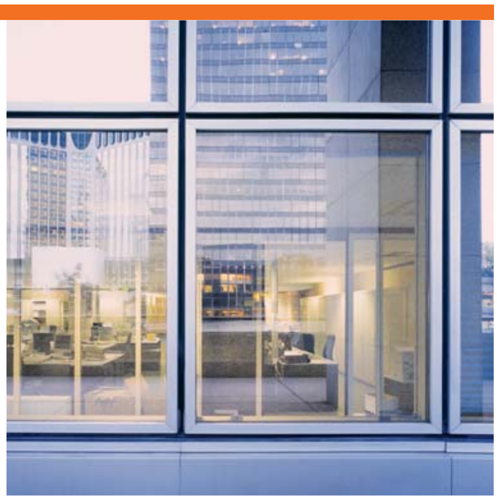
ING GROUP





Condensed consolidated interim financial information for the period ended 31 March 2012

ING

Contents

Condensed consolidated interim accounts

Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	31 March 2012	31 December 2011
ASSETS		
Cash and balances with central banks	**46,587**	31,194
Amounts due from banks	**50,441**	45,323
Financial assets at fair value through profit and loss 2	**262,863**	262,722
Investments 3	**219,148**	217,407
Loans and advances to customers 4	**606,032**	602,525
Reinsurance contracts	**5,632**	5,870
Investments in associates	**2,330**	2,370
Real estate investments	**1,443**	1,670
Property and equipment	**2,840**	2,886
Intangible assets 5	**3,550**	3,558
Deferred acquisition costs	**10,054**	10,204
Assets held for sale 6		62,483
Other assets	**30,809**	31,016
Total assets	**1,241,729**	1,279,228
EQUITY		
Shareholders' equity (parent)	**47,616**	46,663
Non-voting equity securities	**3,000**	3,000
	50,616	49,663
Minority interests	**831**	777
Total equity	**51,447**	50,440
LIABILITIES		
Subordinated loans	**8,687**	8,858
Debt securities in issue	**163,968**	139,861
Other borrowed funds	**17,727**	19,684
Insurance and investment contracts	**281,554**	278,833
Amounts due to banks	**69,317**	72,233
Customer deposits and other funds on deposit	**474,533**	467,547
Financial liabilities at fair value through profit and loss 7	**140,189**	142,868
Liabilities held for sale 6		64,265
Other liabilities	**34,307**	34,639
Total liabilities	**1,190,282**	1,228,788
Total equity and liabilities	**1,241,729**	1,279,228

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 ended

amounts in millions of euros	3 month period 1 January to 31 March 2012	2011
Continuing operations		
Interest income banking operations	**15,281**	17,359
Interest expense banking operations	**–12,239**	–13,966
Interest result banking operations	**3,042**	3,393
Gross premium income	**8,248**	8,207
Investment income 8	**2,101**	1,747
Commission income	**903**	1,081
Other income 9	**–1,863**	–156
Total income	**12,431**	14,272
Underwriting expenditure 10	**6,777**	8,204
Addition to loan loss provision	**441**	332
Intangible amortisation and other impairments 11	**75**	103
Staff expenses	**1,874**	1,953
Other interest expenses	**136**	156
Other operating expenses	**1,921**	1,525
Total expenses	**11,224**	12,273
Result before tax from continuing operations	**1,207**	1,999
Taxation	**484**	614
Net result from continuing operations	**723**	1,385
Discontinued operations		
Net result from discontinued operations 19		29
Net result from continuing and discontinued operations (before minority interests)	**723**	1,414

amounts in millions of euros	3 month period 1 January to 31 March 2012	2011
Net result attributable to:		
Equityholders of the parent	**680**	1,381
Minority interests	**43**	33
	723	1,414
Net result from continuing operations attributable to:		
Equityholders of the parent	**680**	1,353
Minority interests	**43**	32
	723	1,385
Net result from discontinued operations attributable to:		
Equityholders of the parent		28
Minority interests		1
		29

Condensed consolidated profit and loss account of ING Group continued

	3 month period	
	1 January to 31 March	
amounts in euros	**2012**	2011
Earnings per share 12		
Basic earnings per ordinary share	**0.11**	0.25
Diluted earnings per ordinary share	**0.11**	0.25
Earnings per share from continuing operations 12		
Basic earnings per ordinary share from continuing operations	**0.11**	0.24
Diluted earnings per ordinary share from continuing operations	**0.11**	0.24
Earnings per share from discontinued operations 12		
Basic earnings per ordinary share from discontinued operations		0.01
Diluted earnings per ordinary share from discontinued operations		0.01

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 ended

	3 month period	
	1 January to 31 March	
amounts in millions of euros	**2012**	2011
Net result for the period from continuing and discontinued operations	**723**	1,414
Unrealised revaluations after taxation	**1,420**	–788
Realised gains/losses transferred to profit and loss	**–225**	38
Changes in cash flow hedge reserve	**91**	–304
Transfer to insurance liabilities/DAC	**–231**	399
Exchange rate differences	**–888**	–1,596
Other revaluations	**9**	
Total amount recognised directly in equity (other comprehensive income)	**176**	–2,251
Total comprehensive income	**899**	–837
Comprehensive income attributable to:		
Equityholders of the parent	**845**	–874
Minority interests	**54**	37
	899	–837

For the three month period 1 January 2012 to 31 March 2012 the Unrealised revaluations after taxation comprises EUR –22 million (1 January 2011 to 31 March 2011: EUR 4 million) related to the share of other comprehensive income of associates.

For the three month period 1 January 2012 to 31 March 2012 the Exchange rate differences comprises EUR –11 million (1 January 2011 to 31 March 2011: EUR 68 million) related to the share of other comprehensive income of associates.

Condensed consolidated statement of cash flows of ING Group

for the three month period ended

amounts in millions of euros		31 March 2012	31 March 2011
Result before tax		**1,207**	2,030
Adjusted for:	– depreciation	**198**	424
	– deferred acquisition costs and value of business acquired	**–146**	–181
	– increase in provisions for insurance and investment contracts	**–109**	1,429
	– addition to loan loss provisions	**441**	332
	– other	**3,043**	–200
Taxation paid		**–194**	–248
Changes in:	– amounts due from banks, not available on demand	**2,165**	–2,515
	– trading assets	**4,307**	6,519
	– non-trading derivatives	**–908**	–895
	– other financial assets at fair value through profit and loss	**–276**	–168
	– loans and advances to customers	**–3,413**	–6,059
	– other assets	**–3,367**	405
	– amounts due to banks, not payable on demand	**–2,551**	3,519
	– customer deposits and other funds on deposit	**5,710**	8,616
	– trading liabilities	**–2,860**	–10,720
	– other financial liabilities at fair value through profit and loss	**–957**	–1,131
	– other liabilities	**248**	–3,024
Net cash flow from (used in) operating activities		**2,538**	–1,867
Investments and advances	– available-for-sale investments	**–33,826**	–56,065
	– investments for risk of policyholders	**–16,482**	–15,420
	– other investments	**–218**	–619
Disposals and redemptions	– available-for-sale investments	**32,815**	52,043
	– investments for risk of policyholders	**18,203**	17,088
	– other investments	**–8,519**	1,356
Net cash flow from (used in) investing activities		**–8,027**	–1,617
Proceeds from borrowed funds and debt securities		**141,976**	96,908
Repayments of borrowed funds and debt securities		**–118,420**	–89,730
Other net cash flow from financing activities		**63**	36
Net cash flow from financing activities		**23,619**	7,214
Net cash flow		**18,130**	3,730
Cash and cash equivalents at beginning of period		**29,300**	20,740
Effect of exchange rate changes on cash and cash equivalents		**245**	–186
Cash and cash equivalents at end of period		**47,675**	24,284
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**2,762**	6,291
Amounts due from/to banks		**–1,674**	1,691
Cash and balances with central banks		**46,587**	16,302
Cash and cash equivalents at end of period		**47,675**	24,284

Condensed consolidated statement of changes in equity of ING Group

for the three month period ended

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 2012	**919**	**16,034**	**29,710**	**46,663**	**3,000**	**777**	**50,440**
Unrealised revaluations after taxation			**1,420**	**1,420**			**1,420**
Realised gains/losses transferred to profit and loss			**–225**	**–225**			**–225**
Changes in cash flow hedge reserve			**91**	**91**			**91**
Transfer to insurance liabilities/DAC			**–231**	**–231**			**–231**
Exchange rate differences			**–890**	**–890**		**2**	**–888**
Other revaluations						**9**	**9**
Total amount recognised directly in equity			**165**	**165**		**11**	**176**
Net result for the period			**680**	**680**		**43**	**723**
Total comprehensive income			**845**	**845**		**54**	**899**
Purchase/sale of treasury shares			**118**	**118**			**118**
Employee stock option and share plans			**–10**	**–10**			**–10**
Balance at 31 March 2012	**919**	**16,034**	**30,663**	**47,616**	**3,000**	**831**	**51,447**

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 2011	919	16,034	23,951	40,904	5,000	729	46,633
Unrealised revaluations after taxation			–788	–788			–788
Realised gains/losses transferred to profit and loss			37	37		1	38
Changes in cash flow hedge reserve			–304	–304			–304
Transfer to insurance liabilities/DAC			399	399			399
Exchange rate differences			–1,599	–1,599		3	–1,596
Total amount recognised directly in equity			–2,255	–2,255		4	–2,251
Net result for the period			1,381	1,381		33	1,414
Total comprehensive income			–874	–874		37	–837
Changes in the composition of the group						–21	–21
Dividends						–3	–3
Purchase/sale of treasury shares			54	54			54
Employee stock option and share plans			–17	–17			–17
Balance at 31 March 2011	919	16,034	23,114	40,067	5,000	742	45,809

Notes to the condensed consolidated interim accounts

1 BASIS OF PRESENTATION

These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union and are consistent with those set out in the notes to the 2011 Consolidated Annual Accounts of ING Group, except for the amendments referred to below.

These condensed consolidated interim accounts should be read in conjunction with the 2011 Consolidated Annual Accounts of ING Group.

Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets' became effective for ING Group in 2012. Amendments to IAS 12 'Deferred tax – Recovery of Underlying Assets' is effective as of 2012, but not yet endorsed by the EU, and therefore not yet part of IFRS-EU. Neither of these has a significant effect on ING Group.

The following new or revised standards and interpretations were issued by the IASB, which become effective for ING Group after 2012, if and when endorsed by the EU:

- IFRS 10 'Consolidated Financial Statements', effective as of 2013;
- IFRS 11 'Joint Arrangements', effective as of 2013;
- IFRS 12 'Disclosure of Interests in Other Entities', effective as of 2013;
- IFRS 13 'Fair Value Measurement', effective as of 2013;
- IAS 28 'Investments in Associates and Joint Ventures', effective as of 2013;
- Amendments to IAS 1 'Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income', effective as of 2013;
- Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities', effective as of 2013; and
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities', effective as of 2014.

Although these new requirements are still being analysed and the final impact is not yet known, ING Group does not expect the adoption of these new or revised standards and interpretations to have a significant effect on equity and/or result of ING Group.

Furthermore, in 2009 IFRS 9 'Financial Instruments' was issued, which was initially effective as of 2013. However in December 2011 the International Accounting Standards Board decided to amend this standard and to postpone the mandatory application of IFRS 9 until 2015. This standard is not yet endorsed by the EU and, therefore, is not yet part of IFRS-EU. Implementation of IFRS 9 – if and when endorsed by the EU – may have a significant impact on equity and/or result of ING Group.

In June 2011 the revised IAS 19 'Employee Benefits' was issued, which will become effective as of 2013 if endorsed by the EU. At this moment, the revised standard is being analysed and the full impact is not yet known. One of the changes in the revised standard results in immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date. Unrecognised actuarial gains and losses as at 31 December 2011 are disclosed in Note 21 'Other liabilities' in the 2011 Consolidated Annual Accounts of ING Group and amount to EUR 481 million (pre-tax). The impact of the revised standard will be affected by movements in the unrecognised actuarial gains and losses until the effective date and the impact of other changes in the revised standard.

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 the section 'Principles of valuation and determination of results' in the 2011 Consolidated Annual Accounts of ING Group.

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.

Notes to the condensed consolidated interim accounts continued

In 2011, the accounting policy was changed for insurance provisions for Guaranteed Minimum Benefits for Life as disclosed in the Accounting policies and in Note 56 ‘Impact of change in accounting policy’ of the 2011 Consolidated Annual Accounts of ING Group. In 2012, changes were made to the segment reporting as disclosed in Note 13 ‘Segment Reporting’ of these condensed consolidated interim accounts.

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.

2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss

amounts in millions of euros	31 March 2012	31 December 2011
Trading assets	119,600	123,688
Investment for risk of policyholders	121,593	116,438
Non-trading derivatives	16,010	17,159
Designated as at fair value through profit and loss	5,660	5,437
	262,863	262,722

3 INVESTMENTS

Investments by type

amounts in millions of euros	31 March 2012	31 December 2011
Available-for-sale		
– equity securities	11,517	9,305
– debt securities	200,052	199,234
	211,569	208,539
Held-to-maturity		
– debt securities	7,579	8,868
	7,579	8,868
	219,148	217,407

Available-for-sale equity securities at 31 March 2012 include the shares in Capital One Financial Corporation that were obtained through the sale of ING Direct USA as disclosed in Note 14 ‘Acquisitions and disposals’.

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

Debt securities

amounts in millions of euros	31 March 2012	31 December 2011
Available-for-sale investments	200,052	199,234
Held-to-maturity investments	7,579	8,868
Loans and advances to customers	35,202	29,117
Due from banks	6,945	7,321
Available-for-sale investments and At amortised cost	249,778	244,540
Trading assets	13,259	18,251
Investments for risk of policyholders	9,903	9,612
Designated as at fair value through profit and loss	3,145	2,967
Financial assets at fair value through profit and loss	26,307	30,830
	276,085	275,370

Notes to the condensed consolidated interim accounts continued

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

	Available-for-sale investments		Held-to-maturity investments		Loans and advances to customers		Due from banks		Total	
amounts in millions of euros	**31 March 2012**	31 December 2011	**31 March 2012**	31 December 2011	**31 March 2012**	31 December 2011	**31 March 2012**	31 December 2011	**31 March 2012**	31 December 2011
Government bonds	**104,087**	101,988	**649**	881	**7,863**	1,081			**112,599**	103,950
Covered bonds	**8,568**	7,655	**6,220**	7,209	**7,243**	7,468	**6,346**	6,591	**28,377**	28,923
Corporate bonds	**45,381**	46,348			**458**	425			**45,839**	46,773
Financial institution bonds	**26,066**	26,892	**353**	421	**134**	134	**601**	736	**27,154**	28,183
Bond portfolio (excluding ABS)	**184,102**	182,883	**7,222**	8,511	**15,698**	9,108	**6,947**	7,327	**213,969**	207,829
US agency RMBS	**5,374**	5,630							**5,374**	5,630
US prime RMBS	**1,270**	1,398							**1,270**	1,398
US Alt-A RMBS	**446**	451							**446**	451
US subprime RMBS	**755**	774							**755**	774
Non-US RMBS	**1,806**	1,640			**13,724**	14,066		–6	**15,530**	15,700
CDO/CLO	**231**	238			**832**	921			**1,063**	1,159
Other ABS	**1,884**	1,900	**357**	357	**3,484**	3,536	**–2**		**5,723**	5,793
CMBS	**4,184**	4,320			**1,464**	1,486			**5,648**	5,806
ABS portfolio	**15,950**	16,351	**357**	357	**19,504**	20,009	**–2**	–6	**35,809**	36,711
	200,052	199,234	**7,579**	8,868	**35,202**	29,117	**6,945**	7,321	**249,778**	244,540

Notes to the condensed consolidated interim accounts continued

Greece, Italy, Ireland, Portugal and Spain

In the first half of 2010 concerns arose regarding the creditworthiness of several southern European countries, which later spread to a few other European countries. As a result of these concerns the value of sovereign debt decreased and exposures in those countries are being monitored closely. With regard to troubled European countries, ING Group's main focus is on Greece, Italy, Ireland, Portugal and Spain as these countries have either applied for support from the European Financial Stability Facility ('EFSF') or receive support from the ECB via government bond purchases in the secondary market. Within these countries, ING Group's main focus is on exposure to Government bonds and Unsecured Financial institutions' bonds. The following disclosure focuses in particular on ING Group's balance sheet exposure with regard to Government bonds and Unsecured Financial institutions' bonds in Greece, Italy, Ireland, Portugal and Spain. At 31 March 2012, ING Group's balance sheet value of 'Government bonds' and Unsecured Financial institutions' bonds to Greece, Italy, Ireland, Portugal and Spain and the related pre-tax revaluation reserve in equity was as follows:

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

				31 March 2012
amounts in millions of euros	Balance sheet value	Pre-tax revaluation reserve	Amortised cost value	Fair value of investments held-to-maturity
Greece				
Government bonds available-for-sale	51	–10	61	
Italy				
Government bonds available-for-sale	2,203	–209	2,412	
Government bonds at amortised cost (loans)	105		105	
Financial institutions available-for-sale	640	–24	664	
Financial institutions at amortised cost (held-to-maturity)	30		30	31
Financial institutions at amortised cost (loans)	132		132	
Ireland				
Government bonds available-for-sale	47	–6	53	
Financial institutions available-for-sale	15		15	
Financial institutions at amortised cost (held-to-maturity)	34		34	35
Financial institutions at amortised cost (loans)	122		122	
Portugal				
Government bonds available-for-sale	480	–218	698	
Financial institutions available-for-sale	90	–12	102	
Spain				
Government bonds available–for-sale	1,160	–214	1,374	
Government bonds at amortised cost (held-to-maturity)	170		170	167
Financial institutions available-for-sale	216	–22	238	
Total	5,495	–715	6,210	233

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

No impairments were recognised in the first quarter of 2012 on the above bonds.

Notes to the condensed consolidated interim accounts continued

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

amounts in millions of euros	Balance sheet value	Pre-tax revaluation reserve	Pre-tax impair-ments [(2)]	Amortised cost value	Fair value of invest-ments held-to-maturity
	31 December 2011				
Greece					
Government bonds available-for-sale	255		–940	1,195	
Italy					
Government bonds available-for-sale	2,033	–443	0	2,476	
Government bonds at amortised cost (loans)	97			97	
Financial institutions available-for-sale	684	–88		772	
Financial institutions at amortised cost (held-to-maturity)	30			30	28
Financial institutions at amortised cost (loans)	131			131	
Ireland					
Government bonds available-for-sale	43	–10		53	
Financial institutions available-for-sale	44	–1		45	
Financial institutions at amortised cost (held-to-maturity)	34			34	35
Financial institutions at amortised cost (loans)	122			122	
Portugal					
Government bonds available-for-sale	533	–299		832	
Financial institutions available-for-sale	125	–32		157	
Spain					
Government bonds available–for-sale	1,190	–203		1,393	
Government bonds at amortised cost (held-to-maturity)	170			170	170
Financial institutions available-for-sale	277	–37		314	
Financial institutions at amortised cost (loans)	85	–1		86	
Total	5,853	–1,114	–940	7,907	233

(1) Exposures are included based on the country of the issuer.
(2) Pre-tax impairments relate to bonds held at 31 December 2011. In addition, EUR 38 million and EUR 189 million impairments were recognised in 2011 on Greek government bonds and Irish unsecured Financial institutions' bonds that were no longer held at 31 December 2011. The total amount of impairments recognised on Greek Government bonds and Irish unsecured Financial institutions' bonds in 2011 is therefore EUR 978 million and EUR 189 million as explained below.

The impact on ING Group's revaluation reserve in relation to sovereign and unsecured financial institutions debt is limited per 31 March 2012: the negative impact on troubled countries is offset by opposite positive movements in bonds of financially stronger European countries and by the positive impact from lower interest rates in general. In the course of 2011 and 2012, ING Group reduced its sovereign debt exposure to these troubled countries.

On 21 July 2011 a Private Sector Initiative to support Greece was announced. This initiative involved a voluntary exchange of existing Greek government bonds together with a Buyback Facility. Based on this initiative, ING impaired its Greek government bonds maturing up to 2020 in the second quarter of 2011 (Bank: EUR 187 million, Insurance: EUR 123 million). The decrease in market value in the third quarter of 2011 of these impaired bonds is recognised as re-impairment (Bank: EUR 90 million, Insurance: EUR 70 million). Due to the outcome of the EC meeting on 26 October 2011, the Greek government bonds maturing as from 2020 were impaired in the third quarter of 2011 (Bank: EUR 177 million, Insurance: EUR 130 million). ING Group impaired all its Greek Government bonds to market value at 31 December 2011. This resulted in a re-impairment in the fourth quarter of 2011 of EUR 200 million (Bank: EUR 133 million, Insurance: EUR 67 million), bringing the total impairments on Greek government bonds to EUR 978 million (Bank: EUR 588 million, Insurance: EUR 390 million). The total Greek government bond portfolio was written down by approximately 80% as at 31 December 2011.

In 2011 ING Insurance recognised a total impairment of EUR 189 million on subordinated debt from Irish banks.

Notes to the condensed consolidated interim accounts continued

In the first quarter of 2012, the agreement under the Private Sector Initiative ('PSI') to exchange Greek Government bonds into new instruments was executed. Under this exchange, ING received new listed Greek Government bonds (for a notional amount of 31.5% of the notional of the exchanged bonds, maturities between 2023 and 2042), listed European Financial Stability Facility ('EFSF') notes (for a notional amount of 15% of the notional of the exchanged bonds, maturities of one to two years) and listed short-term EFSF notes (maturity of 6 months, in discharge of all unpaid interest accrued on the exchanged bonds). These new securities are recognised as available-for-sale instruments. Furthermore, ING received listed GDP-linked securities issued by Greece (notional equal to notional of the new Greek Government bonds, maturity 2042). The exchange was executed on 12 March 2012. The exchanged bonds were derecognised and the new instruments were recognised at fair value on the exchange date. The exchange resulted in a gain of EUR 15 million (Bank: EUR 22 million; Insurance: EUR –7 million) in the first quarter of 2012, being the difference between amortised cost (net of cumulative impairments) of the exchanged bonds and fair value of the new instruments at the date of exchange. This result is included in 'Investment income'.

Reference is made to Note 8 'Investment income' for impairments on available-for-sale debt securities and to the Risk management section of ING Group's 2011 Annual Accounts for more details on ING Group's risk exposures to Greece, Italy, Ireland, Portugal and Spain.

Further information on ING Group's risk exposure with regard to Greece, Italy, Ireland, Portugal and Spain is provided in Note 20 'Risk exposures Greece, Italy, Ireland, Portugal and Spain'.

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 an intent to hold for the foreseeable future. The table on the next page 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

amounts in millions of euros	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 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:			
2012			
Carrying value as at 31 March	**6,661**	**13,841**	**486**
Fair value as at 31 March	**6,492**	**13,043**	**519**
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 March	**–266**	**–411**	**–3**
Effect on shareholders' equity (before tax) as at 31 March if reclassification had not been made	**–169**	**–798**	**34**
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 (mainly interest income)	**33**	**93**	**6**
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**
2011			
Carrying value as at 31 December	6,734	14,419	633
Fair value as at 31 December	6,524	13,250	648
Unrealised fair value 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	–210	–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)	127	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)			
amounts in millions of euros	Q2 2009	Q1 2009	Q4 2008
2010			
Carrying value as at 31 December	6,418	16,906	857
Fair value as at 31 December	6,546	16,099	889
Unrealised fair value 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	128	–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)	78	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	6,147	20,551	1,189
Fair value as at 31 December	6,472	20,175	1,184
Unrealised fair value 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	325	–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)	54	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 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			–28
Effect on result (before tax) if reclassification had not been made			nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)			9
Recognised impairments (before tax)			nil
Recognised provision for credit losses (before tax)			nil

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers by banking and insurance operations		
amounts in millions of euros	**31 March 2012**	31 December 2011
Banking operations	**581,189**	577,919
Insurance operations	**30,124**	32,972
	611,313	610,891
Eliminations	**–5,281**	–8,366
	606,032	602,525

Loans and advances to customers by type – banking operations		
amounts in millions of euros	**31 March 2012**	31 December 2011
Loans to, or guaranteed by, public authorities	**60,742**	55,148
Loans secured by mortgages	**324,626**	328,786
Loans guaranteed by credit institutions	**8,523**	8,639
Personal lending	**24,751**	24,401
Asset backed securities	**12,892**	13,328
Corporate loans	**154,779**	152,560
	586,313	582,862
Loan loss provisions	**–5,124**	–4,943
	581,189	577,919

Notes to the condensed consolidated interim accounts continued

Changes in loan loss provisions

amounts in millions of euros	Banking operations 3 month period ended 31 March 2012	Banking operations year ended 31 December 2011	Insurance operations 3 month period ended 31 March 2012	Insurance operations year ended 31 December 2011	Total 3 month period ended 31 March 2012	Total year ended 31 December 2011
Opening balance	**4,950**	5,195	**124**	117	**5,074**	5,312
Changes in the composition of the group		–3	**–1**	–2	**–1**	–5
Write-offs	**–272**	–1,304	**–6**	–24	**–278**	–1,328
Recoveries	**27**	112		2	**27**	114
Increase in loan loss provisions	**441**	1,670	**13**	33	**454**	1,703
Exchange rate differences	**1**	–83	**1**	–2	**2**	–85
Other changes	**–8**	–637			**–8**	–637
Closing balance	**5,139**	4,950	**131**	124	**5,270**	5,074

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.

In 2011, Other changes relates for EUR 565 million to the reclassification of ING Direct USA as a disposal group held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'.

The loan loss provision relating to banking operations at 31 March 2012 of EUR 5,139 million (31 December 2011: EUR 4,950 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 5,124 million (31 December 2011: EUR 4,943 million) and EUR 15 million (31 December 2011: EUR 7 million) respectively.

5 INTANGIBLE ASSETS

Intangible assets

amounts in millions of euros	31 March 2012	31 December 2011
Value of business acquired	**851**	871
Goodwill	**1,811**	1,794
Software	**629**	611
Other	**259**	282
	3,550	3,558

No goodwill impairment was recognised in the first quarter of 2012 (first quarter of 2011: nil).

6 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale include disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations. This relates to businesses for which a sale is agreed upon or a sale is highly probable at the balance sheet date but for which the transaction has not yet fully closed. As at 31 March 2012 there were no assets and liabilities held for sale. As at 31 December 2011 this related to ING Direct USA. The sale of ING Direct USA to Capital One was closed in February 2012. Reference is made to Note 14 'Acquisitions and disposals'.

Notes to the condensed consolidated interim accounts continued

Assets held for sale		
amounts in millions of euros	**31 March 2012**	31 December 2011
Cash and balances with central banks		4,980
Amounts due from banks		314
Financial assets at fair value through profit and loss		3
Available-for-sale investments		22,605
Held-to-maturity investments		444
Loans and advances to customers		31,805
Property and equipment		75
Intangible assets		166
Other assets		2,091
		62,483

Liabilities held for sale		
amounts in millions of euros	**31 March 2012**	31 December 2011
Customer deposits and other funds on deposit		64,103
Other liabilities		162
		64,265

Cumulative other comprehensive income includes EUR 0 million (31 December 2011: EUR 244 million) related to Assets and liabilities held for sale.

ING Group is considering potential divestments, including those that are listed under the European Commission Restructuring plan in Note 33 'Related Parties' in the ING Group 2011 Annual Accounts. However, none of these businesses qualify as held for sale as at 31 March 2012 as the potential divestments are not yet available for immediate sale in their present condition and/or a sale is not yet highly probable to occur.

7 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss		
amounts in millions of euros	**31 March 2012**	31 December 2011
Trading liabilities	**104,822**	107,682
Non-trading derivatives	**21,729**	22,165
Designated as at fair value through profit and loss	**13,638**	13,021
	140,189	142,868

The change in the fair value of financial liabilities designated as at fair value through profit and loss attributable to changes in the credit risk of that liability in the first three months of 2012 was EUR –459 million (first three months of 2011: EUR 12 million; entire year 2011: EUR 377 million) and EUR 136 million (31 December 2011: EUR 595 million) on a cumulative basis.

Notes to the condensed consolidated interim accounts continued

8 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	
amounts in millions of euros	**2012**	2011	**2012**	2011	**2012**	2011
Income from real estate investments	**8**	8	**16**	12	**24**	20
Dividend income	**6**	2	**49**	36	**55**	38
Income from investments in debt securities			**1,333**	1,330	**1,333**	1,330
Income from loans			**465**	398	**465**	398
Realised gains/losses on disposal of debt securities	**113**	14	**–3**	31	**110**	45
Impairments of available-for-sale debt securities	**–1**	–7	**–5**	–220	**–6**	–227
Reversals of impairments of available-for-sale debt securities		41		4		45
Realised gains/losses on disposal of equity securities	**4**	13	**167**	97	**171**	110
Impairments of available-for-sale equity securities	**–4**	–1	**–11**	–11	**–15**	–12
Change in fair value of real estate investments	**–1**		**–35**		**–36**	
	125	70	**1,976**	1,677	**2,101**	1,747

The first quarter of 2011 impairments include EUR 180 million (full year 2011: EUR 189 million) related to subordinated debt from Irish Banks. Reference is made to Note 3 ‘Investments’.

A gain of EUR 15 million was recognised in the first quarter of 2012 in ‘Realised gains/losses on disposal of debt securities’ resulting from the exchange of the Greek Government bonds. Reference is made to Note 3 ‘Investments’.

Impairments/reversals of impairments on investments per operating segment

3 month period	Impairments		Reversal of impairments	
	1 January to 31 March		1 January to 31 March	
amounts in millions of euros	**2012**	2011	**2012**	2011
Retail Rest of World		6		
Commercial Banking	**2**	2		–41
Insurance Benelux	**10**	179		
Insurance CRE	**1**	10		
Insurance US	**4**	38		–4
Insurance Asia/Pacific	**1**	3		
Corporate Line Banking	**3**			
Corporate Line Insurance		1		
	21	239		–45

9 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	
amounts in millions of euros	**2012**	2011	**2012**	2011	**2012**	2011
Result on disposal of group companies	**743**	7			**743**	7
Valuation results on non-trading derivatives	**–453**	339	**–2,931**	–1,004	**–3,384**	–665
Net trading income	**493**	–98	**201**	352	**694**	254
Result from associates	**4**	14	**32**	59	**36**	73
Other income	**35**	127	**13**	48	**48**	175
	822	389	**–2,685**	–545	**–1,863**	–156

Results on disposal of group companies includes the sale of ING Direct USA. Reference is made to Note 14 ‘Acquisition and disposals’.

Notes to the condensed consolidated interim accounts continued

Included in the Valuation results on non trading derivates 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 derivates are influenced by changes in the market conditions, such as stock markets, 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 10 'Underwriting expenditure'.

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

Result from associates

3 month period	Banking operations		Insurance operations		Total	
	1 January to 31 March		1 January to 31 March		1 January to 31 March	
amounts in millions of euros	**2012**	2011	**2012**	2011	**2012**	2011
Share of results from associates	**4**	28	**32**	59	**36**	87
Impairments		–14				–14
	4	14	**32**	59	**36**	73

10 UNDERWRITING EXPENDITURE

Underwriting expenditure

	3 month period	
	1 January to 31 March	
amounts in millions of euros	**2012**	2011
Gross underwriting expenditure		
– before effect of investment result for risk of policyholders	**7,246**	8,645
– effect of investment result for risk of policyholders	**8,930**	2,653
	16,176	11,298
Investment result for risk of policyholders	**–8,930**	–2,653
Reinsurance recoveries	**–469**	–441
Underwriting expenditure	**6,777**	8,204

Notes to the condensed consolidated interim accounts continued

Underwriting expenditure		
	3 month period	
	1 January to 31 March	
amounts in millions of euros	2012	2011
Expenditure from life underwriting		
Reinsurance and retrocession premiums	472	459
Gross benefits	6,985	6,819
Reinsurance recoveries	–467	–439
Change in life insurance provisions for risk of company	–1,485	138
Costs of acquiring insurance business	283	227
Other underwriting expenditure	162	138
Profit sharing and rebates	101	95
	6,051	7,437
Expenditure from non-life underwriting		
Reinsurance and retrocession premiums	26	25
Gross claims	278	270
Reinsurance recoveries	–2	–2
Change in provision for unearned premiums	355	341
Change in claims provision	40	16
Costs of acquiring insurance business	69	69
	766	719
Expenditure from investment contracts		
Costs of acquiring investment contracts	1	1
Other changes in investment contract liabilities	–41	47
	–40	48
	6,777	8,204

11 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	
amounts in millions of euros	2012	2011	2012	2011	2012	2011
Property and equipment	5	4	–2	–2	3	2
Property development	59	65			59	65
Software and other intangible assets		12				12
(Reversals of) other impairments	64	81	–2	–2	62	79
Amortisation of other intangible assets					13	24
					75	103

In the first quarter of 2012 EUR 59 million impairments are recognised on Property development (Commercial Banking segment) relating to various real estate development projects (including the United Kingdom and Portugal) due to worsening market conditions.

In the first quarter of 2011 EUR 65 million impairments were recognised on Property development (Real Estate) of which EUR 59 million is due to the sale or termination of large projects in Germany and the Netherlands and relates for a small part to foreclosure property in the United States.

Notes to the condensed consolidated interim accounts continued

12 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	
	2012	2011	**2012**	2011	**2012**	2011
Net result	**680**	1,381	**3,785.5**	3,782.3		
Attribution to non-voting equity securities	**–255**	–425				
Basic earnings	**425**	956	**3,785.5**	3,782.3	**0.11**	0.25
Dilutive instruments:						
Stock option and share plans			**6.4**	7.7		
			6.4	7.7		
Diluted earnings	**425**	956	**3,791.9**	3,790.0	**0.11**	0.25

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.

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 2012 and 2011 (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.

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	
	2012	2011	**2012**	2011	**2012**	2011
Basic earnings	**425**	956	**3,785.5**	3,782.3		
Less: Net result from discontinued operations		–28				
Basic earnings from continuing operations	**425**	928	**3,785.5**	3,782.3	**0.11**	0.24
Dilutive instruments:						
Stock option and share plans			**6.4**	7.7		
			6.4	7.7		
Diluted earnings from continuing operations	**425**	928	**3,791.9**	3,790.0	**0.11**	0.24

Notes to the condensed consolidated interim accounts continued

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	
	2012	2011	**2012**	2011	**2012**	2011
Net result from discontinued operations		28	**3,785.5**	3,782.3		
Basic earnings from discontinued operations		28	**3,785.5**	3,782.3		0.01
Dilutive instruments:						
Stock option and share plans			**6.4**	7.7		
			6.4	7.7		
Diluted earnings from discontinued operations		28	**3,791.9**	3,790.0		0.01

13 SEGMENT REPORTING

a. General

ING Group's operating segments relate to the internal segmentation by business lines. As of 2012 the internal management reporting structure for the banking operations was changed in order to improve transparency and to reflect the impact of the divestments of ING Direct USA and ING Real Estate Investment Management. The operating segments have changed accordingly. The comparatives have been adjusted to reflect the new segment structure for the banking operations. No changes were made to the operating segments of the insurance operations. ING Group identifies the following operating segments:

Operating segments of ING Group

Banking	Insurance
Retail Netherlands	Insurance Benelux
Retail Belgium	Insurance Central & Rest of Europe (CRE)
Retail Germany	Insurance United States (US)
Retail Rest of World	Insurance US Closed Block VA
Commercial Banking	Insurance Asia/Pacific
Corporate Line Banking	ING Investment Management (IM)
	Corporate Line Insurance

In 2011, ING Group identified the following operating segments for banking operations: Retail Netherlands, Retail Belgium, ING Direct, Retail Central Europe, Retail Asia, Commercial Banking (excluding Real Estate), ING Real Estate and Corporate Line Banking.

Retail Banking Germany (previously part of ING Direct) is now a separate segment. The remainder of ING Direct is combined with Retail Central Europe and Retail Asia into one new segment Retail Rest of World. ING Real Estate is included in Commercial Banking.

The Executive Board of ING Group, the Management Board Banking and the Management Board Insurance set the performance targets and 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, the Management Board Banking and the Management Board Insurance.

The accounting policies of the operating segments are the same as those described under Accounting policies for the 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 operating segments using a financial performance measure called underlying result. The information presented in this note is in line with the information presented to the Executive and Management Board. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. Disclosures on comparative periods also reflect the impact of current period's divestments.

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. The main products offered are current and savings accounts, mortgages and other consumer lending in the Netherlands.
Retail Belgium	Income from retail and private banking activities in Belgium. 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 similar to those in the Netherlands.
Retail Rest of World	Income from retail banking activities in the rest of the world. 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.
Insurance Benelux	Income from life insurance, non-life insurance and retirement services in the Benelux.
Insurance CRE	Income from life insurance, non-life insurance and retirement services in Central and Rest of Europe.
Insurance US	Income from life insurance and retirement services in the United States.
Insurance US Closed Block VA	Consists of ING's Closed Block Variable Annuity business in the United States, which has been closed to new business since early 2010 and which is now being managed in run-off.
Insurance Asia/Pacific	Income from life insurance and retirement services in Asia/Pacific.
ING IM	Income from investment management activities.
Corporate Line Banking	Corporate Line Banking is a reflection of capital management activities and certain expenses that are not allocated to the banking businesses. ING Group applies a system of capital charging for its banking operations in order to create a comparable basis for the results of business units globally, irrespective of the business units' book equity and the currency they operate in.
Corporate Line Insurance	The Corporate Line Insurance includes items related to capital management, run-off portfolios, ING Re and remaining activities in Latin America.

b. ING Group

Operating segments ING Group total

3 month period 1 January to 31 March 2012 amounts in millions of euros	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		8,248		8,248
– Net interest result - banking operations	3,051		–9	3,042
– Commission income	546	357		903
– Total investment and other income	204	–682	–27	–505
Total underlying income	3,801	7,923	–36	11,688
Underlying expenditure				
– Underwriting expenditure		6,777		6,777
– Operating expenses	2,165	986		3,151
– Other interest expenses		172	–36	136
– Additions to loan loss provision	441			441
– Other impairments	69	6		75
Total underlying expenses	2,675	7,941	–36	10,580
Underlying result before taxation	1,126	–18		1,108
Taxation	353	7		360
Minority interests	27	16		43
Underlying net result	746	–41		705

Notes to the condensed consolidated interim accounts continued

Operating segments ING Group total				
3 month period				
1 January to 31 March 2011				
amounts in millions of euros	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		8,207		8,207
– Net interest result - banking operations	3,092		–3	3,089
– Commission income	587	377		964
– Total investment and other income	358	1,225	–93	1,490
Total underlying income	4,037	9,809	–96	13,750
Underlying expenditure				
– Underwriting expenditure		8,204		8,204
– Operating expenses	2,192	921		3,113
– Other interest expenses		251	–96	155
– Additions to loan loss provision	242			242
– Other impairments	71	5		76
Total underlying expenses	2,505	9,381	–96	11,790
Underlying result before taxation	1,532	428		1,960
Taxation	428	146		574
Minority interests	24	8		32
Underlying net result	1,080	274		1,354

Reconciliation between Underlying and IFRS-EU income, expenses and net result						
3 month period						
1 January to 31 March		Income		Expenses		Net result
amounts in millions of euros	**2012**	2011	**2012**	2011	**2012**	2011
Underlying	**11,688**	13,750	**10,580**	11,790	**705**	1,354
Divestments	**743**	522		335	**489**	116
Special items			**644**	148	**–514**	–117
IFRS-EU (continuing operations)	**12,431**	14,272	**11,224**	12,273	**680**	1,353
Discontinued operations		166		135		28
IFRS-EU (continuing and discontinued operations)	**12,431**	14,438	**11,224**	12,408	**680**	1,381

Divestments in the first quarter of 2012 reflect the result on the sale of ING Direct USA. Divestments in the first quarter of 2011 mainly included the impact of the sale of IIM Philippines and two Real Estate funds of REIM Australia.

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

Special items in the first quarter of 2012 include the impact (net of tax) of the provision for a potential settlement with US authorities as disclosed in Note 21 ‘Update on regulatory measures and law enforcement agencies investigations’. Special items in the first quarter of 2011 mainly reflected the merger of Dutch retail activities, restructuring programmes and separations costs.

Notes to the condensed consolidated interim accounts continued

c. Banking activities

Operating segments Banking

3 month period

1 January to 31 March 2012

amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	864	405	293	498	905	86	3,051
– Commission income	123	92	26	80	222	3	546
– Total investment and other income	14	49	–8	25	275	–151	204
Total underlying income	1,001	546	311	603	1,402	–62	3,801
Underlying expenditure							
– Operating expenses	587	360	165	455	566	32	2,165
– Additions to loan loss provision	131	43	15	85	167		441
– Other impairments *	3				59	7	69
Total underlying expenses	721	403	180	540	792	39	2,675
Underlying result before taxation	280	143	131	63	610	–101	1,126
Taxation	72	45	41	29	185	–19	353
Minority interests		2		16	9		27
Underlying net result	208	96	90	18	416	–82	746

* analysed as a part of operating expenses.

Operating segments Banking

3 month period

1 January to 31 March 2011

amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	903	402	314	527	945	1	3,092
– Commission income	124	98	34	84	248	–1	587
– Total investment and other income	22	24	–22	62	342	–70	358
Total underlying income	1,049	524	326	673	1,535	–70	4,037
Underlying expenditure							
– Operating expenses	598	354	156	439	603	42	2,192
– Additions to loan loss provision	78	18	34	43	69		242
– Other impairments *	3				60	8	71
Total underlying expenses	679	372	190	482	732	50	2,505
Underlying result before taxation	370	152	136	191	803	–120	1,532
Taxation	93	42	49	66	194	–16	428
Minority interests				17	7		24
Underlying net result	277	110	87	108	602	–104	1,080

* analysed as a part of operating expenses.

d. Insurance activities

With regard to insurance activities, ING Group analyses, as of 2011, the underlying result through a margin analysis, which includes the following components:

- Operating result; and
- Non-operating items.

Both are analysed into various sub-components. The total of operating result and non-operating items (gains/losses and impairments, revaluations and market & other impacts) equals underlying result before tax.

Notes to the condensed consolidated interim accounts continued

To determine the operating result the following non-operating items are adjusted in the reported Underlying result before tax:

- 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 impacts, e.g. provision for guarantees on separate account pension contracts, equity related and other DAC unlocking, VA/FIA Guaranteed benefit Reserve Unlocking and DAC offset on gains/losses on debt securities.

The operating result for the life insurance business is also broken down into expenses and the following sources of income:

- Investment margin which includes the spread between investment income earned and interest credited to insurance liabilities (excluding market impacts, including dividends and coupons);
- Fees and premium-based revenues which includes the portion of life insurance premiums available to cover expenses and profit, fees on deposits and fee income on assets under management (net of guaranteed benefit costs in the United States);
- Technical margin which includes the margin between costs charged for benefits and incurred benefit costs; it includes mortality, morbidity and surrender results; and
- Non-modelled which is not significant and includes parts of the business for which no margins are provided.

Operating segments Insurance

3 month period 1 January to 31 March 2012 amounts in millions of euros	Insurance Benelux	Insurance CRE	Insurance US	Insurance US Closed Block VA	Insurance Asia/ Pacific	ING IM	Corporate Line Insurance	Total Insurance
Investment margin	143	11	264	6	34	1		459
Fees and premium based revenues	175	110	287	25	411	220		1,228
Technical margin	35	46	–8	9	59			141
Income non-modelled life business		4			10			14
Life & ING IM operating income	353	171	543	40	514	221		1,842
Administrative expenses	155	82	221	25	115	175		773
DAC amortisation and trail commissions	58	56	173	36	183	1		507
Life & ING IM expenses	213	138	394	61	298	176		1,280
Life & ING IM operating result	140	33	149	–21	216	45		562
Non-life operating result	6	1			2			9
Corporate Line operating result							–96	–96
Operating result	146	34	149	–21	218	45	–96	475
Gains/losses and impairments	71	–16	18	16	13		4	106
Revaluations	–207	1	35	–1	1	4	–13	–180
Market & other impacts	–18		–11	–378	17		–29	–419
Underlying result before tax	–8	19	191	–384	249	49	–134	–18
Taxation	–40	7	59	–63	61	18	–35	7
Minority interests	16	2					–2	16
Underlying net result	16	10	132	–321	188	31	–97	–41

Notes to the condensed consolidated interim accounts continued

Operating segments Insurance

3 month period 1 January to 31 March 2011 amounts in millions of euros	Insurance Benelux	Insurance CRE	Insurance US	Insurance US Closed Block VA	Insurance Asia/ Pacific	ING IM	Corporate Line Insurance	Total Insurance
Investment margin	119	14	216	7	14	1		371
Fees and premium based revenues	165	120	268	57	376	217		1,203
Technical margin	79	40	23	7	47			196
Income non-modelled life business	10	3			12			25
Life & ING IM operating income	373	177	507	71	449	218		1,795
Administrative expenses	139	82	182	21	113	172		709
DAC amortisation and trail commissions	65	48	151	36	181	1		482
Life & ING IM expenses	204	130	333	57	294	173		1,191
Life & ING IM operating result	169	47	174	14	155	45		604
Non-life operating result	40	1			1			42
Corporate Line operating result							–135	–135
Operating result	209	48	174	14	156	45	–135	511
Gains/losses and impairments	–111	–8	-40	6	20	5	2	–126
Revaluations	9		42	3	–1	5	27	85
Market & other impacts	–93		8	39	2		2	–42
Underlying result before tax	14	40	184	62	177	55	–104	428
Taxation	–27	12	84	30	50	17	–20	146
Minority interests	8	3					–3	8
Underlying net result	33	25	100	32	127	38	–81	274

A net reserve inadequacy exists using a prudent (90%) confidence level for the segment Insurance US Closed Block VA. This inadequacy was offset by reserve adequacies in other segments, such that at the Group level there is a net adequacy at the prudent (90%) confidence level.

14 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first quarter of 2012.

Disposals

ING Direct USA

In June 2011 ING announced that it reached an agreement to sell ING Direct USA to Capital One Financial Corporation, a leading US-based financial holding company. In February 2012, ING announced that the transaction has been closed. Total proceeds of the transaction are approximately USD 9.0 billion (or approximately EUR 6.9 billion) including USD 6.3 billion in cash and USD 2.7 billion in the form of 54.0 million shares in Capital One, based on the share price of USD 49.29. These shares represented a 9.7% stake in Capital One at closing. The transaction has resulted in a positive result after tax of approximately EUR 0.5 billion. This result includes the release of the currency translation reserve and the available-for-sale reserve. The net negative cash proceeds from the divestment of ING Direct USA of EUR 10.3 billion (being the net amount of cash received of EUR 4.8 billion and cash included in the divestment of EUR 15.1 billion) is included in the cash flow statement in 'Disposals and redemptions - other investments'.

In 2011 ING Direct USA was previously included in the segment ING Direct.

In connection with the divestment of ING Direct USA, ING also completed the adjustment of the agreement with the Dutch State concerning the structure of the Illiquid Assets Back-Up Facility (IABF) which was also announced on 16 June 2011. The amendment serves to de-link the IABF from ING Direct USA by putting ING Bank in its place as counterparty for the Dutch State. The IABF is further amended to ensure a continued alignment between ING and the State regarding exposure to the Alt-A portfolio. Only the part of the IABF covering ING Direct USA, currently approximately 85% of the total IABF-portfolio, is adjusted in the amendment. The ING Insurance part of the IABF remains unaltered. Reference is made to Note 33 ‘Related parties’ in the Annual Accounts 2011 for the details on the original agreement and the amendments made.

Notes to the condensed consolidated interim accounts continued

15 FAIR VALUE OF FINANCIAL ASSETS

The methods used to determine fair value of financial assets and liabilities are disclosed in the 2011 Annual Accounts, including a breakdown of fair value determined by Reference to published price quotations in active markets (Level 1), by using Valuation techniques supported by observable inputs (Level 2) and by using Valuation techniques supported by unobservable inputs (Level 3).

16 RELATED PARTY TRANSACTIONS

In the normal course of business, the Group enters into various transactions with related companies. 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. Transactions 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 (Joint ventures and associates) and Key management personnel compensation are disclosed in Note 33 'Related parties' in the ING Group 2011 Annual Accounts. Following the transactions as disclosed in Note 33 'Related parties', the Dutch State is also a related party of ING Group. All other transactions between ING Group and the Dutch State are of a normal business nature and on an at arm's length basis. In the first quarter of 2012, the agreement with the Dutch State on the IABF was adjusted as disclosed in Note 14 'Acquisitions and disposals'. No other material changes in related party transactions occurred.

17 DIVIDEND PAID

No dividend was paid in the first three months of 2012.

18 ISSUANCES, REPURCHASES AND REPAYMENT OF DEBT AND EQUITY SECURITIES IN ISSUE

Issue of debt securities in issue

In total ING Bank issued EUR 9.2 billion in the capital markets (including both unsecured debt and covered bonds) during the first three months of 2012. All issues are part of ING's regular medium term funding operations.

Capital and money markets remained challenging in the first quarter of 2012. Although ING did not participate in the Longer Term Refinancing Operation by the ECB in February 2012, the improved liquidity in the market has resulted in clients placing more of their excess cash with ING. As a result, Debt securities in issue increased by EUR 24.1 billion.

On 8 March 2012, ING launched three separate exchange offers and consent solicitations on a total of three series of senior debt securities of ING Verzekeringen N.V. with a total nominal value of EUR 2.6 billion. Holders had the possibility to exchange the original securities into new securities issued by ING Group and / or consent to a modification of existing terms. On average 64% of the holders have accepted the offer to exchange into new securities issued by ING Group. The total nominal amount of new securities issued by ING Group in exchange for the existing ING Verzekeringen N.V. securities is EUR 1,654 million. Approximately 6% of the holders, representing EUR 151 million, accepted a modification of the existing terms of the securities. The transactions were completed on 30 March 2012. A charge of EUR 39 million (EUR 30 million after tax) is recognised in the first quarter of 2012. The settlement date of the exchange offers and consent solicitations was on 4 April 2012.

19 DISCONTINUED OPERATIONS

In December 2011 ING completed the sale of its Latin American pensions, life insurance and investment management operations for a total consideration of EUR 2,637 million to Grupo de Inversiones Suramericana ('GRUPOSURA'). The sale is the first major step in the divestment of ING's insurance and investment management activities. Under the terms of the agreement, ING received EUR 2,572 million in cash and GRUPOSURA will assume EUR 65 million in debt. The sale resulted in a net profit of EUR 995 million. Included in the transaction are the mandatory pension and voluntary savings businesses in Chile, Colombia, Mexico, Uruguay and ING's 80% stake in AFP Integra S.A. in Peru; the life insurance businesses in Chile and Peru. As part of this transaction ING sold its 33.7% stake in Peruvian InVita Seguros de Vida S.A. to the Wiese Family, ING's joint venture partner in InVita. The transaction also includes the local investment management capabilities in these five countries. Not included in the transaction is ING's 36% stake in the leading Brazilian insurer Sul America SA. ING's Commercial Banking activities in Mexico, Brazil and Argentina are not affected by the announcement. ING's Mortgage and ING's Leasing businesses in Mexico are also not part of the transaction.

Notes to the condensed consolidated interim accounts continued

In 2011 the Latin American pensions, life insurance and investment management operations were classified as disposal groups held for sale and as discontinued operations. The Latin American pensions, life insurance and investment management operations were previously included in the segments Insurance Latin America and ING Investment Management before they were classified as discontinued operations. The segment Insurance Latin America ceased to exist following this transaction as the majority of assets and liabilities were sold. The net result from discontinued operations is presented separately in the condensed consolidated profit and loss account. The results of the Latin American pensions, life insurance and investment management operations for the first quarter of 2011 are presented below:

amounts in millions of euros	3 month period 31 March 2011
Total income	166
Total expenses	135
Gross result	31
Result before tax from discontinued operations	31
Tax related to current pre-tax gross result	2
Net result from discontinued operations	29

The net cash flow incurred by the Latin American pensions, life insurance and investment management operations are as follows:

amounts in millions of euros	3 month period 31 March 2011
Operating cash flow	–6
Investing cash flow	–3
Financing cash flow	–6
Net cash flow	–15

Notes to the condensed consolidated interim accounts continued

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

The table below provides information on ING's risk exposure with regard to Greece, Italy, Ireland, Portugal and Spain. Unless otherwise indicated the amounts represent risk exposure values and exposures are included based on the country of residence. CDS exposures in all countries are mostly to Financial institutions.

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

						31 March 2012
amounts in millions of euros	Greece	Italy	Ireland	Portugal	Spain	Total
Residential mortgages and other consumer lending	13	7,118	4	3	9,223	16,361
Corporate Lending	323	8,760	713	1,005	6,894	17,695
Financial institutions Lending	5	767	39	58	2,703	3,572
Government Lending	0	197	0	0	72	269
Total Lending	341	16,842	756	1,066	18,892	37,897
RMBS	92	1,255	1,280	544	4,012	7,183
CMBS	0	0	305	0	0	305
Other ABS	0	379	332	0	156	867
Corporate Bonds	0	646	559	68	476	1,749
Covered Bonds	0	236	350	172	15,804	16,562
Financial institutions Bonds (unsecured)	0	726	357	101	218	1,402
Government Bonds	62	2,487	53	690	1,474	4,766
Total Debt Securities	154	5,729	3,236	1,575	22,140	32,834
Trading [2]	–3	614	24	6	95	736
Real Estate [3]	36	464	0	300	629	1,429
Undrawn committed facilities	191	1,696	341	168	2,205	4,601
Net CDS positions [4]	–3	–23	–5	0	29	–2

[1] The exposures reported are credit, market and real estate exposures based on source systems and measurement criteria that can differ from those of similar exposures reported in Note 3 'Investments' of these condensed consolidated interim accounts.
[2] Trading exposure also includes netted CDS exposure, of which details are provided at the bottom of this table.
[3] Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is reflected in Total Lending and Total Debt Securities.
[4] In case CDS position is negative, more protection is bought than sold.

Total lending increased from EUR 37,810 million to EUR 37,897 million. The increase mainly relates to Spain and is a result of an increase in money markets (overnight lending). Total debt securities decreased from EUR 34,563 million to EUR 32,834 million. The decrease includes the impact of the Private Sector Initiative in Greece (reference is made to Note 3 'Investments') and approximately EUR 1 billion maturities and sales of covered bonds in Spain.

Notes to the condensed consolidated interim accounts continued

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

					31 December 2011	
amounts in millions of euros	Greece	Italy	Ireland	Portugal	Spain	Total
Residential mortgages and other consumer lending	14	7,027	4	3	9,176	16,224
Corporate Lending	307	9,156	575	996	7,131	18,165
Financial institutions Lending	6	853	135	139	2,038	3,171
Government Lending	0	195	0	0	55	250
Total Lending	327	17,231	714	1,138	18,400	37,810
RMBS	96	1,313	1,603	245	4,131	7,388
CMBS	0	0	310	0	0	310
Other ABS	0	400	467	0	169	1,036
Corporate Bonds	0	495	346	68	475	1,384
Covered Bonds [2]	0	236	350	172	16,835	17,593
Financial institutions Bonds (unsecured)	0	819	291	164	396	1,670
Government Bonds	254	2,557	54	809	1,508	5,182
Total Debt Securities	350	5,820	3,421	1,458	23,514	34,563
Trading [3]	–5	519	40	11	316	881
Real Estate [4]	36	496	0	319	632	1,483
Undrawn committed facilities	411	1,229	523	140	2,302	4,605
Net CDS positions [5]	5	23	–5	0	–51	–28

[1] The exposures reported are credit, market and real estate exposures based on source systems and measurement criteria that can differ from those of similar exposures reported in Note 3 'Investments' of these condensed consolidated interim accounts.
[2] EUR 172 million Portuguese bonds were reclassified from Financial institutions Bonds to Covered Bonds to better reflect their nature. There is no impact on the total exposure.
[3] Trading exposure also includes netted CDS exposure, of which details are provided at the bottom of this table.
[4] Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is reflected in Total Lending and Total Debt Securities.
[5] In case CDS position is negative, more protection is bought than sold.

21 UPDATE ON REGULATORY MEASURES AND LAW ENFORCEMENT AGENCIES INVESTIGATIONS

As previously disclosed, ING Bank is in discussions with US authorities, including the Office of Foreign Assets Control ('OFAC'), concerning transactions executed by Commercial Banking until 2007 which are subject to investigation. ING Bank is cooperating fully with the on-going investigations and is engaged in discussions to resolve these matters with the US authorities. Those discussions recently have advanced to the point where it is appropriate for ING Bank to take a provision for a potential settlement. The provision amounts to approximately EUR 450 million. The ongoing discussions with authorities in the US do not involve ING's Insurance and Investment Management operations, nor Retail Banking or ING Direct.

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 2012, of ING Groep N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 31 March 2012 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 2012 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 8 MAY 2012

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

Disclaimer

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, the same accounting principles are applied as in the 2011 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 2011 ING Group Annual Accounts.

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.

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ING Groep N.V.
Amstelveenseweg 500
1081 KL Amsterdam
P.O. Box 810, 1000 AV Amsterdam
The Netherlands
Telephone: +31 20 5415411
Fax: +31 20 5415444
Internet: www.ing.com
Commercial Register of Amsterdam, no. 33231073