ING Group on 1 January 2014 for IFRS-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
- Amendments to IAS 36 ‘Recoverable amount disclosures for non-financial assets’.

The significant changes in IFRS-EU in 2014 are explained below. Except for IFRS 10 and IFRS 11, the above changes did not impact Total equity.

IFRS 10 ‘Consolidated Financial Statements’

IFRS 10 ‘Consolidated Financial Statements’ introduced amendments to the criteria for consolidation. Similar to the requirements that were applicable until the end of 2013, all entities controlled by ING Group are 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 requirements in IFRS 10 are generally similar to the policies and interpretations that ING Group applied and, therefore, the impact of implementing IFRS 10 was not significant. The implementation of IFRS 10 has no impact on Shareholders’ equity, Net result and/or Other comprehensive income. The impact of IFRS 10 is included in the table below.

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. Under the new requirements, all joint ventures are reported using the equity method of accounting (similar to the accounting that is already applied for Investments in associates). The implementation of IFRS 11 has no impact on Shareholders' equity, Net result and/or Other comprehensive income. The impact of IFRS 11 is included in the table below.

Summary of impact of changes in accounting policies
The above mentioned impact of changes in accounting policies that were implemented as of 1 January 2014 is summarised as follows:

Changes in accounting policies in 2014: Impact on balance sheet

	31 December 2013	31 March 2013	31 December 2012
Total Shareholders'equity (before change in accounting policy)	45,941	54,438	51,777
Japan Closed Block VA			
Change in Deferred acquisition costs	0	0	0
Change in Insurance and investment contracts	219	509	630
Impact before tax	219	509	630
Tax effect	–54	–126	–156
Impact on Shareholders' equity	*–165*	*–383*	*–474*
IFRS 10			
Assets held for sale	1,213	1,383	1,350
Liabilities held for sale	702	815	788
Minority interest	511	568	562
IFRS 10 Impact on Shareholders' equity	*0*	*0*	*0*
IFRS 11			
Amounts due from banks	–16		
Loans and advances to customers	–8		–19
Investments in associates and joint ventures	273	257	258
Real estate investments	-96	–101	–98
Assets held for sale	–443	–2,470	–2,876
Other assets	–230	–82	–252
Amounts due to banks	–57		
Customer deposits and other funds on deposit	–8	100	–73
Other liabilities	–12	–26	–38
Liabilities held for sale	–443	–2,470	–2,876
IFRS 11 Impact on Shareholders' equity	*0*	*0*	*0*
Total *Shareholders'* equity (after change in accounting policy)	45,776	54,055	51,303

Changes in accounting policies in 2014: Impact on Net result

	1 January to 31 March 2013	2013	2012
Net result from continuing operations (before change in accounting policy)	1,017	3,094	3,073
Japan Closed Block VA			
Impact on Total investment and other income	36	103	112
Impact on Underwriting expenditure	86	313	155
Tax effect	–30	–104	–66
Impact on Net result from continuing operations	92	312	201
Net result from continuing operations (after change in accounting policy)	1,109	3,406	3,274
Discontinued operations after tax	811	345	1,197
Net result	1,920	3,751	4,471

Notes to the condensed consolidated interim accounts continued

Changes in accounting policies in 2014: Impact on basic earnings per ordinary share – Japan Closed Block VA

3 month period	1 January to 31 March 2013		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Basic earnings (before change in accounting policy)	1,613	3,803.8	0.42
Impact of Japan Closed Block VA change in accounting policy	92		0.02
Basic earnings (after change in accounting policy)	1,705	3,803.8	0.44

Changes in accounting policies in 2014: Impact on diluted earnings per ordinary share – Japan Closed Block VA

3 month period	1 January to 31 March 2013		
	Amount (in millions of euros)	Weighted average number of ordinary shares outstanding during the period (in millions)	Per ordinary share (in euros)
Diluted earnings (before change in accounting policy)	1,613	3,808.2	0.42
Impact of Japan Closed Block VA change in accounting policy	92		0.02
Diluted earnings (after change in accounting policy)	1,705	3,808.2	0.44

Under the accounting policies for Japan Closed Block VA applied until 2013, the result before tax for the first quarter of 2014 would have been EUR 7 million higher.

For the above changes in accounting policies the amounts for comparative periods 2013 and 2012 were restated accordingly. As a result of the retrospective change in accounting policies set out above, the Consolidated balance sheet of ING Group includes an additional balance sheet as at 31 December 2012.

Other significant changes

VOYA

At the end of the first quarter of 2014, Voya Financial, Inc., ING's U.S.-based retirement, investment and insurance business ('VOYA', formerly Insurance ING U.S.) was deconsolidated following the loss of control and the remaining interest in VOYA recognised as an Investment in associate held for sale. The profit and loss account of the first quarter of 2014 includes the result of VOYA until the deconsolidation at the end of March 2014. As at 31 December 2013 VOYA was presented as Assets and liabilities held for sale and discontinued operations. Reference is made to Note 5 'Investments in associates and joint ventures', Note 7 'Assets and liabilities held for sale', Note 19 'Discontinued operations and Note 27 'Other events'.

ING Japan

At the end of 2013, ING Life Japan and the Japanese Closed Block VA guarantees reinsured to ING Re ('ING Japan') were no longer classified as held for sale and discontinued operations but transferred to continuing operations. ING Life Japan will be included with ING's European insurance and investment management businesses in the base case IPO of NN Group.

Significant upcoming changes in IFRS-EU after 2014

IFRS 9 'Financial Instruments'

IFRS 9 'Financial Instruments' was originally issued in November 2009, reissued in October 2010, and then amended in November 2013. Further amendments are expected to be finalised in 2014. The current version of IFRS 9 does not include a mandatory effective date. An effective date will be added when all phases of the project are complete and a final version of IFRS 9 is issued. The mandatory effective date of IFRS 9 is expected to be 2018. IFRS 9 is also not yet endorsed by the 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.

Notes to the condensed consolidated interim accounts continued

NOTES TO THE CONDENSED CONSOLIDATED BALANCE SHEET
2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss	31 March 2014	31 December 2013
Trading assets	**118,688**	114,247
Investment for risk of policyholders	**37,683**	39,589
Non-trading derivatives	**6,637**	8,546
Designated as at fair value through profit and loss	**3,366**	2,790
	166,374	165,172

Trading assets and trading liabilities include mainly assets and liabilities that are classified under IFRS-EU as 'Trading' but are closely related to servicing the needs of the clients of ING Group. 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 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 12 'Financial liabilities at fair value through profit and loss' for information on trading liabilities.

On 31 March 2014, Non-trading derivatives includes EUR 125 million relating to warrants on the shares of VOYA.

3 INVESTMENTS

Investments by type	31 March 2014	31 December 2013
Available-for-sale		
– equity securities - shares in ING managed Investment funds	**1,998**	1,832
– equity securities - shares in third party managed structured entities	**1,373**	1,759
– equity securities - other	**4,278**	3,674
	7,649	7,265
– debt securities	**136,089**	130,632
	143,738	137,897
Held-to-maturity		
– debt securities	**2,676**	3,098
	2,676	3,098
	146,414	140,995

The Available-for-sale equity securities - other include the remaining investment of approximately 10.3% in SulAmérica S.A. of EUR 165 million from the first quarter of 2014. Reference is made to Note 5 'Investments in associates and joint ventures'.

Notes to the condensed consolidated interim accounts continued

Exposure to debt securities

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

Debt securities	31 March 2014	31 December 2013
Available-for-sale investments	**136,089**	130,632
Held-to-maturity investments	**2,676**	3,098
Loans and advances to customers	**18,596**	21,914
Amounts due from banks	**3,163**	3,059
Available-for-sale investments and Assets at amortised cost	**160,524**	158,703
Trading assets	**21,798**	18,890
Investments for risk of policyholders	**1,705**	1,821
Designated as at fair value through profit and loss	**1,194**	1,289
Financial assets at fair value through profit and loss	**24,697**	22,000
	185,221	180,703

ING Group'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	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Government bonds	**100,025**	95,936	**50**	50	**1,203**	3,654			**101,278**	99,640
Covered bonds	**10,306**	8,937	**2,271**	2,563	**4,556**	4,559	**3,015**	3,059	**20,148**	19,118
Corporate bonds	**8,657**	8,012			**828**	805			**9,485**	8,817
Financial institutions' bonds	**15,779**	16,158		130	**81**	81			**15,860**	16,369
Bond portfolio (excluding ABS)	**134,767**	129,043	**2,321**	2,743	**6,668**	9,099	**3,015**	3,059	**146,771**	143,944
US agency RMBS	**462**	477							**462**	477
US prime RMBS	**12**	13							**12**	13
US Alt-A RMBS	**48**	89							**48**	89
US subprime RMBS	**12**	13							**12**	13
Non-US RMBS	**357**	395			**7,384**	7,903	**148**		**7,889**	8,298
CDO/CLO	**50**	59			**179**	197			**229**	256
Other ABS	**345**	514	**355**	355	**3,970**	4,270			**4,670**	5,139
CMBS	**36**	29			**395**	445			**431**	474
ABS portfolio	**1,322**	1,589	**355**	355	**11,928**	12,815	**148**		**13,753**	14,759
	136,089	130,632	**2,676**	3,098	**18,596**	21,914	**3,163**	3,059	**160,524**	158,703

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 second and first quarter of 2009 and in the fourth quarter of 2008 ING Group reclassified certain financial assets from Investments available-for-sale to Loans and advances to customers and Amounts due from banks. The Group 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 three reclassifications made in the second and first quarter of 2009 and the fourth quarter of 2008. Information is provided for each of the three 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.

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks	Q2 2009	Q1 2009	Q4 2008
As per reclassification date			
Fair value	6,135	22,828	1,594
Range of effective interest rates (weighted average)	1.4%–24.8%	2.1%–11.7%	4.1%–21%
Expected recoverable cash flows	7,118	24,052	1,646
Unrealised fair value gains/losses in shareholders' equity (before tax)	–896	–1,224	–69
Recognised fair value gains (losses) in shareholders' equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	173	nil	–79
Recognised fair value gains (losses) in shareholders' equity (before tax) in the year prior to reclassification	–971	–192	–20
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification	nil	nil	nil
Recognised impairment (before tax) in the year prior to reclassification	nil	nil	nil
Impact on the financial periods after reclassification:			
2014			
Carrying value as at 31 March	**918**	**7,261**	**365**
Fair value as at 31 March	**1,089**	**7,146**	**427**
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 March	**–237**	**–124**	**nil**
Effect on shareholders' equity (before tax) as at 31 March if reclassification had not been made	**171**	**–115**	**62**
Effect on result (before tax) for the three month period ended 31 March if reclassification had not been made	**nil**	**nil**	**nil**
Effect on result (before tax) for the three month period ended 31 March (interest income and sales results)	**–2**	**55**	**5**
Recognised impairments (before tax) for the three month period ended 31 March	**nil**	**nil**	**nil**
Recognised provision for credit losses (before tax) for the three month period ended 31 March	**nil**	**nil**	**nil**
2013			
Carrying value as at 31 December	1,098	7,461	366
Fair value as at 31 December	1,108	7,215	422
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–111	–137	nil
Effect on shareholders' equity (before tax) if reclassification had not been made	10	–246	56
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (interest income and sales results)	–10	188	20
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2012			
Carrying value as at 31 December	1,694	8,707	443
Fair value as at 31 December	1,667	8,379	512
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–186	–221	–2
Effect on shareholders' equity (before tax) if reclassification had not been made	–27	–328	69
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (interest income and sales results)	–47	–164	22
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2011			
Carrying value as at 31 December	3,057	14,419	633
Fair value as at 31 December	2,883	13,250	648
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–307	–446	–8
Effect on shareholders' equity (before tax) if reclassification had not been made	–174	–1,169	15
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	90	390	28
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks (continued)

	Q2 2009	Q1 2009	Q4 2008
2010			
Carrying value as at 31 December	4,465	16,906	857
Fair value as at 31 December	4,594	16,099	889
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–491	–633	–65
Effect on shareholders' equity (before tax) if reclassification had not been made	129	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil	nil
Effect on result (before tax) for the year (mainly interest income)	89	467	34
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2009			
Carrying value as at 31 December	5,550	20,551	1,189
Fair value as at 31 December	5,871	20,175	1,184
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December	–734	–902	–67
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made	321	–376	–5
Effect on result (before tax) as at 31 December if reclassification had not been made	nil	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	121	629	n.a
Effect on result (before tax) for the year (mainly interest income)	n.a	n.a	47
Recognised impairments (before tax)	nil	nil	nil
Recognised provision for credit losses (before tax)	nil	nil	nil
2008			
Carrying value as at 31 December			1,592
Fair value as at 31 December			1,565
Unrealised fair value gains/losses recognised in shareholders' equity (before tax) as at 31 December			–79
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made			–27
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

Notes to the condensed consolidated interim accounts continued

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers by banking and insurance operations

	31 March 2014	31 December 2013
Banking operations	**511,203**	511,037
Insurance operations	**25,931**	25,360
	537,134	536,397
Eliminations	**–4,993**	–4,742
	532,141	531,655

Loans and advances to customers by type – banking operations

	31 March 2014	31 December 2013
Loans to, or guaranteed by, public authorities	**43,781**	44,251
Loans secured by mortgages	**289,408**	291,925
Loans guaranteed by credit institutions	**3,844**	4,143
Personal lending	**25,872**	26,761
Asset backed securities	**5,963**	6,336
Corporate loans	**148,485**	143,756
	517,353	517,172
Loan loss provisions	**–6,150**	–6,135
	511,203	511,037

In the first quarter of 2014, the decrease in Loans to, or guaranteed by, public authorities includes the repayment of EUR 2.7 billion by the Dutch State on the IABF loan.

Changes in loan loss provisions

	Banking operations		Insurance operations		Total	
	3 month period ended 31 March 2014	year ended 31 December 2013	**3 month period ended 31 March 2014**	year ended 31 December 2013	**3 month period ended 31 March 2014**	year ended 31 December 2013
Opening balance	**6,154**	5,505	**88**	111	**6,242**	5,616
Write-offs	**–308**	–1,609	**–1**	–31	**–309**	–1,640
Recoveries	**28**	116		1	**28**	117
Increase in loan loss provisions	**468**	2,289	**4**	42	**472**	2,331
Exchange rate differences	**–5**	–109		–2	**–5**	–111
Changes in the composition of the group and other changes	**–182**	–38	**–3**	–33	**–185**	–71
Closing balance	**6,155**	6,154	**88**	88	**6,243**	6,242

In 2014, Changes in the composition of the group and other changes relates mainly to the deconsolidation of ING Vysya. Reference is made to Note 5 ‘Investments in associates and joint ventures’.

In 2013, Changes in the composition of the group and other changes includes EUR –5 million as a result of the classification of VOYA as held for sale and nil as a result of the classification to continuing operations of ING Japan.

Changes in loan loss provisions relating to insurance operations are presented under Investment income. Changes in the loan loss provisions relating to banking operations are presented under Addition to loan loss provision on the face of the profit and loss account.

The loan loss provision relating to banking operations at 31 March 2014 of EUR 6,155 million (31 December 2013: EUR 6,154 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 6,150 million (31 December 2013: EUR 6,135 million) and EUR 5 million (31 December 2013: EUR 19 million) respectively.

Notes to the condensed consolidated interim accounts continued

5 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Investments in associates and joint ventures

	31 March 2014			31 December 2013		
	Interest held (%)	Fair value of listed investment	Balance sheet value	Interest held (%)	Fair value of listed investment	Balance sheet value
ING Vysya Bank Limited	43	617	617			
TMB Public Company Limited	30	721	566	30	601	556
SulAmérica S.A.				21	332	186
CBRE Dutch Office Master Fund I C.V.	28		186			
CBRE UK Property Fund LP	27		161	29		146
CBRE Retail Property Fund Iberica LP	29		121	29		118
CBRE Dutch Office Master Fund II C.V.	28		116			
CBRE Retail Property Fund Central Europe LP	25		102	25		100
CBRE Retail Property Fund France Belgium C.V.	15		79	15		77
CBRE French Residential Fund C.V.	42		75	42		76
CBRE Retail Property Fund Central and Eastern Europe	21		51	21		51
Other investments in associates and joint ventures			739			712
			2,813			2,022

ING Vysya Bank Limited
ING Vysya Bank Limited (ING Vysya) is a private bank with retail, private and wholesale activities. ING Vysya is listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. Reference is made to Note 15 ‘Other income’ and Note 27 ‘Other events’.

SulAmérica S.A.
SulAmérica S.A., is a public listed Insurance company in Brazil.

In the first and second quarter of 2013, ING reduced its 36.5% stake in SulAmérica S.A. to approximately 21.5% through two separate transactions. Under the International Finance Corporation transaction, ING sold a stake of approximately 7.9% in SulAmérica S.A. for a total consideration of EUR 140 million. Under the terms of the Larragoiti transaction, ING sold a stake in SulAmérica S.A. of approximately 7% to the Larragoiti family, swap its remaining indirect stake for tradable units, and unwind the existing shareholder's agreement. A net gain/loss of EUR 64 million (before and after tax) was recognised in the Result from associates in the profit and loss account on these transactions in the second and fourth quarter of 2013.

In the first quarter of 2014, ING completed the sale to Swiss Re Group of 37.7 million shares in SulAmérica S.A. The transaction further reduced ING's stake in the Brazilian insurance holding to approximately 10.3%. ING received a total cash consideration of EUR 180 million. The transaction resulted in a net gain to ING of EUR 56 million which represents the difference between the carrying value and the fair value for both the 11.3% stake in scope of the transaction with Swiss Re and the 10% stake retained by ING which is recognised in the first quarter of 2014 in the profit and loss account in the line Result on disposal of group companies. The remaining investment in SulAmérica S.A. is accounted for as an available for sale investment. Reference is made to Note 3 ‘Investments’ and Note 15 ‘Other income’.

Other investments in associates and joint ventures
Other investments in associates and joint ventures represents a large number of associates and joint ventures with an individual balance sheet value of less than EUR 50 million.

Notes to the condensed consolidated interim accounts continued

6 INTANGIBLE ASSETS

Intangible assets	31 March 2014	31 December 2013
Value of business acquired	**20**	20
Goodwill	**1,132**	1,136
Software	**609**	614
Other	**55**	71
	1,816	1,841

Allocation of Goodwill to reporting units
Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units	31 March 2014	31 December 2013
Retail Belgium	**50**	50
Retail Germany	**349**	349
Retail Central Europe	**607**	611
Commercial Banking	**24**	24
Insurance Europe	**101**	101
	1,132	1,136

No goodwill impairment was recognised in the first quarter of 2014 (first quarter of 2013: nil). Changes in the first quarter of 2014 are mainly due to changes in currency exchange rates.

7 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale 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 31 March 2014 Assets and liabilities held for sale relates to mainly to the associate VOYA, ING BOB Life and the Taiwanese investment management businesses.

As at 31 December 2013 Assets and liabilities held for sale related to VOYA, the remaining ING's Insurance and investment management businesses in Asia ('Asia') excluding ING Japan.

The decrease in Assets and liabilities held for sale in the first quarter of 2014, relates mainly the further sale of ING's interest in VOYA.

In the first quarter of 2013, the divestments on ING's Insurance businesses in Hong Kong, Macau and Thailand and ING Direct UK closed. Reference is made to Note 25 'Companies and businesses acquired and divested'.

VOYA
The sale in the first quarter of 2014 of approximately 37.8 million shares reduced ING Group's stake in VOYA to approximately 43%, from approximately 57% as at 31 December 2013. Following this transaction, VOYA is deconsolidated and is accounted for as an associate held for sale. The investment in VOYA is recognised at its fair value which amounted to EUR 2,914 million at the date when control is lost. Reference is made to Note 27 'Other events'.

Associates held for sale are measured at the lower of the carrying value and fair value less costs to sell. The carrying value of the associate VOYA is the market value at the date of deconsolidation. Any subsequent decrease in fair value below this carrying amount will be recognised in the profit and loss account as part of Net result from discontinued operations. Subsequent increases in fair value will only be recognised to the extent that these are a reversal of previously recognised decreases in fair value. Changes in fair value include both changes in market value of the listed shares of VOYA and the related foreign currency impact. Any dividend received from VOYA is recognised as income in the profit and loss account if and when declared.

Notes to the condensed consolidated interim accounts continued

Assets held for sale	31 March 2014	31 December 2013
Cash and balances with central banks	62	2,275
Financial assets at fair value through profit and loss		80,759
Available-for-sale investments	5	53,096
Loans and advances to customers		8,536
Reinsurance contracts		4,388
Investments in associates and joint ventures	2,985	146
Real estate investments		6
Property and equipment	1	131
Intangible assets		875
Deferred acquisition costs		4,430
Other assets	21	2,242
	3,074	156,884

Liabilities held for sale	31 March 2014	31 December 2013
Debt securities in issue		2,548
Other borrowed funds		138
Insurance and investments contracts		136,270
Financial liabilities at fair value through profit and loss		2,554
Other liabilities	18	4,891
	18	146,401

Included in Shareholders' equity is cumulative other comprehensive income of EUR 3 million (2013: EUR 35 million) related to Assets and liabilities held for sale. Remaining goodwill in Assets held for sale amounts to nil (2013: nil).

8 OTHER ASSETS

Other assets by type	31 March 2014	31 December 2013
Net defined benefit assets	376	1,006
Deferred tax assets	1,709	1,380
Reinsurance and insurance receivables	758	635
Property development and obtained from foreclosures	744	945
Income tax receivable	1,035	597
Accrued interest and rents	8,517	9,988
Other accrued assets	966	961
Other	5,868	5,827
	19,973	21,339

In the first quarter of 2014, the decrease of EUR 630 million in the Net defined benefit assets is mainly as a result of the removal of the Net defined benefit assets related to the Dutch defined benefit pension fund from ING Group's balance sheet. Disclosures in respect of this transaction and the remaining Net defined benefit assets are provided in Note 22 'Pension and other post-employment benefits'.

Notes to the condensed consolidated interim accounts continued

9 EQUITY

Equity

	31 March 2014	31 December 2013
Share capital	**923**	921
Share premium	**16,043**	16,038
Revaluation reserve	**7,024**	5,557
Currency translation reserve	**–1,642**	–2,161
Net defined benefit asset/liability remeasurement reserve	**–652**	–3,766
Other reserves	**23,684**	29,187
Shareholders' equity (parent)	**45,380**	45,776
Non-voting equity securities	**683**	1,500
	46,063	47,276
Minority interests	**625**	5,913
Total equity	**46,688**	53,189

In the first quarter of 2014, the increase in Share capital and Share premium resulted from ING Groep N.V. issuing 2.9 million (depositary receipts for) ordinary shares for share-based employee incentive programmes.

In the first quarter of 2014, the increase of EUR 3 billion in the Net defined benefit asset/liability remeasurement reserve relates mainly to the transfer of all future funding and indexation obligations under ING's current closed defined benefit plan in the Netherlands to the Dutch ING Pension Fund. The related amount was transferred to Other reserves. Reference is made to Note 22 'Pension and other post-employment benefits'.

In the first quarter of 2014, the decrease of EUR 817 million in the Non-voting equity securities is due to the repayment by ING to the Dutch State on 31 March 2014. The payment of EUR 1.225 billion includes a EUR 817 million repayment of core Tier 1 securities and EUR 408 million in premiums.

In the first quarter of 2014, the deconsolidation of VOYA impacted various components of equity including the minority interest and revaluation reserves. The loss on the deconsolidation of VOYA is recognised in the profit and loss account. Reference is made to Note 5 'Investments in associates and joint ventures' and Note 27 'Other events'.

These and other equity movements are disclosed in the Condensed consolidated statement of changes in equity.

10 SUBORDINATED LOANS, DEBT SECURITIES IN ISSUE AND OTHER BORROWED FUNDS

Debt securities in issue

The increase in the first quarter of 2014 in Debt securities in issue is mainly due to EUR 7 billion higher CD/CP balances. Long-term debt came down by EUR 3 billion as EUR 5 billion of maturing debt offset EUR 2 billion of new issuance.

Other borrowed funds

On 18 March 2014, ING Group announced that it will redeem the EUR 1.5 billion 8% ING Perpetual Hybrid Capital Securities per the call date of 18 April 2014. The Tier 1 hybrid will be replaced by the EUR 1.5 billion 3.625% CRD-IV eligible Tier 2 securities that were successfully issued by ING Bank in February 2014 and is recognised in Other borrowed funds.

11 INSURANCE AND INVESTMENT CONTRACTS AND REINSURANCE CONTRACTS

Insurance and investment contracts, reinsurance contracts

The provision for Insurance and investment contracts, net of reinsurance (i.e. the provision for ING Group's own account) is presented gross in the balance sheet as 'Insurance and investment contracts'. The related reinsurance is presented as 'Reinsurance contracts' under Assets in the balance sheet.

Notes to the condensed consolidated interim accounts continued

Insurance and investment contracts, reinsurance contracts

	Provision net of reinsurance		Reinsurance contracts		Insurance and investment contracts	
	31 March 2014	31 December 2013	**31 March 2014**	31 December 2013	**31 March 2014**	31 December 2013
Life insurance provisions excluding provisions for risk of policyholders	**71,216**	67,577	**128**	122	**71,344**	67,699
Provision for life insurance for risk of policyholders	**36,143**	38,038	**49**	49	**36,192**	38,087
Life insurance provisions	**107,359**	105,615	**177**	171	**107,536**	105,786
Provision for unearned premiums and unexpired risks	**599**	266	**15**	3	**614**	269
Claims provisions	**3,216**	3,238	**82**	78	**3,298**	3,316
Total provisions for insurance contracts	**111,174**	109,119	**274**	252	**111,448**	109,371
Total provisions for investment contracts	**2,387**	2,398	**1**		**2,388**	2,398
	113,561	111,517	**275**	252	**113,836**	111,769

Life insurance provisions and provision for risk of policyholders changed reflecting the transfer of separate account pension contracts to the general account in Netherlands Life. Life insurance provisions also increased reflecting an increase in deferred profit sharing to policyholders following higher revaluation reserves on debt securities.

12 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss

	31 March 2014	31 December 2013
Trading liabilities	**78,554**	73,491
Non-trading derivatives	**7,971**	11,155
Designated as at fair value through profit and loss	**14,193**	13,855
	100,718	98,501

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 quarter of 2014 includes EUR –29 million (first quarter of 2013: EUR –50 million; entire year 2013: EUR –129 million) and EUR –196 million (31 December 2013: EUR –167 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

13 OTHER LIABILITIES

Other liabilities by type	31 March 2014	31 December 2013
Deferred tax liabilities	**1,675**	998
Income tax payable	**925**	440
Net defined benefit liability	**493**	336
Other post-employment benefits	**144**	136
Other staff-related liabilities	**581**	558
Other taxation and social security contributions	**779**	833
Deposits from reinsurers	**57**	58
Accrued interest	**6,755**	7,876
Costs payable	**1,690**	1,749
Amounts payable to brokers	**4**	4
Amounts payable to policyholders	**403**	464
Reorganisation provision	**524**	575
Other provisions	**376**	367
Share-based payment plan liabilities	**31**	44
Amounts to be settled	**4,025**	4,258
Other	**2,810**	2,927
	21,272	21,623

Reference is made to Note 22 ‘Pension and other post-employment benefits’ for information on the Net defined benefit liability.

Notes to the condensed consolidated interim accounts continued

NOTES TO THE CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

14 INVESTMENT INCOME

Investment income

3 month period	Banking operations		Insurance operations		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	2014	2013	2014	2013
Income from real estate investments	2	2	11	12	13	14
Dividend income	2	10	29	27	31	37
Income from investments in debt securities			441	489	441	489
Income from loans			331	279	331	279
Realised gains/losses on disposal of debt securities	98	95	27	62	125	157
Reversals of impairments of available-for-sale debt securities	1	2			1	2
Realised gains/losses on disposal of equity securities	7	15	19	137	26	152
Impairments of available-for-sale equity securities	–1	–2	–27	–58	–28	–60
Change in fair value of real estate investments			–4	–9	–4	–9
	109	122	827	939	936	1,061

Impairments/reversals of impairments on investments per segment

3 month period	Impairments		Reversal of impairments	
	1 January to 31 March		1 January to 31 March	
	2014	2013	2014	2013
Commercial Banking	–1	–1	1	2
Netherlands Life	–21	–53		
Netherlands Non-life	–2	–2		
Insurance Europe	–4			
Other		–3		
Corporate Line Banking		–1		
Total	–28	–60	1	2

15 OTHER INCOME

Other income

3 month period	Banking operations		Insurance operations		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	2014	2013	2014	2013
Result on disposal of group companies	199	14			199	14
Valuation results on non-trading derivatives	90	–103	151	–1,342	241	–1,445
Net trading income	–14	342	–44	249	–58	591
Result from associates and joint ventures	20		79	25	99	25
Other	26	29	6	7	32	36
	321	282	192	–1,061	513	–779

Result on disposal of group companies includes EUR 202 million profit on the deconsolidation of ING Vysya. Reference is made to Note 5 ‘Investments in associates and joint ventures’ and Note 27 ‘Other events’.

In the first quarter of 2014, for the Banking operations, Valuation results on non-trading derivatives includes DVA adjustments on own issued notes amounting to EUR –29 million (first quarter of 2013: EUR –51 million).

In the first quarter of 2014, for the Banking operations, Net trading income includes EUR –35 million CVA/DVA adjustments on trading derivatives, compared with EUR 126 million CVA/DVA adjustment in the first quarter of 2013.

In the first quarter of 2014, Result from associates includes a gain of EUR 56 million on the further sale of ING’s investment in SulAmérica S.A. Reference is made to Note 3 ‘Investments’ and Note 5 ‘Investments in associates and joint ventures’.

Notes to the condensed consolidated interim accounts continued

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. For insurance operations, these derivatives hedge exposures in Insurance contract liabilities. 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. The change in fair value of the derivatives is largely offset by changes in Insurance contract liabilities, which are included in Underwriting expenditure. Reference is made to Note 16 'Underwriting expenditure'.

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'.

Trading income mainly relates to trading assets and trading liabilities which include mainly assets and liabilities that are classified under IFRS-EU as ‘Trading’ but are closely related to servicing the needs of the clients of ING Group. 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 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 12 ‘Financial liabilities at fair value through profit and loss’ for information on trading assets and liabilities.

16 UNDERWRITING EXPENDITURE

Underwriting expenditure

3 month period	1 January to 31 March	
	2014	2013
Gross underwriting expenditure		
– before effect of investment result for risk of policyholders	**3,856**	2,599
– effect of investment result for risk of policyholders	**568**	2,127
	4,424	4,726
Investment result for risk of policyholders	**–568**	–2,127
Reinsurance recoveries	**–17**	–16
	3,839	2,583

Notes to the condensed consolidated interim accounts continued

Underwriting expenditure

3 month period	1 January to 31 March	
	2014	2013
Expenditure from life underwriting		
Reinsurance and retrocession premiums	**37**	36
Gross benefits	**2,697**	2,478
Reinsurance recoveries	**–15**	–14
Change in life insurance provisions	**265**	–808
Costs of acquiring insurance business	**124**	123
Other underwriting expenditure	**33**	24
Profit sharing and rebates	**7**	3
	3,148	1,842
Expenditure from non-life underwriting		
Reinsurance and retrocession premiums	**22**	15
Gross claims	**287**	269
Reinsurance recoveries	**–2**	–2
Change in provision for unearned premiums	**349**	354
Change in claims provision	**–14**	60
Costs of acquiring insurance business	**66**	66
Other underwriting expenditure		1
	708	763
Expenditure from investment contracts		
Other changes in investment contract liabilities	**–17**	–22
	–17	–22
	3,839	2,583

17 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversals of) impairments

3 month period	Impairment losses		Reversals of impairments		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	**2014**	2013	**2014**	2013
Property and equipment	**7**	7	**–1**	–1	**6**	6
Property development	**1**	26			**1**	26
(Reversals of) other impairments	**8**	33	**–1**	–1	**7**	32
Amortisation of other intangible assets					**8**	9
					15	41

In the first quarter of 2013, EUR 26 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including Switzerland, Australia and Italy). The unfavourable economic circumstances in these regions resulted in lower expected sales prices.

Notes to the condensed consolidated interim accounts continued

18 STAFF EXPENSES

Staff expenses

3 month period	Banking operations		Insurance operations		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	**2014**	2013	**2014**	2013
Salaries	**804**	836	**178**	189	**982**	1,025
Pension costs	**960**	79	**571**	18	**1,531**	97
Other staff-related benefit costs	**8**	–1	**6**	7	**14**	6
Social security costs	**131**	134	**23**	25	**154**	159
Share-based compensation arrangements	**12**	9	**1**	4	**13**	13
External employees	**165**	150	**54**	54	**219**	204
Education	**13**	13	**3**	3	**16**	16
Other staff costs	**38**	49	**7**	6	**45**	55
	2,131	1,269	**843**	306	**2,974**	1,575

In the first quarter of 2014, a charge of EUR 1,413 million is recognised in Pensions costs related to the Dutch defined benefit plan settlement. Reference is made to Note 22 'Pension and other post-employment benefits' for information on pensions.

19 DISCONTINUED OPERATIONS

As at 31 March 2014, the associate VOYA as well as remaining ING's Insurance and investment management businesses in Asia, excluding ING Japan (mainly ING BOB Life and the Taiwanese investment management businesses) are classified as discontinued operations.

Total net result from discontinued operations

3 month period	1 January to 31 March	
	2014	2013
Net result from discontinued operations	**108**	–134
Net result from disposal of discontinued operations [1]	**–2,022**	945
Total net result from discontinued operations	**–1,914**	811

[1] The tax effect on the result on disposal of discontinued operations is EUR 114 million.

In 2014 and 2013, Net result from discontinued operations includes the net result (after tax) of the businesses classified as discontinued operations and is presented separately in the profit and loss account.

In the first quarter of 2014, Net result from disposal of discontinued operations includes the divestment loss on the further sale of the VOYA of EUR 2,005 million. Reference is made to Note 27 'Other events'.

In the first quarter of 2013, Net result from disposal of discontinued operations included the divestment gain on the sale of the Insurance businesses in Hong Kong, Macau and Thailand of EUR 945 million. Reference is made to Note 25 'Companies and businesses acquired and divested'.

Net result from discontinued operations was as follows:

Result from discontinued operations – Asia and VOYA

3 month period	1 January to 31 March	
	2014	2013
Total income	**4,109**	4,345
Total expenses	**3,992**	4,460
Result before tax from discontinued operations	**117**	–115
Taxation	**9**	19
Net result from discontinued operations	**108**	–134

Notes to the condensed consolidated interim accounts continued

The net cash flow from discontinued operations was as follows:

Net cash flow from discontinued operations - Asia and VOYA		
3 month period	1 January to 31 March	
	2014	2013
Operating cash flow	**–1,156**	–1,439
Investing cash flow	**–1,136**	1,945
Financing cash flow	**10**	–349
Net cash flow	**–2,282**	157

In the first quarter of 2014, sales proceeds in cash of EUR 934 million (2013: EUR 1,515 million) is presented in the consolidated statement of cash flows under 'Net cash flow from investment activities - Disposals and redemptions: group companies' and is not included in the table above.

20 EARNINGS PER ORDINARY SHARE

Earnings per ordinary share						
3 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	**2014**	2013	**2014**	2013
Net result	**–1,917**	1,897	**3,837.4**	3,803.8		
Attribution to non-voting equity securities	**–408**	–191				
Basic earnings	**–2,325**	1,706	**3,837.4**	3,803.8	**–0.60**	0.45
Dilutive instruments:						
Stock option and share plans			**6.8**	4.4		
			6.8	4.4		
Diluted earnings	**–2,325**	1,706	**3,844.2**	3,808.2	**–0.60**	0.45

Attribution to non-voting equity securities
The attribution to non-voting equity securities represents the amount that would be payable on the non-voting equity securities if and when the entire net result for the period would be distributed as dividend. This amount is only included for the purpose of determining earnings per share under IFRS-EU and does not represent a payment (neither actual nor proposed) to the holders of the non-voting equity securities.

The attribution in the first quarter of 2014 includes the premium of EUR 408 million (2013: nil) paid in relation to the repayment of the EUR 817 million (2013: nil) non-voting equity securities.

Dilutive instruments
Diluted earnings per share is calculated as if the stock options and share plans outstanding at the end of the period had been exercised at the beginning of the period and assuming that the cash received from exercised stock options and share plans is used to buy own shares against the average market price during the period. The net increase in the number of shares resulting from exercising stock options and share plans is added to the average number of shares used for the calculation of diluted earnings per share.

The potential conversion of the non-voting equity securities has an anti-dilutive effect on the earnings per share calculation in 2014 and 2013 (the diluted earnings per share becoming higher or less negative than the basic earnings per share). Therefore, the potential conversion is not taken into account in the calculation of diluted earnings per share for these periods.

Notes to the condensed consolidated interim accounts continued

Earnings per ordinary share from continuing operations

3 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	**2014**	2013	**2014**	2013
Basic earnings	**–2,325**	1,706	**3,837.4**	3,803.8		
Less: Net result from discontinued operations	**–1,964**	816				
Basic earnings from continuing operations	**–361**	890	**3,837.4**	3,803.8	**–0.09**	0.24
Dilutive instruments:						
Stock option and share plans			**6.8**	4.4		
			6.8	4.4		
Diluted earnings from continuing operations	**–361**	890	**3,844.2**	3,808.2	**–0.09**	0.24

Earnings per ordinary share from discontinued operations

3 month period	Amount (in millions of euros)		Weighted average number of ordinary shares outstanding during the period (in millions)		Per ordinary share (in euros)	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	**2014**	2013	**2014**	2013
Net result from discontinued operations	**58**	–129				
Net result from disposal of discontinued operations	**–2,022**	945				
Total net result from discontinued operations	**–1,964**	816	**3,837.4**	3,803.8		
Basic earnings from discontinued operations	**–1,964**	816	**3,837.4**	3,803.8	**–0.51**	0.21
Dilutive instruments:						
Stock option and share plans			**6.8**	4.4		
			6.8	4.4		
Diluted earnings from discontinued operations	**–1,964**	816	**3,844.2**	3,808.2	**–0.51**	0.21

21 DIVIDEND PAID

No dividend was paid in the first quarter of 2014.

22 PENSION AND OTHER POST-EMPLOYMENT BENEFITS

In February 2014, ING reached final agreement with the trade unions, the ING Pension Fund, the Central Works Council and the Association of Retired ING Employees (VSI) to transfer all future funding and indexation obligations under ING's current closed defined benefit plan in the Netherlands to the Dutch ING Pension Fund. The agreement made the ING Pension Fund financially independent from ING.

The key elements of the agreement are:

- Responsibility for future indexation and funding thereof is transferred to the Dutch ING Pension Fund;
- ING's obligation to restore the coverage ratio of the Dutch ING Pension Fund ceased;
- The cross guarantees between ING Bank and NN Group to jointly and severally fund the obligations of the Dutch ING Pension Fund are terminated;
- ING pays EUR 549 million (before tax) to the Dutch ING Pension Fund for the removal of these obligations; and
- ING will reduce the employees' own contribution to the pension premium under the new defined contribution plan by approximately EUR 80 million over a 6 year period.

As part of the agreement, ING Bank and NN Group are released from all financial obligations arising out of the Dutch defined benefit plan. Accordingly, this plan is no longer accounted for as a defined benefit plan and, consequently, it has been removed from ING's balance sheet. The removal of the net pension asset related to the Dutch defined benefit pension fund from ING's balance sheet of EUR 0.6 billion after tax and the payment to the Dutch ING Pension Fund of EUR 0.5 billion (EUR 0.4 billion after tax) resulted in a charge of EUR 1.1 billion after tax.

Notes to the condensed consolidated interim accounts continued

As a result of the above, expenses in the first quarter of 2014 include a charge of EUR 1,413 million (EUR 1,060 million after tax), of which EUR 871 million (EUR 653 million after tax) is allocated to ING Bank and EUR 542 million (EUR 406 million after tax) to NN Group.

Balance sheet - Net defined benefit asset/liability

Summary of net defined benefit asset/liability	31 March 2014	31 December 2013
Fair value of plan assets	2,292	21,621
Defined benefit obligation	2,409	20,951
Funded status (Net defined benefit asset/(liability))	–117	670
Presented in the balance sheet as:		
– Other assets	376	1,006
– Other liabilities	–493	–336
	–117	670

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

Changes in fair value of plan assets	31 March 2014	31 December 2013
Opening balance	21,621	22,576
Interest income	139	824
Remeasurements: Return on plan assets excluding amounts included in interest income	886	–1,020
Employer's contribution	835	1,088
Participants' contributions		10
Benefits paid	–97	–586
Effect of settlement	–21,048	–97
Exchange rate differences	7	–50
Changes in the composition of the group and other changes	–51	–1,124
Closing balance	2,292	21,621

In the first quarter of 2014, EUR 20,403 million is recognised in Effect of settlement related to the Dutch defined benefit plan settlement.

In 2013, Changes in the composition of the group and other changes includes EUR –1,124 million as a result of the classification of VOYA as held for sale and nil as a result of the classification to continuing operations of ING Japan.

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	3 month period ended 31 March 2014	year ended 31 December 2013
Opening balance	**20,951**	21,779
Current service cost	**12**	358
Interest cost	**139**	781
Remeasurements: Actuarial gains and losses arising from changes in demographic assumptions		–10
Remeasurements: Actuarial gains and losses arising from changes in financial assumptions	**1,189**	243
Participants' contributions	**–5**	
Benefits paid	**–99**	–591
Past service cost	**1**	3
Effect of curtailment or settlement	**–19,726**	–138
Exchange rate differences	**6**	–56
Changes in the composition of the group and other changes	**–59**	–1,418
Closing balance	**2,409**	20,951

In the first quarter of 2014, EUR 19,079 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit plan settlement.

In 2013, Changes in the composition of the group and other changes includes EUR –1,494 million as a result of the classification of VOYA as held for sale and EUR 45 million as a result of the classification to continuing operations of ING Japan.

Balance sheet - Equity - Net defined benefit asset/liability remeasurement reserve

Changes in the net defined benefit asset/liability remeasurement reserve	3 month period ended 31 March 2014	year ended 31 December 2013
Opening balance	**–3,802**	–2,860
Remeasurement of plan assets	**886**	–885
Actuarial gains and losses arising from changes in demographic assumptions		21
Actuarial gains and losses arising from changes in financial assumptions	**–1,240**	–208
Taxation	**82**	125
Total Other comprehensive income movement for the period	**–272**	–947
Transfer to Other reserves (pension settlement)	**3,279**	5
Changes in the composition of the group and other changes	**143**	
Closing balance	**–652**	–3,802

The amount of the remeasurement of the net defined benefit asset/liability in the first quarter of 2014 was mainly a result of the change in the high quality corporate bond rate during the quarter. The weighted average rate as at 31 March 2014 was 3.5% (31 December 2013: 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.

In the first quarter of 2014, EUR 3,279 million is recognised in Transfer to Other reserves (pension settlement) related to the Dutch defined benefit plan settlement.

Notes to the condensed consolidated interim accounts continued

In the first quarter of 2014, Changes in composition of the group and other changes includes EUR 143 million as a result of the deconsolidation of Voya.

Profit and loss account – Pension costs

Staff expenses - Pension costs

3 month period	1 January to 31 March	
	2014	2013
Current service cost	**12**	92
Past service cost	**1**	1
Net interest cost	**1**	–15
Effect of curtailment or settlement	**1,413**	1
Other	**2**	–1
Defined benefit plans	**1,429**	78
Defined contribution plans	**102**	19
	1,531	97

Defined benefit plans
In the first quarter of 2014, a charge of EUR 1,413 million is recognised in Effect of curtailment or settlement related to the Dutch defined benefit plan settlement.

Defined contribution plans
Certain group companies sponsor defined contribution pension plans. The assets of all ING Group's defined contribution plans are held in independently administered funds. Contributions are generally determined as a percentage of pay. These plans do not give rise to balance sheet provisions, other than relating to short-term timing differences included in other assets/liabilities.

Notes to the condensed consolidated interim accounts continued

SEGMENT REPORTING

23 SEGMENTS

a. General

ING Group's segments are based on the internal reporting structure by lines of business. As of the first quarter of 2014, certain changes were made with regard to the allocation of costs to the various Banking segments. These changes were made to reflect reporting changes with respect to funding costs and Dutch banking tax. ING has transferred the results from Bank Treasury to Corporate Line Banking to isolate the costs for replacing short-term with long-term funding, which mainly consists of negative interest results. Additionally, in order to allocate the Dutch Banking tax, these costs will be transferred from Corporate Line Banking to the relevant business lines from 2014 onwards. The comparatives were adjusted to reflect the new segment structure.

ING Group identifies the following segments:

Segments of ING Group	
Banking	**Insurance**
Retail Netherlands	Netherlands Life
Retail Belgium	Netherlands Non-life
Retail Germany	Insurance Europe
Retail Rest of World	Japan Life
Commercial Banking	Investment Management
	Other
	Japan Closed Block VA

The Executive Board of ING Group, the Management Board of ING Bank and the Management Board of NN Group set the performance targets, approve and monitor 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 Executive Board of ING Group, the Management Board of ING Bank and the Management Board of NN Group.

Except for the changes described in Note 1 'Accounting policies', the accounting policies of the segments are the same as those described in Note 1 'Accounting policies' of the 2013 ING Group 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 Group evaluates the results of its banking 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. Special items include items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary operating activities. Disclosures on comparative years also reflect the impact of current period's divestments.

ING Group evaluates the results of its insurance segments using a financial performance measure called operating result. Operating result is defined as result under IFRS-EU excluding the impact of non-operating items, divestments and special items. Non-operating items include realised capital gains/losses and impairments on debt and equity securities, revaluations on assets marked to market through the profit and loss account and other non-operating market impacts. The operating result for the life insurance business is analysed through the margin analysis, which includes the investment margin, fees and premium-based revenues and the technical margin. The operating results of the insurance segments are reconciled to underlying result (as defined for the banking segments) for the purpose of combining bank and insurance segments in ING Group.

Underlying result and Operating result as presented below are non-GAAP financial measures and are not measures of financial performance under IFRS-EU. Because these are not determined in accordance with IFRS-EU, underlying result and operating result as presented by ING may not be comparable to other similarly titled measures of performance of other companies. The underlying result and operating result of ING's segments is reconciled to the Net result as reported in the IFRS-EU Consolidated profit and loss account below. The information presented in this note is in line with the information presented to the Executive and Management Boards.

Notes to the condensed consolidated interim accounts continued

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

Specification of the main sources of income of 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.
Netherlands Life	Income from group life and individual life insurance products in the Netherlands.
Netherlands Non-life	Income from non-life insurance in the Netherlands including disability and accident, fire, motor and transport insurance.
Insurance Europe	Income from life insurance, pension products and to a small extent non-life insurance and retirement services in Central and Rest of Europe.
Japan Life	Income from life insurance, primarily Corporate Owned Life Insurance (COLI) business.
Investment Management (IM)	Income from investment management activities.
Other	Income from banking activities in the Netherlands, corporate reinsurance and items related to capital management.
Japan Closed Block VA	Consists of ING Insurance’s a closed block single premium variable annuity individual life insurance portfolio in Japan, including the internally reinsured minimum guarantee risk, which has been closed to new business and which is now being managed in run-off.

In addition to these segments, ING Group reconciles the total segment results to the total result of Banking and Insurance using the Corporate Line Banking and Insurance Other. The 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.

This note does not provide information on the revenue specified to each product or service as this is not reported internally and is therefore not readily available.

Notes to the condensed consolidated interim accounts continued

b. ING Group

Segments ING Group Total

3 month period 1 January to 31 March 2014	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		3,491		3,491
– Net interest result - banking operations	3,027		–20	3,007
– Commission income	560	164		724
– Total investment and other income	230	958	–8	1,180
Total underlying income	3,818	4,613	–28	8,403
Underlying expenditure				
– Underwriting expenditure		3,839		3,839
– Operating expenses	2,161	454		2,615
– Other interest expenses		110	–28	82
– Additions to loan loss provision	468			468
– Other impairments	13	2		15
Total underlying expenses	2,642	4,404	–28	7,018
Underlying result before taxation	1,176	208		1,384
Taxation	318	51		369
Minority interests	28	–1		27
Underlying net result	830	158		988

Segments ING Group Total

3 month period 1 January to 31 March 2013	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		3,633		3,633
– Net interest result - banking operations	2,916		–24	2,892
– Commission income	554	147		701
– Total investment and other income	394	–117	–8	269
Total underlying income	3,863	3,663	–32	7,494
Underlying expenditure				
– Underwriting expenditure		2,583		2,583
– Operating expenses	2,094	484		2,578
– Other interest expenses		152	–32	120
– Additions to loan loss provision	561			561
– Other impairments	39	2		41
Total underlying expenses	2,694	3,221	–32	5,883
Underlying result before taxation	1,169	442		1,611
Taxation	331	82		413
Minority interests	30			30
Underlying net result	809	361		1,170

Notes to the condensed consolidated interim accounts continued

Reconciliation between Underlying and IFRS-EU income, expenses and net result

3 month period	Income		Expenses		Net result	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
	2014	2013	**2014**	2013	**2014**	2013
Underlying	**8,403**	7,494	**7,018**	5,883	**988**	1,170
Divestments	**258**	–9		16	**258**	–43
Special items			**1,562**	59	**–1,200**	–47
IFRS-EU (continuing operations)	**8,671**	7,487	**8,580**	5,959	**47**	1,081
Total net result from discontinued operations	**4,109**	4,345	**3,992**	4,460	**–1,964**	816
IFRS-EU (continuing and discontinued operations)	**12,780**	11,832	**12,572**	10,419	**–1,917**	1,897

Divestments in the first quarter of 2014 mainly reflect the result on the deconsolidation of ING Vysya and the result on the sale of a stake in SulAmérica to Swiss Re.

Special items in the first quarter of 2014 include the impact (after tax) of the charges for making the Dutch Defined Benefit pension fund financially independent, the first payment of the levy related to the SNS Reaal nationalisation and some restructuring charges.

Reference is made to Note 19 ‘Discontinued operations’ for information on Discontinued operations.

c. Banking activities

Segments Banking

3 month period 1 January to 31 March 2014	**Retail Netherlands**	**Retail Belgium**	**Retail Germany**	**Retail Rest of World**	**Commercial Banking**	**Corporate Line Banking**	**Total Banking**
Underlying income							
– Net interest result	**936**	**480**	**356**	**451**	**829**	**–24**	**3,027**
– Commission income	**113**	**100**	**31**	**101**	**216**		**560**
– Total investment and other income	**–1**	**64**	**–11**	**37**	**175**	**–35**	**230**
Total underlying income	**1,048**	**644**	**376**	**589**	**1,220**	**–60**	**3,818**
Underlying expenditure							
– Operating expenses	**567**	**433**	**187**	**397**	**577**		**2,161**
– Additions to loan loss provision	**192**	**31**	**27**	**46**	**172**		**468**
– Other impairments *	**6**				**1**	**6**	**13**
Total underlying expenses	**766**	**464**	**213**	**443**	**750**	**6**	**2,642**
Underlying result before taxation	**283**	**180**	**163**	**146**	**471**	**–66**	**1,176**
Taxation	**71**	**48**	**55**	**41**	**80**	**24**	**318**
Minority interests		**–1**		**22**	**6**		**28**
Underlying net result	**212**	**132**	**108**	**83**	**385**	**–90**	**830**
Divestments				**202**			**202**
Special items	**–13**					**–755**	**–768**
Net result (continuing operations)	**199**	**132**	**108**	**286**	**385**	**–845**	**264**

* Analysed as a part of operating expenses.

Notes to the condensed consolidated interim accounts continued

Segments Banking

3 month period 1 January to 31 March 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	845	436	287	460	895	–7	2,916
– Commission income	112	95	27	84	236	–1	554
– Total investment and other income	13	61	–17	72	376	–111	394
Total underlying income	970	592	297	615	1,508	–119	3,863
Underlying expenditure							
– Operating expenses	569	351	176	422	578	–3	2,094
– Additions to loan loss provision	215	39	21	68	218		561
– Other impairments *	6				26	7	39
Total underlying expenses	790	391	197	491	822	4	2,694
Underlying result before taxation	180	202	100	125	686	–124	1,169
Taxation	45	65	33	9	176	2	331
Minority interests		–1		22	8		30
Underlying net result	135	137	67	93	502	–126	809
Divestments				–42			–42
Special items	–21					–2	–23
Net result (continuing operations)	114	137	67	51	502	–128	744

* Analysed as a part of operating expenses.

d. Insurance activities

Operating result (before tax) is used to evaluate the financial performance of the insurance segments. Each segment's operating result is calculated by adjusting the reported Net result before tax for the following items:

- Non-operating items: related to (general account) investments that are held for own risk (net of policyholder profit sharing):
  - Capital gains/losses and impairments: realised gains and losses as well as impairments on financial assets that are classified as available for sale. These investments include debt and equity securities (including fixed income and equity funds), private equity (< 20% ownership), real estate funds as well as loans quoted in active markets.
  - Revaluations: revaluations on assets marked-to-market through the consolidated profit and loss account. These investments include private equity (associates), real estate (property and associates), derivatives unrelated to product hedging programs (i.e. interest rate swaps, foreign exchange hedges) and direct equity hedges.
  - Market & other impacts: these impacts mainly comprise the change in the provision for guarantees on separate account pension contracts (net of hedging) in the Netherlands, the equity related and other deferred acquisition costs unlocking for Japan Closed- Block VA as well as the accounting volatility related to the reinsurance of minimum guaranteed benefits of Japan Closed-Block VA.
- Result on divestments result before tax related to divested operations.
- Special items before tax: items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes for instance restructuring expenses, goodwill impairments, results related to early retirement of debt and gains/losses from employee pension plan amendments or curtailments.
- Total net result from discontinued operations. Reference is made to Note 19 'Discontinued operations'.

Notes to the condensed consolidated interim accounts continued

Segments Insurance

3 month period 1 January to 31 March 2014	Nether-lands Life	Nether-lands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Investment margin	134		27	–1					160
Fees and premium based revenues	127		128	134	118		30		537
Technical margin	34		48	9					91
Operating income non-modelled life business			1					–2	–1
Life & IM operating income	296		204	142	118		30	–2	787
Administrative expenses	126		74	24	79		4		307
DAC amortisation and trail commissions	23		86	52			3		164
Life & IM expenses	148		160	76	79		7		471
Life & IM operating result	147		44	66	39		23	–2	317
Non-life operating result		22	2						24
Operating result Other						–46			–46
Operating result	147	22	45	66	39	–46	23	–2	294
Non-operating items									
– Gains/losses and impairments	–9	–1	10			10			10
– Revaluations		1		–3		1			
– Market & other impacts	–37						–59		–96
Special items before tax	–340	–85	–2		–122	–23			–572
Result on divestments								56	56
Result before tax from continuing operations	–238	–63	54	64	–83	–58	–36	54	–307
Taxation	–70	–17	12	23	–21	–4	–11		–88
Minority interests	–1		2					–2	–1
Net result from continuing operations	–168	–47	39	40	–62	–54	–24	56	–220
Total net result from discontinued operations VOYA									–1,952
Total net result from discontinued operations Asia									–12
Net result									–2,183

Reconciliation from Operating result to Underlying result before tax

3 month period 1 January to 31 March 2014	Nether-lands Life	Nether-lands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Operating result	147	22	45	66	39	–46	23	–2	294
Non-operating items	–46	–1	10	–3		11	–59		–86
Underlying result before tax	102	21	56	64	39	–35	–36	–2	208

Notes to the condensed consolidated interim accounts continued

Segments Insurance

3 month period 1 January to 31 March 2013	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Investment margin	101		25	4	1				131
Fees and premium based revenues	149		120	150	109		35		563
Technical margin	38		48	6					92
Operating income non-modelled life business			5						5
Life & IM operating income	288		198	160	110		35		791
Administrative expenses	129		81	26	79		8		323
DAC amortisation and trail commissions	26		76	52			12		165
Life & IM expenses	156		157	77	79		20		489
Life & IM operating result	132		42	83	31		14		302
Non-life operating result		–3							–3
Operating result Other						–115		36	–79
Operating result	132	–3	42	83	31	–115	14	36	220
Non-operating items									
– Gains/losses and impairments	41			11		9		59	120
– Revaluations	–9		–1	–3		1			–12
– Market & other impacts	–34						148		114
Special items before tax	–10	–11	–1			–8			–29
Result on divestments						–1			–1
Result before tax from continuing operations	120	–14	39	91	31	–114	162	95	412
Taxation	21	–4	7	31	9	–28	42	–1	77
Minority interests			2					–2	
Net result from continuing operations	99	–10	30	61	21	–86	120	99	334
Total net result from discontinued operations VOYA									–195
Total net result from discontinued operations Asia									1,012
Net result									1,153

Reconciliation from Operating result to Underlying result before tax

3 month period 1 January to 31 March 2013	Netherlands Life	Netherlands Non-life	Insurance Europe	Japan Life	IM	Other	Japan Closed Block VA	Insurance Other	Total
Operating result	132	–3	42	83	31	–115	14	36	220
Non-operating items	–3		–1	9		10	148	59	222
Underlying result before tax	130	–3	41	91	31	–105	162	95	442

Notes to the condensed consolidated interim accounts continued

IFRS-EU balance sheets by segment are not reported internally to, and not managed by, the chief operating decision maker. IFRS-EU balance sheet information is prepared, and disclosed below, for the Banking operations as a whole and for the Insurance operations as a whole and by segment.

Total assets and Total liabilities by segment

	31 March 2014		31 December 2013	
	Total assets	Total liabilities	Total assets	Total liabilities
Netherlands Life	80,170	69,468	79,147	69,154
Netherlands Non-life	4,750	4,054	4,426	3,692
Insurance Europe	22,094	20,130	22,004	20,175
Japan Life	10,082	8,666	9,438	8,147
Investment Management	357	173	562	198
Other	36,171	21,359	32,895	18,482
Japan Closed Block VA	18,145	17,088	18,651	17,580
Assets and liabilities classified as held-for-sale	3,074	18	156,884	146,401
Insurance Other			14,570	387
Total Insurance	174,843	140,956	338,577	284,216
Eliminations Insurance segments	–24,377	–7,989	–36,811	–6,816
Total Insurance operations	150,466	132,967	301,766	277,400
Total Banking operations	826,413	779,827	810,312	761,897
Eliminations	–28,431	–11,034	–30,761	–11,169
Total ING Group	948,448	901,760	1,081,317	1,028,128

Notes to the condensed consolidated interim accounts continued

ADDITIONAL NOTES TO THE CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

24 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 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 Group to estimate the fair value of the financial instruments is disclosed in the 2013 ING Group Consolidated Annual Accounts in Note 46 'Fair value of assets and liabilities'.

The following table presents the estimated fair values of ING Group'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 Group.

Fair value of financial assets and liabilities

	Estimated fair value		Balance sheet value	
	31 March 2014	31 December 2013	**31 March 2014**	31 December 2013
Financial assets				
Cash and balances with central banks	**21,253**	13,316	**21,253**	13,316
Amounts due from banks	**49,498**	43,157	**49,481**	42,996
Financial assets at fair value through profit and loss				
– trading assets	**118,688**	114,247	**118,688**	114,247
– investments for risk of policyholders	**37,683**	39,589	**37,683**	39,589
– non-trading derivatives	**6,637**	8,546	**6,637**	8,546
– designated as at fair value through profit and loss	**3,366**	2,790	**3,366**	2,790
Investments				
– available-for-sale	**143,738**	137,897	**143,738**	137,897
– held-to-maturity	**2,744**	3,153	**2,676**	3,098
Loans and advances to customers	**538,821**	540,924	**532,141**	531,655
Other assets [(1)]	**16,110**	17,411	**16,110**	17,411
	938,538	921,030	**931,773**	911,545
Financial liabilities				
Subordinated loans	**6,959**	6,861	**6,959**	6,889
Debt securities in issue	**131,662**	131,319	**131,662**	127,727
Other borrowed funds	**15,141**	13,830	**14,765**	13,706
Investment contracts for risk of company	**840**	795	**808**	810
Investment contracts for risk of policyholders	**1,579**	1,588	**1,579**	1,588
Amounts due to banks	**29,882**	27,732	**29,882**	27,200
Customer deposits and other funds on deposit	**482,572**	474,003	**482,648**	474,312
Financial liabilities at fair value through profit and loss				
– trading liabilities	**78,554**	73,491	**78,554**	73,491
– non-trading derivatives	**7,971**	11,155	**7,971**	11,155
– designated as at fair value through profit and loss	**14,193**	13,855	**14,193**	13,855
Other liabilities [(2)]	**15,744**	17,332	**15,744**	17,332
	785,097	771,961	**784,765**	768,065

(1) Other assets do not include (deferred) tax assets, pension assets and property development and obtained from foreclosures.
(2) Other liabilities do not include (deferred) tax liabilities, pension liabilities, 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 Group 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) and asset backed securities for which there is no active market and a wide dispersion in quoted prices. Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on the Group'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 2013 ING Group Consolidated Annual Accounts in Note 46 'Fair value of 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

				31 March 2014
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading assets	28,115	88,771	1,802	118,688
Investments for risk of policyholders	35,792	1,658	233	37,683
Non-trading derivatives	11	6,501	125	6,637
Financial assets designated as at fair value through profit and loss	540	2,691	135	3,366
Available-for-sale investments	118,577	22,322	2,839	143,738
	183,035	121,943	5,134	310,112
Financial liabilities				
Trading liabilities	13,312	64,011	1,231	78,554
Non-trading derivatives	7	7,964		7,971
Financial liabilities designated as at fair value through profit and loss	2,309	11,585	299	14,193
Investment contracts (for contracts at fair value)	1,579			1,579
	17,207	83,560	1,530	102,297

Notes to the condensed consolidated interim accounts continued

Methods applied in determining fair values of financial assets and liabilities

				31 December 2013
	Level 1	Level 2	Level 3	Total
Financial assets				
Trading assets	27,684	84,544	2,019	114,247
Investments for risk of policyholders	38,228	1,113	248	39,589
Non-trading derivatives	4	8,479	63	8,546
Financial assets designated as at fair value through profit and loss	571	2,021	198	2,790
Available-for-sale investments	111,273	23,473	3,151	137,897
	177,760	119,630	5,679	303,069
Financial liabilities				
Trading liabilities	10,967	61,419	1,105	73,491
Non-trading derivatives	118	11,037		11,155
Financial liabilities designated as at fair value through profit and loss	1,912	11,600	343	13,855
Investment contracts (for contracts at fair value)	1,588			1,588
	14,585	84,056	1,448	100,089

Main changes in fair value hierarchy in the first quarter of 2014

There were no significant transfers between Level 1 and Level 2.

Changes in Level 3 Financial assets

						31 March 2014
	Trading assets	**Investments for risk of policy-holders**	**Non-trading derivatives**	**Financial assets designated as at fair value through profit and loss**	**Available-for-sale investments**	**Total**
Opening balance	**2,019**	**248**	**63**	**198**	**3,151**	**5,679**
Amounts recognised in the profit and loss account during the period	**–62**	**–2**	**62**	**–39**	**–16**	**–57**
Revaluation recognised in equity during the period					**24**	**24**
Purchase of assets	**123**				**235**	**358**
Sale of assets	**–87**	**–12**		**–2**	**–199**	**–300**
Maturity/settlement	**–59**			**–14**	**–38**	**–111**
Reclassifications	**–18**				**–308**	**–326**
Transfers into Level 3	**120**			**26**	**4**	**150**
Transfers out of Level 3	**–233**			**–33**	**–1**	**–267**
Exchange rate differences	**–1**	**–1**		**3**	**–7**	**–6**
Changes in the composition of the group and other changes				**–4**	**–6**	**–10**
Closing balance	**1,802**	**233**	**125**	**135**	**2,839**	**5,134**

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Financial assets

	31 December 2013					
	Trading assets	Investments for risk of policy-holders	Non-trading derivatives	Financial assets designated as at fair value through profit and loss	Available-for-sale investments	Total
Opening balance	2,010	150	549	2,121	4,188	9,018
Amounts recognised in the profit and loss account during the year	146	9	409	–253	–103	208
Revaluation recognised in equity during the year					–34	–34
Purchase of assets	558	154	334	263	672	1,981
Sale of assets	–704	–52	–322	–562	–575	–2,215
Maturity/settlement	–242		–20	–465	–227	–954
Transfers into Level 3	264	2		86	407	759
Transfers out of Level 3	–158	–9	–832	–129	–165	–1,293
Exchange rate differences				38	–29	9
Changes in the composition of the group and other changes	145	–6	–55	–901	–983	–1,800
Closing balance	2,019	248	63	198	3,151	5,679

In 2013, Changes in the composition of the group and other changes includes EUR –1,654 million as a result of the classification of VOYA as held for sale and nil as a result of the classification to continuing operations of ING Japan.

Changes in Level 3 Financial liabilities

	31 March 2014				
	Trading liabilities	**Non-trading derivatives**	**Financial liabilities designated as at fair value through profit and loss**	**Investment contracts (for contracts at fair value)**	**Total**
Opening balance	**1,105**		**343**		**1,448**
Amounts recognised in the profit and loss account during the period	**83**		**–55**		**28**
Issue of liabilities	**120**		**21**		**141**
Early repayment of liabilities	**–103**		**–3**		**–106**
Maturity/settlement	**–12**	**–1**	**–58**		**–71**
Transfers into Level 3	**81**		**110**		**191**
Transfers out of Level 3	**–43**		**–59**		**–102**
Exchange rate differences		**4**			**4**
Changes in the composition of the group and other changes		**–3**			**–3**
Closing balance	**1,231**	**0**	**299**		**1,530**

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Financial liabilities

	31 December 2013				
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Investment contracts (for contracts at fair value)	Total
Opening balance	1,523	1,500	5,102	12	8,137
Amounts recognised in the profit and loss account during the year	–110	315	–137		68
Issue of liabilities	510	263	226	6	1,005
Early repayment of liabilities	–721	–452	–907	–7	–2,087
Maturity/settlement	–276	–9	–420		–705
Transfers into Level 3	245		152	2	399
Transfers out of Level 3	–63		–3,676	–8	–3,747
Exchange rate differences	–3	–372	3		–372
Changes in the composition of the group and other changes		–1,245		–5	–1,250
Closing balance	1,105	0	343	0	1,448

In 2013, Changes in the composition of the group and other changes includes EUR –1,250 million as a result of the classification of VOYA as held for sale and nil as a result of the classification to continuing operations of ING Japan.

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

	31 March 2014		
	Held at balance sheet date	**Derecog-nised during the year**	**Total**
Financial assets			
Trading assets	**–62**		**–62**
Investments for risk of policyholders	**–2**		**–2**
Non-trading derivatives	**62**		**62**
Financial assets designated as at fair value through profit and loss	**–39**		**–39**
Available-for-sale investments	**–21**	**5**	**–16**
	–62	**5**	**–57**
Financial liabilities			
Trading liabilities	**83**		**83**
Financial liabilities designated as at fair value through profit and loss	**–55**		**–55**
	28		**28**

Notes to the condensed consolidated interim accounts continued

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

	31 December 2013		
	Held at balance sheet date	Derecog-nised during the year	Total
Financial assets			
Trading assets	158	–12	146
Investments for risk of policyholders	10	–1	9
Non-trading derivatives	383	26	409
Financial assets designated as at fair value through profit and loss	–341	88	–253
Available-for-sale investments	–130	27	–103
	80	128	208
Financial liabilities			
Trading liabilities	–110		–110
Non-trading derivatives	315		315
Financial liabilities designated as at fair value through profit and loss	–137		–137
	68		68

Level 3 Financial assets and liabilities
Financial assets measured at fair value in the balance sheet as at 31 March 2014 of EUR 310 billion include an amount of EUR 5.1 billion (1.6%) that is classified as Level 3 (31 December 2013: EUR 5.7 billion, being 1.9%). Changes in Level 3 from 31 December 2013 to 31 March 2014 are disclosed above in the table 'Changes in Level 3 Assets'.

Financial liabilities measured at fair value in the balance sheet as at 31 March 2014 of EUR 102 billion include an amount of EUR 1.5 billion (1.5%) is classified as Level 3 (31 December 2013: EUR 1.4 billion, being 1.4%). Changes in Level 3 from 31 December 2013 to 31 March 2014 are disclosed above 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.

The EUR 5.1 billion financial assets classified as Level 3 as at 31 March 2014 includes EUR 2.7 billion for Insurance and EUR 2.4 billion for Bank. The EUR 1.5 billion financial liabilities classified as Level 3 as at 31 March 2014 includes nil for Insurance and EUR 1.5 billion for Bank.

Insurance
Of the total amount of financial assets classified as Level 3 as at 31 March 2014 of EUR 2.7 billion, an amount of EUR 2.1 billion is based on unadjusted quoted prices in inactive markets. This includes for example debt securities and shares in real estate investment funds and private equity investment funds for which the fair value is determined using quoted prices for the securities or quoted prices obtained from the asset managers of the funds. As ING does generally not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

The remaining EUR 0.6 billion Level 3 financial assets includes mainly EUR 0.6 billion of private equity investments that are recognised at fair value. Fair value is determined using both market-based and investment-specific inputs. In the absence of an active market, fair values are estimated on the basis of the analysis of the invested companies' financial position, future prospects and other factors, considering valuations of similar positions and other market information. Given the bespoke nature of the analysis in respect of most significant positions, it is not practical to quote a range of key unobservable inputs or provide a sensitivity analysis on such unobservable inputs.

Bank
Of the total amount of financial assets classified as Level 3 as at 31 March 2014 of EUR 2.4 billion, an amount of EUR 1.6 billion (70%) is based on unadjusted quoted prices in inactive markets. As ING does generally not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

Notes to the condensed consolidated interim accounts continued

The remaining EUR 0.7 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 31 March 2014 of EUR 1.5 billion, an amount of EUR 1.0 billion (67%) is based on unadjusted quoted prices in inactive markets. As ING does generally 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 0.2 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 0.3 billion of the fair value classified in Level 3 financial liabilities is established using valuation techniques that incorporates certain inputs that are unobservable.

The table below provides a summary of the valuation techniques, key unobservable inputs and the lower and upper range of such unobservable inputs, by type of level 3 asset/liability.

Notes to the condensed consolidated interim accounts continued

%Valuation techniques and range of unobservable inputs (Level 3) - ING Bank

31 March 2014	Assets	Liabilities	Valuation techniques	Significant unobservable inputs	Lower range	Upper range
At fair value through profit and loss						
Debt securities	189	15	Price based	Price (%)	1%	111%
			Net asset value	Price (%)	118%	118%
			Loan pricing model	Credit spread (bps)	621	621
Loans and advances	119	23	Price based	Price (%)	1%	1%
			Net asset value	Price (%)	32%	38%
			Present value techniques	Credit spread (bps)	85	106
			Loan pricing model	Credit spread (bps)	621	621
Structured notes		299	Price based	Price (%)	65%	110%
			Net asset value	Price (%)	118%	118%
			Option pricing model	Equity volatility (%)	15%	78%
				Equity/Equity correlation		1.0
				Equity/FX correlation	–0.6	
				Dividend yield (%)	1%	7%
Derivatives						
– Rates	370	431	Option pricing model	Interest rate R volatility (%)	11%	67%
				Interest rate correlation	0.9	1.0
				Inflation rate (%)	0.5	0.5
			Present value techniques	Reset spread	3%	3%
				Prepayment rate		
– FX	432	394	Present value techniques	Inflation rate (%)	0%	3%
– Credit	53	48	Present value techniques	Credit spread (bps)	4	1,937
				Implied correlation	0.40	0.95
– Equity	107	316	Option pricing model	Equity volatility (%)	5%	131%
				Equity/Equity correlation	–0.1	1.0
				Equity/FX correlation	–1.0	0.8
				Dividend yield (%)	0%	12%
– Other	4	5	Option pricing model	Commodity volatility	10%	30%
				Com/Com correlation		1.0
				Com/FX correlation	–0.7	0.4
Available for sale						
– Debt	567			n.a		
– Equity	488			n.a		
– Asset backed and other securities	127			n.a		
Other	5					
	2,461	1,531				

Further information on equity securities, credit spreads, volatility, correlation and interest rates is disclosed in the 2013 ING Group Consolidated Annual Accounts in Note 46 ‘Fair value of assets and liabilities’.

Sensitivity analysis of unobservable inputs

Where the fair value of a financial instrument is determined using inputs which are unobservable and which have a more than insignificant impact on the fair value of the instrument the actual value of those inputs at the balance sheet date may be drawn from a range of reasonably possible alternatives. The actual levels chosen for these unobservable inputs in preparing the financial statements is consistent with the valuation methodology.

Notes to the condensed consolidated interim accounts continued

If ING had used input values from the extremes of the ranges of reasonably possible alternatives when valuing these instruments as of 31 March 2014 then the impact on the profit and loss account would have been higher or lower as indicated below. The purpose of this disclosure is to present the possible impact of a change in unobservable inputs in the fair value of financial instruments where unobservable inputs are significant to the valuation. In practice it would be unlikely that all unobservable inputs would ever be simultaneously at the limits of their respective ranges of reasonably possible alternatives and so the estimates in the table below show a greater fair value uncertainty than the realistic position at year end. Also, this disclosure does not attempt to indicate or predict future fair value movements. The numbers in isolation give limited information as in most cased these level 3 assets and liabilities should be seen in combination with other instruments (for example as a hedge) that are classified as level 1 or level 2. The table below does not include available for sale investments as changes in the fair value values of such investments would not directly impact profit and loss. Further disclosure on valuations, inputs and sensitivities is provided in the Risk management section in the 2013 ING Group Consolidated Annual Accounts.

Sensitivity analysis

31 March 2014	Positive fair value movements from using reasonable possible alternatives	Negative fair value movements from using reasonable possible alternatives
Equity	71	40
Interest rates	107	33
Credits	17	22
	195	95

25 COMPANIES AND BUSINESSES ACQUIRED AND DIVESTED

Acquisitions

There were no acquisitions in the first quarter of 2014.

Divestments

VOYA

The sale in the first quarter of 2014 of approximately 37.8 million shares reduced ING Group's stake in VOYA to approximately 43%, from approximately 57% as at 31 December 2013. Following this transaction, VOYA is deconsolidated and is accounted for as an associate. Reference is made to Note 27 ‘Other events’.

Asia - ING’s Taiwanese investment management business

In January 2014, ING agreed to sell ING Investment Management (IM) Taiwan, its Taiwanese asset management business, to Japan-based Nomura Asset Management in partnership with a group of investors. The transaction did not have a significant impact on ING Group results. The transaction closed on 18 April 2014. Reference is made to Note 7 ‘Assets and liabilities held for sale’ and Note 19 ‘Discontinued operations’.

Asia - Joint venture ING-BOB Life

In July 2013, ING agreed to sell its 50% stake in its Chinese insurance joint venture ING-BOB Life Insurance Company to BNP Paribas Cardif, the insurance arm of BNP Paribas. The transaction, which is subject to regulatory approval, is not expected to have a significant impact on ING Group results. This announcement does not affect ING Bank’s 13.7% stake in Bank of Beijing, nor does it affect ING’s Commercial Banking activities in China. This transaction is expected to close in the second or third quarter of 2014. Reference is made to Note 7 ‘Assets and liabilities held for sale’ and Note 19 ‘Discontinued operations’.

Divestments closed in the first quarter of 2013

Asia - Insurance in Hong Kong, Macau, Thailand

In October 2012, ING agreed to sell its life insurance, general insurance, pension and financial planning units in Hong Kong and Macau, and its life insurance operation in Thailand to Pacific Century Group for a combined consideration of EUR 1.6 billion (USD 2.1 billion) in cash. The transaction closed on 28 February 2013 and resulted in a net gain of EUR 945 million. Reference is made to Note 7 ‘Assets and liabilities held for sale’ and Note 19 ‘Discontinued operations’.

Asia - Joint venture ING Vysya Life

In January 2013, ING agreed to sell its full interest in ING Vysya Life Insurance Company Ltd. to its joint venture partner Exide Industries Ltd. The transaction resulted in a net loss of EUR 15 million which was recognised in 2012. The transaction closed on 22 March 2013.

Notes to the condensed consolidated interim accounts continued

ING Direct UK
In October 2012, ING agreed to sell ING Direct UK to Barclays. Under the terms of the agreement, the approximately EUR 13.4 billion (GBP 11.6 billion) of savings deposits and approximately EUR 6.4 billion (GBP 5.5 billion) of mortgages of ING Direct UK were transferred to Barclays. The agreement resulted in an after tax loss of EUR 260 million which was recognised in 2012. The transaction closed on 6 March 2013 and a gain of EUR 10 million was recognised on the final settlement in the first quarter of 2013.

Other
For details on the transactions with regard to ING's interest in SulAmérica S.A., reference is made to Note 5 'Investments in associates and joint ventures'.

During 2013, there were several other divestments. These divestments were neither announced nor closed in the first quarter of the year and therefore are not included above. Reference is made to the 2013 ING Group Consolidated annual accounts.

In July 2013, the investment management business in South Korea was agreed to be sold to Macquarie Group. The transaction closed on 2 December 2013. NN Group received notice under the share purchase agreement relating to certain activities, conducted by the investment management business in South Korea in the period before closing of the transaction, which are currently subject to further investigation.

26 RELATED PARTY TRANSACTIONS
In the normal course of business, the Group enters into various transactions with related parties. Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions. Related parties of ING Group include, amongst others, its Joint ventures, Associates, Key management personnel, the Dutch State and various defined benefit and contribution plans. Transactions between related parties have taken place on an arm's length basis and include rendering or receiving of services, leases, transfers under finance arrangements and provisions of guarantees or collateral. Transactions with related parties are disclosed in Note 58 'Related parties' in the 2013 ING Group Consolidated Annual Accounts. No other significant changes in related party transactions occurred, except for the unwinding of the IABF ('Illiquid Assets Back-up Facility') which is explained below.

Unwinding of the IABF
In the first quarter of 2014 the IABF was unwound. The remaining nominal value of the portfolio of securities held by the Dutch state as at 31 December 2013 amounting to EUR 4.6 billion was sold in January and February 2014. The State used all repayments and net fees received to pay off the loan from ING in January 2014, reducing the amount outstanding to nil (31 December 2013: EUR 2.7 billion). The unwinding of the IABF did not impact the 2014 profit and loss account.

27 OTHER EVENTS
VOYA
ING Group has previously announced its intention to divest its remaining stake in VOYA over time, in line with its strategy to separate and divest its insurance and investment management businesses. In this context, ING Group sold shares of VOYA through an initial public offering in May 2013 and a follow-on offering in October 2013.

In the first quarter of 2014, ING Group sold a third tranche of approximately 37.8 million shares of common stock of VOYA based on the final price of USD 35.23 per share. The gross proceeds for ING Group amounted to EUR 950 million.

The sale of the third tranche of shares reduced ING Group's stake in VOYA to approximately 43% from approximately 57% as at 31 December 2013 fulfilling the European Commission restructuring requirement to divest at least 50% of VOYA before year-end 2014. Following this transaction, VOYA was deconsolidated and is accounted for as an associate held for sale in the first quarter of 2014. The remaining investment in VOYA was recognised at its fair value of EUR 2,914 million at the transaction date.

The share sale and the deconsolidation of VOYA resulted in an after-tax loss of EUR 2,005 million which is recognised in the first quarter of 2014 in the profit and loss account in the line 'Net result from disposal of discontinued operations'. This amount reflects the difference between the IFRS book value and the market value of ING Group's 57% stake in VOYA at deconsolidation, and includes the release of corresponding revaluation reserves. The portion of the loss attributable to measuring the retained investment in VOYA at its fair value amounted to EUR –1,467 million.

Any further sale of ING Group's remaining holdings of VOYA shares is subject to a lock-up period of 90 days from 19 March 2014, the date of the offering pricing (subject to certain exceptions and the underwriters' ability to waive lock-up restrictions). VOYA shares trade on the New York Stock Exchange under the ticker symbol 'VOYA'.

Notes to the condensed consolidated interim accounts continued

Deconsolidation of ING Vysya Bank
At the end of the first quarter of 2014, changes to the governance structure of ING Vysya Bank Limited ('ING Vysya') were implemented in order to better align with prevailing regulations. The regulatory requirements necessitated some governance changes. As part of that, ING has reduced the number of directors appointed by ING in ING Vysya Bank's Board of Directors to be proportionate to its shareholding. Although ING Bank's economic interest of approximately 43% remains unchanged, as a result of these governance changes, ING Bank no longer has a majority representation in the Board of Directors and influence on ING Vysya's operations are aligned with its shareholding interest. As a result, ING Bank no longer has effective control over ING Vysya and, therefore, as of 31 March 2014 ING Vysya is deconsolidated and accounted for as an associate under equity accounting. Before the changes in the governance structure ING Bank had substantial additional powers, including the majority in the Board of Directors and power over operational decision making; as a result, ING Vysya was consolidated by ING. After the deconsolidation, the investment in ING Vysya is recognised as an Investment in associates and joint ventures at its fair value at 31 March 2014 of EUR 617 million. The profit and loss account of the first quarter of 2014 includes the consolidated result of ING Vysya until the deconsolidation and the result upon deconsolidation of EUR 202 million. The result upon deconsolidation is recognised in Other income – Result on disposal of group companies.

SNS Reaal nationalisation
In 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 total charge of EUR 304 million in 2014. In accordance with the relevant legislation the levy is charged in three equal instalments. In the first quarter of 2014, a charge of EUR 101 million is recognised in the profit and loss account in the line Other operating expenses – Other. The remaining levy will be recognised in the second and third quarter of 2014; each quarter for an amount of approximately EUR 101 million.

Establishment of NN Group
Until recently, ING Verzekeringen N.V. ('ING Insurance') was the holding company of the insurance and investment management activities of ING. ING Insurance was a wholly owned subsidiary of ING Insurance Topholding N.V. ('ING Topholding'), a wholly owned subsidiary of the ultimate parent ING Groep N.V. ING Topholding was a holding company with no other assets, liabilities and activities than its 100% holding ING Insurance. On 28 February 2014, ING Insurance and ING Topholding legally merged. Through this merger, the legal entity ING Insurance ceased to exist. The legal merger became effective on 1 March 2014 and on that date the merged entity was renamed NN Group N.V. ('NN Group'). The merged entity NN Group N.V. is in substance a continuation of ING Insurance.

28 SUBSEQUENT EVENTS
Subordinated bonds issued by NN Group
On 8 April 2014, NN Group issued EUR 1 billion subordinated bonds with a maturity of 30 years and which is callable after 10 years and every quarter thereafter. The coupon is fixed at 4.625% per annum for the first 10 years and will be floating thereafter.

NN Group pre-IPO investments
On 30 April 2014, ING announced that it has secured important investments into NN Group totalling EUR 1.275 billion ahead of NN Group's intended Initial Public Offering (IPO). In this context, ING Group has agreed to sell NN Group shares at the IPO to three Asian-based investment firms (RRJ Capital, Temasek and SeaTown Holdings International) and also to issue to these three investors subordinated notes that ING Group will over time exchange into NN Group shares.

The anchor investment in NN Group shares at the time of the intended IPO will total EUR 150 million. There will be no lock-up on these NN Group shares which will be acquired at the IPO transaction price.

In May 2014, ING Group will issue to each of the investors in this transaction mandatory exchangeable subordinated notes for a total amount of EUR 1.125 billion. These notes will accrue a 4% coupon, and will be mandatorily exchangeable into NN Group shares in three tranches according to a schedule specified in the ING Group press release of 30 April 2014.

The transactions are subject to the base case IPO of NN Group taking place in 2014. If the IPO does not take place in 2014, the transactions with these three investors will be unwound, and the subordinated notes will be redeemed.

Capital Injection NN Group
In line with ING Group's announced intention to ensure that NN Group is adequately capitalised ahead of the intended IPO, ING Group will inject EUR 850 million of capital into NN Group prior to its IPO. NN Group will use these funds to reduce debt owed to ING Group by EUR 0.2 billion, further strengthen the capitalisation of NN Life by approximately EUR 0.5 billion, and increase the cash capital position in the holding company by approximately EUR 0.2 billion. The capital injection from ING Group and the April 2014 issuance of subordinated debt will increase the IGD ratio of NN Group to a pro-forma 277% from 249% at the end of the first quarter of 2014. The capital injection will increase ING Group core debt by EUR 850 million. As a consequence of this pre-IPO capital injection, ING Group confirms that the intended IPO will comprise only secondary NN Group shares being sold by ING Group.

Review report

To: the Shareholders, the Supervisory Board and the Executive Board of ING Groep N.V.

REVIEW REPORT

Introduction
We have reviewed the accompanying condensed consolidated interim accounts for the three month period ended 31 March 2014, of ING Groep N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 31 March 2014 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 three 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 31 March 2014 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 6 MAY 2014

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

Important legal information

ING Group'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 'Accounting policies', the same accounting principles are applied as in the 2013 ING Group 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 purchase, any securities in the United States or any other jurisdiction. The securities of NN Group have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the 'Securities Act'), and may not be offered or sold within the United States absent registration or an applicable exemption from the registration requirements of the Securities Act.

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