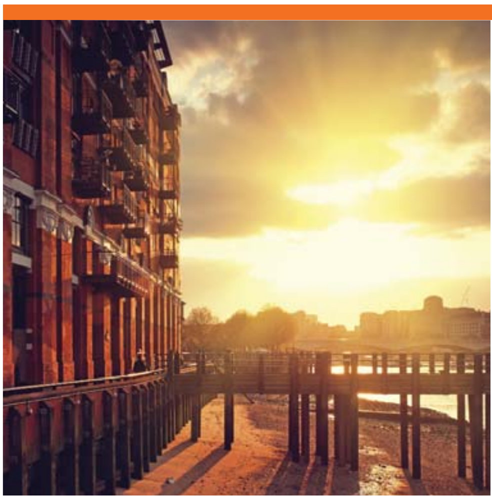
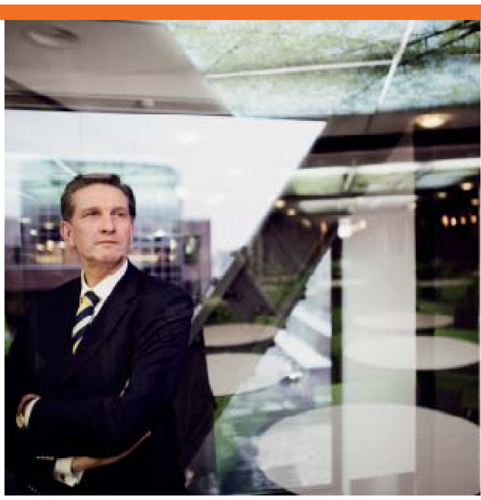
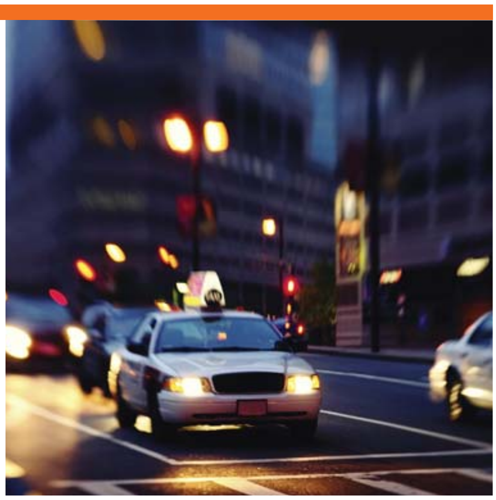
ING GROUP

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

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INTRODUCTION
ING Group evaluates the results of its segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments, discontinued operations and special items. Disclosures on comparative periods also reflect the impact of current period divestments. The breakdown of underlying result before tax by business line for banking and insurance activities can be found in Note 18 ‘Segments’.

IPO OF ING U.S.
Insurance ING U.S. was successfully listed on the NYSE under the ticker symbol ‘VOYA’ in May 2013. The total proceeds of the IPO were EUR 1,061 million. As a result, ING’s ownership interest in Insurance ING U.S. was reduced from 100% to 71.25%. The total proceeds received from the IPO represent a discount to Insurance ING U.S. book value, which has been accounted for in shareholder’s equity. Insurance ING U.S. remains fully consolidated. The impact on shareholder's equity of the IPO was EUR 1,894 million. The IPO resulted in a minority interest in Equity of EUR 2,954 million.

ING GROUP CONSOLIDATED RESULTS
ING posted strong results in the first half of 2013, despite a challenging operating environment and weak macroeconomic climate. ING posted a solid first six month net result of EUR 2,592 million.

ING Group showed an underlying result before taxation of EUR 2,453 million, up 9.5% from EUR 2,240 million in the same period last year.

ING’s banking underlying result before tax rose 7.1% to EUR 2,316 million from EUR 2,162 million in the first six months of last year. The first half of 2013 included a EUR 99 million positive impact of credit and debt valuation adjustments (CVA/DVA) recorded in Commercial Banking and the Corporate Line, while last year was affected by EUR 284 million negative CVA/DVA´s as well as EUR 193 million of losses from selective de-risking of the investment portfolio to reduce exposure to southern European debt and prevent RWA migration.

Insurance EurAsia results in the first half year of 2013 increased marginally. The operating result of EUR 335 million increased 1.2% from the same period last year mainly as a result of a lower investment margin compensated by lower operating expenses. The underlying result before tax in the first half year of 2013 jumped to EUR 266 million from a loss of EUR 153 million a year ago due to less negative revaluations and the negative result (net of hedging) on separate account pension contracts in the Netherlands.

The operating result of Insurance ING U.S. increased to EUR 226 million in the first six months of 2013 from EUR 221 million in the first six months of 2012. On an underlying basis, results for the total US business were EUR –211 million before tax compared with EUR 195 million in the first half year of 2012. This decrease reflects lower non-operating results primarily due to higher losses on hedges, net of reserve changes, and lower revaluations. The hedge programme in Closed Block VA is focused on protecting regulatory and rating agency capital rather than mitigating IFRS earnings volatility.

ING Group’s underlying net result was EUR 1,742 million in the first six months of 2013 against EUR 1,687 million in the first six months of 2012. Net result was EUR 2,592 million compared with EUR 2,020 million in the first half of 2012. Net result in the first six months of 2013 included EUR –94 million of special items, EUR –55 million result on divestments and EUR 999 million net result from discontinued operations, primarily attributable to the sale of the life insurance businesses in Hong Kong, Macau and Thailand. The Asian Insurance and Investment Management businesses and the reinsured Japan SPVA businesses in Corporate Reinsurance are classified as held for sale and as discontinued operations. Negotiations are on-going and it is too early to predict the final financial outcome with respect to the divestments of the operations held for sale. The underlying effective tax rate was 29% compared with 22% in the first six months of 2012.

The underlying result before tax of Insurance Other increased to EUR 82 million in the first six months of 2013 from EUR 37 million in the previous year. This increase was mainly due to the EUR 59 million capital gain from the sale of ING’s stake in KB Financial Group in the first quarter of 2013.

BANKING OPERATIONS
ING’s banking underlying result before tax rose 7.1% to EUR 2,316 million from EUR 2,162 million in the first six months of last year. The first half of 2013 included a EUR 99 million positive impact of credit and debt valuation adjustments (CVA/DVA) recorded in Commercial Banking and the Corporate Line, while last year was affected by EUR 284 million negative CVA/DVAs as well as EUR 193 million of losses from selective de-risking of the investment portfolio to reduce exposure to southern European debt and prevent RWA migration. Excluding aforementioned items in both periods, underlying result before tax declined EUR 422 million, or 16.0%, mainly due to higher risk costs and lower income in Commercial Banking.

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Total underlying income increased 5.5% compared with the first six months of 2012, mainly reflecting higher interest results and a strong improvement in other income following the completion of the planned de-risking of the investment portfolio at the end of last year. Interest results increased 1.7%, driven primarily by volume growth in Retail Banking and higher lending margins, partly offset by lower interest results in Bank Treasury following the lengthening of the funding profile. The underlying interest margin improved by 10 basis points to 1.40% in the first six months of 2013. Commission income remained stable compared to last year. Investment income improved slightly to EUR 176 million compared with EUR 173 million in the first half in 2012, as positive effect from the absence of impairments in 2013 was largely offset by lower capital gains on debt securities. Other income increased to EUR 483 million from EUR 183 million last year. The increase was mainly attributable to the aforementioned positive swing in CVA/DVA impacts and the absence of de-risking losses in the first half of 2013.

Underlying operating expenses including other impairments were up 1.3% to EUR 4,224 million, as the impact of the cost savings initiatives, lower impairments on real estate development projects and lower performance related personnel expenses could not fully compensate for higher pension costs (caused by a decrease in the discount rate at the end of 2012) and annual salary increases as well as higher regulatory expenses. The cost/income ratio improved to 54.7% from 57.1% in the first half of 2012.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The underlying income rose by EUR 301 million to EUR1,222 million from EUR 921 million in the first half of 2012. Excluding de-risking losses, income was EUR 126 million, or 11.5%, higher. The increase was supported by capital gains on bonds in Poland, the sale of ING Bank's equity stake in KB Financial Group, and a EUR 13 million result on the sale of a EUR 0.8 billion mortgage portfolio in Australia. Interest income increased by EUR 90 million, mainly due to volume growth and higher lending margins. In the first six months of 2013, net inflow of funds entrusted was EUR 1.9 billion, primarily in Australia, Spain and Poland, partly offset by net outflows in France and Italy. The net production in lending (excluding currency effects and the sale of the Australian mortgage portfolio) was EUR 1.7 billion, mainly in Turkey and Poland.

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

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

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

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

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

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

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

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

Corporate Line
The Corporate Line Banking reported an underlying result before tax of EUR –77 million compared with EUR –27 million in the first half of last year. The decline was largely due to a negative swing in fair value changes excluding DVA, mainly attributable to hedge ineffectiveness. DVA on own issued debt improved by EUR 11 million to EUR –55 million . The repurchase of EUR 2.0 billion of Dutch government guaranteed ING Bank notes executed at the end of June 2013 resulted in a loss of EUR 25 million, while the first half of 2012 included EUR 24 million of realised gains on bonds. Income on capital surplus increased by EUR 58 million to EUR 282 million compared with a year ago, mainly due to the lower benefits paid to the business units as a result of a decline in average economic capital following the divestments of ING Direct USA and ING Direct Canada in 2012, and ING Direct UK in 2013. Financing charges were EUR 52 million lower than last year, mainly due to lower interest expenses following the reduced core debt at ING Group level. Value added tax restitutions added EUR 29 million in the first half of 2013 compared with nil in the same period of last year.

INSURANCE OPERATIONS
With regard to insurance activities, ING Group analyses 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.

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, Variable Annuities/Fixed Indexed Annuities ('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.

As of 1 January 2013, Insurance EurAsia and Insurance ING U.S. are reported separately. ING Insurance Other reflects, besides some funding related results and Group shareholders expenses, the results of insurance businesses and activities that are not related to and therefore not included in Insurance EurAsia and Insurance ING U.S.

The reconciliation between Insurance EurAsia, Insurance ING U.S. and Insurance Other to Total Insurance can be found in Note 18 'Segments'.

INSURANCE EURASIA
Total underlying result before tax from the insurance operations for the six months ending 30 June 2013 increased to EUR 266 million from EUR –153 million in the same period last year. The increase was fully driven by lower results in the first half year of 2012, as these included negative changes in the provision for separate account pension contracts (net of hedging) in the Benelux and negative revaluations on equity options and real estate. Total premium income decreased to EUR 4,346 million in the first half year of 2013 from EUR 4,946 million in the same period last year. Decreases amounted to EUR 512 million in the Benelux and EUR 88 million in Central & Rest of Europe.

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Due to divestment of the Asian Insurance and Investment Management businesses, the results of Insurance Asia/Pacific, the Asian Investment Management businesses and the Asian activities previously reported in the Corporate Line are currently reflected in the net result from discontinued operations. Net result from discontinued operations for the six months ending 30 June 2013 amounted to EUR 58 million as compared to EUR 274 million a year ago. Insurance Asia recorded a 22.5% decline in net result from EUR 298 million in the first half of 2012 to EUR 231 million in the first half of 2013, mainly due to the sale of the insurance business in Malaysia and Hong Kong. The net result from the internally reinsured Japanese SPVA guarantees and related hedges deteriorated to EUR –176 million in the first half of 2013 from EUR –22 million in the first half of 2012.

Insurance results in the first half year of 2013 increased marginally. The operating result of EUR 335 million increased 1.2% from the same period last year mainly as a result of a lower investment margin compensated by lower administrative expenses and lower DAC amortisation. The underlying result before tax in the first half year of 2013 jumped to EUR 266 million from a loss of EUR 153 million a year ago due to less negative revaluations and the negative result (net of hedging) on separate account pension contracts in the Netherlands.

Insurance and investment management EurAsia
The operating result from Life Insurance and Investment Management EurAsia was EUR 482 million, or 0.2% higher than the first half year of 2012. This increase was mainly the result of a EUR 12 million higher technical margin and EUR 19 million lower Life administrative expenses, which were partly offset by a EUR 31 million lower investment margin.

The investment margin decreased to EUR 321 million in the first half of 2013 from EUR 352 million in the same period last year. The decrease is fully attributable to the Benelux reflecting the impact of de-risking measures undertaken last year, a lower reinvestment yield on the fixed income portfolio, lower operating income from real estate, and lower dividends on public equity.

Fees and premium-based revenues were 1.7% lower than the same period last year and amounted to EUR 730 million. This decrease was mainly the result of lower sales in the Netherlands, which were compensated by higher fees from IIM.

The technical margin amounted to EUR 192 million and improved by EUR 12 million (or 6.7%) compared with the first half year of 2012. The increase is fully attributable to the impact of the guarantee provisions for certain life insurance contracts in the Benelux.

Life & IM administrative expenses were EUR 574 million, EUR 19 million or 3.2% lower than in the first half year of 2012. The higher pension cost in the Netherlands are more than compensated by strong cost control in the Benelux and Central & Rest of Europe.

DAC amortisation and trail commissions decreased to EUR 197 million from EUR 212 million in the first half year of 2012, or down 7.1%. This increase is fully attributable to the Benelux driven by lower gross premiums in the Netherlands.

The Non-life operating result decreased 14.3% to EUR 42 million compared to EUR 49 million in the first six months of 2012 mainly due to higher pension costs, lower investment income and lower Property & Casualty results, partly compensated by a more favourable claims experience in the Group Disability portfolio.

The operating result for the Corporate Line EurAsia was EUR –190 million versus EUR –199 million in the first half year of 2012. The improvement was the result of lower funding expenses in the first half year of 2013 being partly offset by a one-off loss in a reinsurance contract.

Gains/losses and impairments on investments amounted to EUR 34 million from EUR –2 million in the first half year of 2012. The positive result is driven by realised gains on sales of public equities and debt securities in the Benelux and the Corporate Line EurAsia. The 2012 result mainly consisted of losses on the sale of Portuguese and Spanish bonds due to de-risking, partly offset by gains on the sale of public equity.

Revaluations increased to EUR –5 million in the first half year of 2013 versus EUR –235 million in the same period last year. Last year's lower revaluations are mainly due to the Benelux (EUR –251 million) as a result of negative revaluation of equity hedges to protect solvency and negative revaluations on real estate.

Market and other impacts were EUR –97 million in the first half year of 2013 compared with EUR –248 million in the same period last year. The increase is mainly driven by the Benelux result a year ago, which was negatively impacted by the change of provision for guarantees on separate account pension contracts (net of hedging).

Insurance Benelux
Insurance Benelux performance decreased in the first six month of 2013, as a result of a lower investment margin due to de-risking measures, lower DAC amortisation and trail commissions, and lower non-life results partially offset by higher technical margin and lower life administrative expenses. The operating result decreased 2.6% to EUR 380 million from EUR 390 million in the first half year of 2012.

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Life investment margin decreased to EUR 298 million versus EUR 324 million in the first half year of 2012. This was mainly due to the impact of de-risking measures taken last year, a lower reinvestment yield on the fixed income portfolio, lower operating income from real estate, and lower dividends on public equity.

Fees and premium-based revenues decreased to EUR 294 million compared with EUR 317 million in the first half year of 2012. The decrease is driven by lower gross premium income in retail life and a further reduction of cost charges within unit-linked insurance policies from 2013 for clients in the Netherlands.

Technical margin improved 26.1% to EUR 116 million from EUR 92 million in the same period last year. In the current period the technical margin improved due to increased interest rates leading to decreases of the guarantee provisions on unit-linked life contracts. Furthermore mortality results were higher compared to the first six months of last year.

Life administrative expenses decreased to EUR 284 million from EUR 287 million in the first six months of 2012. Despite higher pension costs the decrease is driven by the acceleration of the transformation programme at Nationale-Nederlanden and strong cost control.

DAC amortisation & trail commissions decreased by EUR 19 million to EUR 83 million compared with the first half year of 2012, reflecting lower commissions in line with lower gross premium income.

The non-life operating result decreased 15.2% to EUR 39 million from EUR 46 million in the first half year of 2012, largely caused by higher pension costs, lower investment income and lower Property & Casualty results, partly compensated by a more favourable claims experience in the Group Disability portfolio.

The underlying result before tax in the first six months of 2013 increased by EUR 380 million to EUR 293 million from EUR –87 million in the first half year of 2012. The results in the first half year of 2012 included negative changes in the provision for separate account pension contracts (net of hedging) in the Benelux and negative revaluation of equity options and real estate revaluations.

Insurance Central and Rest of Europe
The operating result before tax for Insurance Central and Rest of Europe declined 10.0% to EUR 72 million from EUR 80 million in the same period last year. Life operating income declined by EUR 18 million mainly due to EUR 14 million lower technical margin in combination with EUR 4 million lower investment margin. These impacts were partly offset by EUR 11 million lower life expenses, where EUR 15 million lower administrative expenses was partly offset by EUR 3 million higher DAC amortisation.

The investment margin for the first half of 2013 decreased 15.4% to EUR 22 million compared with EUR 26 million in the six months of 2012, reflecting the impact of regulatory changes in the third pillar pension fund in the Czech Republic.

Fees and premium-based revenues declined 0.9% to EUR 211 million from EUR 213 million in the first six months of 2012. The decline was mainly due to the investment performance bonus received in the Polish Pension Fund last year and higher new business strain due to strong growth in Turkey this year partly offset by a more profitable product mix in Poland and the impact of a change in the amortising commissions and expenses in Turkey.

The technical margin decreased 15.7% to EUR 75 million compared with the first six months of 2012 reflecting a EUR 4 million release of a technical provision in Romania, lower surrender, morbidity and mortality results in Greece and lower morbidity results in Spain.

Life administrative expenses decreased to EUR 135 million from EUR 150 million in the same period a year ago as 2012 included EUR 14 million for the Hungarian financial institutions tax.

DAC amortisation and trail commissions increased by EUR 3 million compared with the same period last year to EUR 113 million in line with higher sales.

Despite a decrease in operating result of EUR 8 million, the underlying result before tax increased with EUR 1 million to EUR 73 million compared with last year. The underlying result in the first six months of 2012 was impacted by losses on the sale of Spanish financial institutions bonds and losses on Greek government bonds as part of the PSI debt exchange. This negative effect was partly offset by the positive revaluation result in Spain driven by the unwinding of interest rate hedges, also in the first six months of 2012.

ING Investment Management EurAsia
The operating result increased by 20.0% to EUR 72 million from EUR 60 million a year ago as a result of higher operating income while administrative expenses remained at the same level.

Fees and premium based revenues increased by 6.1% from EUR 213 million in the first six months of 2012 to EUR 226 million. This increase was mainly due to higher Assets under Management growth as financial markets rose within the period.

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Administrative Expenses remained unchanged compared with the first half of 2012 at EUR 155 million.

The underlying result before tax increased by 20.0% as a direct consequence of the higher operating results since there was no impact from non-operating results in both periods.

Corporate Line Insurance EurAsia
The operating result improved to EUR –190 million in the first half of 2013 from EUR –199 million last year. In the first half of 2013 a lower interest on intercompany hybrid loans was partly offset by a one-off loss on a specific reinsurance contract.

Underlying result before tax improved by EUR 27 million to EUR –172 million in the first six months of 2013. In addition to the improved operating result, this is mainly attributable to gains on debt securities in ING Reinsurance.

INSURANCE ING U.S.
The operating result increased to EUR 226 million from EUR 221 million in the first six months of 2012. On an underlying basis, results for the total US business were EUR –211 million before tax compared with EUR 195 million in the first half year of 2012. This decrease reflects lower non-operating results primarily due to higher losses on hedges, net of reserve changes, and lower revaluations.

Insurance US
The operating result increased to EUR 326 million from EUR 319 million in the first six months of 2012. This increase is mainly attributable to a higher technical margin as well as higher fees and premium-based revenues. These effects are partly offset by a lower investment margin and slightly higher administrative expenses.

The life investment margin of EUR 510 million is a 6.8% decrease from the first six months of 2012. This decrease is primarily due to lower earned rates and the run-off of assets related to the Institutional Spread products. These decreases were partly offset by reductions in credited rates in the Retirement and Individual Life business and an increase in assets in the Retirement business.

Fees and premium-based revenues rose to EUR 593 million from EUR 585 million in the first six months of 2012. Higher fees in the Retirement and Annuities business, fuelled by strong net flows and higher equity markets, helped offset lower premium-based revenues in Individual Life following management actions to focus on less capital-intensive products.

The technical margin increased to EUR 22 million from EUR –15 million in the first six months of 2012. This improvement is primarily due to improved margins in Individual Life due to improved net mortality and lower reserve changes related to the suspension of Guaranteed Universal Life sales and a lower level of new Term business being issued. The improvement was also supported by EUR 13 million of non-recurring reserve releases in the Individual Life, Annuities, and Retirement businesses in the first six months of 2013.

Life administrative expenses were EUR 442 million, almost flat with the first six months of 2012.

DAC amortisation and trail commissions remained flat compared with the first six months of 2012 at EUR 356 million.

The underlying result before tax decreased to EUR 310 million in the first six months of 2013 as compared to EUR 384 million in the previous year. This decrease was fully driven by lower non-operating results.

Gains/losses and impairments were nil, down from EUR 24 million in the first six months of 2012, primarily driven by a decrease in trading gains, partially offset by lower credit related losses.

Revaluations were EUR –38 million down from EUR 76 million in the first six months of 2012, reflecting the lower level of alternative assets following the portfolio restructuring undertaken in 2012 as well as negative revaluations on CMO assets due to changes in prepayment assumptions and as a result of increased volatility in interest rates during the second quarter of 2013. The first six months of 2012 reflected positive revaluations on CMO assets, partially offset by losses on the sale of a portfolio of limited partnerships.

Market and other impacts were EUR 22 million compared with EUR –35 million in the previous year. The first six months of 2013 reflect positive DAC unlocking due to favourable equity markets and positive DAC amortisation related to the negative CMO revaluations.

Investment Management US
The operating result increased to EUR 41 million, driven by an increase in fees and premium-based revenue, partially offset by an increase in variable–related expenses.

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Fees and premium-based revenues increased 11.8% from EUR 187 million in the first half of 2012 to EUR 209 million in 2013 driven by higher AuM from strong net inflows and equity market appreciation, favourable changes in the asset mix resulting in higher fees per AuM, and an increase in performance and distribution related fees.

Administrative expenses increased from EUR 156 million to EUR 167 million driven by an increase in variable and performance related compensation in line with the increase in revenues.

The underlying result before tax decreased to EUR 22 million from EUR 44 million in the first half of 2012 as the decrease in revaluations more than offsets the increase in operating results.

Revaluations decreased from EUR 15 million to EUR –18 million in the first six months of 2013, primarily due to EUR 25 million in losses in the current year related to minority interests in partnerships managed by Investment Management US ('IIM'), primarily driven by the increase in interest rates during the second quarter of 2013, as well as a lower level of gains on IIM's investment capital results.

Insurance US Closed Block VA
The operating result increased to EUR –58 million from EUR –63 million in the first six months of 2012. This increase is primarily attributable to higher fees and premium-based revenue and a higher investment margin.

The life investment margin increased to EUR 7 million from EUR 2 million in the first six months of 2012. This increase is primarily due to slightly higher asset levels and slightly higher earned rates, in part due to a change in the mix of assets.

Fees and premium-based revenues increased to EUR 59 million from EUR 50 million in the first six months of 2012. This increase is mainly due to higher fee income and a lower cost of guaranteed benefits driven by the increasing equity market appreciation.

The technical margin decreased to EUR 3 million from EUR 9 million in the first six months of 2012. This decline was mainly attributable to a non-recurring reserve release in the first quarter of 2012.

Life administrative expenses were EUR 47 million compared with EUR 51 million in the first six months of 2011. DAC amortisation and trail commissions were EUR 79 million compared with EUR 73 million in the first half of 2012.

The underlying result before tax decreased to EUR –461 million in the first six months of 2013 as compared with EUR –168 million in the previous year. This decrease is mainly driven by a higher loss on hedges, net of reserve changes, as the hedge program focuses on protecting regulatory and rating agency capital rather than mitigating earnings volatility.

Gains/losses and impairments decreased to EUR 8 million from EUR 16 million in the first six months of 2012. Revaluations were EUR 2 million compared with nil in the first six months of 2012.

Market and other impacts were EUR –413 million compared with EUR –121 million in the previous year, reflecting a higher loss on hedges, net of reserve changes, due to the increasing equity market.

Corporate Line Insurance ING U.S.
The US Corporate Line operating result was EUR –83 million compared with EUR –64 million in the first six months of 2012. The decline was caused by higher interest costs due to the replacement of shorter-term internal debt with longer-term external debt partially offset by lower LOC costs related to the cancellation of the contingent funding facility between Insurance ING U.S. and ING Bank N.V. in the second quarter of 2013.

INSURANCE OTHER
Insurance Other reflects Capital Management funding related results, including interest received from its subsidiaries of ING Verzekeringen N.V., partly offset by interest paid. Furthermore, Corporate Line Insurance Other includes results of insurance businesses and activities that are not related to and therefore not included in Insurance EurAsia and Insurance ING U.S., such as ING's stake in the Brazilian insurer SulAmérica SA and ING's mortgage business in Mexico, and Other items such as Group Shareholders' expenses and several litigations.

The operating result declined to EUR 20 million from EUR 49 million in the first half year of 2012 mainly due to lower capital management results, primarily driven by lower interest income on a EUR 3.5 billion intercompany hybrid loan with Insurance EurAsia and higher interest expenses on intercompany loans, partly offset by lower external funding costs.

The underlying result before tax increased to EUR 82 million in the first six months of 2013 from EUR 37 million in the previous year. This increase was mainly due to the EUR 59 million capital gain from the sale of ING's 5% stake in KB Financial Group.

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ING GROUP BALANCE SHEET

ING Group's balance sheet decreased by EUR 22 billion to EUR 1,144 billion at 30 June 2013 from EUR 1,166 billion at the end of 2012. Assets/liabilities held for sale, which reflect the balance sheet items of Insurance & Investment Management Asia, were reduced by EUR 19 billion following the sale of ING Direct UK, the life insurance units in Hong Kong, Macau and Thailand, the sale of ING's interest in ING Vysya Life Insurance and the sale of the ING's 49% stake in KB Life.

Cash and balances with central banks

Cash and balances with central banks increased to EUR 19 billion from EUR 18 billion at the end of December 2012, as more cash was transferred from Amounts due from banks and placed at Central Banks, partially offset by the sale of ING UK to Barclays in the first quarter of 2013.

Amounts due from/and to banks

Amounts due from banks increased by EUR 4 billion to EUR 43 billion, primarily reflecting higher reverse repos, while Amounts due to banks decreased by EUR 4 billion to EUR 35 billion.

Loans and advances to customers

Loans and advances to customers, mainly at ING Bank, decreased by EUR 7 billion to EUR 556 billion due to maturing bonds in securities at amortised cost and IABF, the sale of a mortgage portfolio in Australia and lower fair value hedge for mortgages.

Financial assets/liabilities at fair value

Financial assets at fair value through P&L increased by EUR 7 billion to EUR 239 billion.

Financial assets at fair value through P&L at ING Bank rose by EUR 8 billion, reflecting a higher level of activity at Financial Markets, partially offset by a lower valuation of derivatives as long-term interests rates increased. Financial assets and liabilities at fair value contain derivatives, securities and repos, which are mainly used to facilitate the servicing of ING's clients.

At Insurance EurAsia, Financial assets at fair value through P&L decreased by EUR 3 billion, mainly due to a shift from Investments for risk of policyholders to Investments, following a change of several guaranteed separate account pension contracts, negative revaluations and contractual payments to policyholders. At Insurance ING U.S., Financial assets at fair value through P&L rose by EUR 2 billion, mainly due to positive revaluations on investments for the risk of policyholders. These movements are mirrored in the provision for insurance and investment contracts on the liability side of the balance sheet.

Assets/Liabilities held for sale

Assets held for sale decreased by EUR 19 billion from 31 December 2012 due to the completion of the sale of ING Direct UK to Barclays, the sale of the life insurance units in Hong Kong, Macau and Thailand to Pacific Century Group, and the sale of ING's interest in ING Vysya Life Insurance to Exide Industries and the sale of the ING's 49% stake in KB Life.

Debt securities in issue

Debt securities in issue declined by EUR 4 billion to EUR 140 billion at the end of June 2013, reflecting a reduction of short-term debt, long-term debt reduced also following the repurchase of government guaranteed debt issued by ING Bank N.V. and ING Australia, as well as maturing securities. ING Bank issued EUR 14 billion of long-term debt in the first six months of 2013.

Customer deposits

ING Bank continued to improve its funding profile through further growth in the deposit base. Customer deposits grew by EUR 16 billion to EUR 471 billion, due to an increase in savings accounts, with net inflows mostly in the Netherlands, Belgium and Germany and higher credit balances on customer accounts.

Shareholders' equity

Shareholders' equity decreased by EUR 2 billion to EUR 50 billion. The decline was caused by the difference between the net proceeds to ING Group and the IFRS book value of the ING U.S. stake divested and a lower revaluation reserve for debt securities as result of higher interest rates, partially offset by the six months net profit and actuarial gains reflecting an increase in the discount rates used to value pension assets and liabilities in the first six months. Shareholders' equity per share decreased from EUR 13.62 at the end of December 2012 to EUR 13.00 on 30 June 2013.

The comparative figures at 31 December 2012 have been restated to reflect the new pension accounting requirements under IFRS (the revised IAS 19, which took effect on 1 January 2013). The change in accounting reduced year-end shareholders' equity by EUR 2,580 million, reflecting the immediate recognition in shareholders' equity of accumulated actuarial gains/losses, which were previously deferred through the so-called corridor approach. Further details about this are included on page 23 of this Interim Report.

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Number of shares
The total number of shares outstanding in the market was 3,836 million at the end of June 2013 versus 3,801 million at the end of December 2012. The total number of shares equals the 3,836 million outstanding in the market plus treasury shares, which decreased from 30.1 million at the end of December 2012 to 3.2 million at the end of June 2013.

CAPITAL MANAGEMENT

ING Group's capital ratios continued to improve, supported by strong capital generation at Bank and divestments at Insurance. ING Bank's core Tier 1 ratio remained flat at 11.8% at the end of June 2013, while the IGD solvency ratio of ING Insurance improved to 254% following divestments in Asia.

ING Group
The Group debt/equity ratio improved from 11.3% at the end of December 2012 to 7.2%, mainly as a result of the EUR 1.5 billion capital upstream from ING Bank in the second quarter of 2013 and the 28.75% IPO of Insurance ING U.S. The Financial Conglomerate Directive (FiCo) ratio for the Group increased to 176% from 163% at the end of December 2012.

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

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

ING Insurance
The IGD solvency ratio of ING Insurance increased from 236% to 257% at 30 June 2013. The increase was mainly driven by the sale of the life insurance units in Hong Kong, Macau and Thailand. This divestments increased shareholders' equity by EUR 0.8 billion and reduced the EU required capital by EUR 0.2 billion.

RISK MANAGEMENT

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

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

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

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

- Greece, Italy, Ireland, Portugal, Spain and Cyprus
ING Bank's total exposure to the GIIPSC countries was reduced by EUR 2.3 billion in the first half of 2013 to EUR 58.9 billion, supported by a EUR 1.7 billion reduction in debt securities to EUR 16.6 billion. ING Bank's total exposure to Spain was reduced by EUR 2.1 billion in the first half year to EUR 31.9 billion. The mismatch between Spanish assets and liabilities declined to EUR 7.8 billion, from EUR 9.3 billion at the end of 2012, as the total exposure was reduced and funds entrusted increased.

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

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

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

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

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

Insurance EurAsia
Insurance EurAsia continued to improve its risk profile in preparation for its stand-alone future. Solvency levels remained stable over the first half year, supported by net gains on divestments as well as from positive market developments. The key risks for ING Insurance EurAsia (excluding the held-for-sale Asia entities) are explained below, in particular the impact on value, regulatory capital and IFRS earnings.

- Market risk
The economic interest rate exposure of Insurance EurAsia is to falling interest rates, in particular to changes in the long end of the yield curve, reflecting ING's large pension business in the Netherlands. ING has hedged its economic interest rate exposure by investing in long-term bonds and closing the remaining interest rate gap through receiver swaps and swaptions. Interest rate risk is also mitigated through a disciplined pricing and renewal strategy in the Dutch corporate pensions business. The use of interest rate derivatives results in an IFRS earnings sensitivity to rising interest rates. This earnings sensitivity was reduced over the first half year due to the reduction of swaptions. The IFRS interest rate sensitivities relate to parallel movements in the yield curve. Non-parallel movements may also cause earnings sensitivity due to an asymmetry between the accounting of the liability and (hedge) assets for the guaranteed separate account business in the Netherlands. The equity risk primarily relates to direct equity holdings in the Netherlands. Market value movements in equities are directly reflected in regulatory capital. ING has hedged the equity risk within the guaranteed separate account pension business to a large extent by using equity options.

The real estate sensitivity reflects investments in real estate funds and direct real estate assets. Market movements in real estate are taken through the P&L. Therefore, real estate sensitivities are similar from an economic, regulatory capital and IFRS earnings perspective.

- Credit Risk
Credit spread risk is the single largest risk from a regulatory capital perspective in the Netherlands. It reflects the impact of the mismatch between the ECB AAA government bond rate used to value the long-term liabilities and the spreads in the assets held to match the duration of these liabilities. This mismatch is not expected to be realised as long as the underlying assets do not default and are held to maturity The total exposure to Greece, Italy, Ireland, Portugal and Spain (GIIPS) was reduced by EUR 559 million over the first half year.

- Insurance risks
The IFRS earnings sensitivities to Insurance risks primarily relate to fluctuations in actual mortality, morbidity and P&C experience. There were no major changes in these sensitivities during the first half year. ING is exposed to longevity risks arising from the large defined benefit pension book in the Netherlands. ING currently uses the 2012 Dutch Central Bureau of Statistics (CBS) tables as a basis for IFRS reserve adequacy testing, regulatory solvency for Dutch entities, and pricing. Updates to these tables only impact IFRS earnings over time, though they may result in large immediate impacts on value and regulatory capital.

- Non-financial risks
Pricing for long-term options and guarantees reflects dynamic policyholder behaviour, which can be uncertain. Insurance EurAsia is mitigating this risk by establishing a closer relationship with end customers. The product approval and review process ensures that new products are suitable for customers. Existing and in-force products are also reviewed regularly for their suitability, and adjustments are made when required.

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A large reorganisation has taken place during the second quarter combining the regional offices for Insurance Benelux, Central and Rest of Europe and Asia into one headoffice for the European Insurance and Investment Management business in order to increase organizational efficiency and effectiveness. This effort strengthened the risk management organization as group staff now operates closer to the business.

IT, data quality and other operational risks are addressed through risk assessments and by maintaining a constant focus on improving areas of significant operational risks.

Insurance ING U.S.
ING U.S. continued its efforts to align its risk organisation and risk profile in line with its future as a stand-alone company. These initiatives as well as favourable market conditions had a positive impact on the ING U.S. risk profile. Solvency ratios were successfully managed within the targets, with some further improvement of the debt-to-capital ratio.

- Market risk and credit risk
The primary interest rate exposure for the ongoing business is to falling interest rates. Earnings sensitivity for a 1% decrease amounts to EUR 147 million. ING U.S. has hedged its economic interest rate exposure by matching assets and liabilities for in-force policies and by adjusting policy credited rates and pricing for long-term guarantees on new business. The increase in sensitivity to interest rates over the half year was driven by the rebalancing of an interest rate cap program.

Earnings sensitivities to equity market changes for the ongoing business are driven primarily by changes in fees on certain policyholder account values, predominantly in the Retirement business. Changes in the value of private equity and other alternative assets held in the general account also contribute to equity market sensitivities. The primary equity risk is to falling markets. Earnings sensitivity for a 25% decrease amounts to EUR 203 million. ING U.S. has taken steps to mitigate equity risk primarily through hedging strategies and by maintaining broad diversity in its investment portfolio.

Earnings sensitivity due to Credit Default risk decreased by approximately 17% in the first half of 2013 to EUR 236 million, following sales of lower-rated RMBS and CMBS securities. As of 30 June 2013, low-rated structured assets account for almost half of the earnings sensitivity.

The earnings sensitivity related to Credit Spread risk of EUR 231 million is almost entirely embedded in the EUR 544 million portfolio of previously impaired structured assets. As these assets are marked to market, substantial spread widening could cause recognition of market value losses through incremental impairments. In the first half of 2013, the measured earnings sensitivity to Credit Spread risk decreased by 2%. The earnings sensitivity related to CDS transactions decreased slightly due to maturity runoff and accounts for 15% of total earnings sensitivity related to Credit Spread risk.

ING U.S. manages its Credit risk by setting limits for the credit quality at the portfolio level, limits to manage concentration risk in investment portfolios, and limits for counterparty risk. In the first half of 2013, the portfolio of Alt-A, Sub-Prime and CMBS securities rated below investment grade decreased by 17% to EUR 1.4 billion, due to further asset sales. This reduction in credit risk was offset by a EUR 1.5 billion reduction in the amount of short-term assets and the reinvestment of those funds in higher-yielding Investment Grade Corporate Bonds. The credit quality of the general account portfolio was stable during the first half year and the average rating quality of the fixed income investments (BBB+) remained unchanged. The total exposure of ING U.S. to the Greece, Italy, Ireland, Portugal, and Spain (GIIPS) countries remains immaterial and there is no exposure to Cyprus.

- Insurance risk
Insurance risks such as mortality, longevity, and morbidity result from the pricing and underwriting of insurance contracts. Through scenario analysis, ING U.S. measures the sensitivity of pre-tax earnings of the insurance operations to an adverse change of insurance risk factors at the 90% confidence level over a one-year period. ING U.S. manages this risk by monitoring pricing assumptions and experience. Additionally, underwriting policies, product design, risk limits related to policy terms and conditions, and reinsurance are used to reduce the insurance risks. The overall exposure to insurance risks did not change significantly during the first half of 2013 and amounted to EUR 73 million.

- Closed Block Variable Annuity Risk
Equities are the main driver of earnings sensitivities to market developments for the Closed Block VA business. The Closed Block Variable Annuity hedge program focuses on protecting regulatory and rating agency capital rather than earnings. These hedges will generate losses when equity markets increase and gains when equity markets decrease. Earnings sensitivity for a 25% decrease amounts to EUR 950 million.

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DIVIDEND
ING's policy is to pay dividends in relation to the long-term underlying development of cash earnings. Dividends will only be paid when the Executive Board considers such a dividend appropriate. Given the uncertain financial environment, increasing regulatory requirements and ING's priority to repay the remaining outstanding core Tier 1 securities, no interim dividend will be paid over the first six months of 2013.

OTHER
Reference is made to Note 25 'Important events and transactions' in the condensed consolidated interim accounts for information on the most important events in the first half of 2013, other than the information disclosed in this Interim report. In Note 21 'Related party transactions' in the Condensed consolidated interim accounts information is provided on related party relationships and transactions. Both disclosures are deemed to be incorporated by reference here.

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

Conformity statement

The Executive Board is required to prepare the Interim Accounts and the Interim Report of ING Groep N.V. for each financial period in accordance with applicable Dutch law and those International Financial Reporting Standards (IFRS) that were endorsed by the European Union.

CONFORMITY STATEMENT PURSUANT TO SECTION 5:25D PARAGRAPH 2(C) OF THE DUTCH FINANCIAL SUPERVISION ACT *(WET OP HET FINANCIEEL TOEZICHT)*

The Executive Board is responsible for maintaining proper accounting records, for safeguarding assets and for taking reasonable steps to prevent and detect fraud and other irregularities. It is responsible for selecting suitable accounting policies and applying them on a consistent basis, making judgements and estimates. It is also responsible for establishing and maintaining internal procedures which ensure that all major financial information is known to the Executive Board, so that the timeliness, completeness and correctness of the external financial reporting are assured.

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

- the ING Groep N.V. interim accounts for the period ended 30 June 2013 give a true and fair view of the assets, liabilities, financial position and profit or loss of ING Groep N.V. and the entities included in the consolidation taken as a whole; and
- the ING Groep N.V. interim report for the period ended 30 June 2013 includes a fair review of the information required pursuant to article 5:25d, paragraphs 8 and 9 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* regarding ING Groep N.V. and the entities included in the consolidation taken as a whole.

AMSTERDAM, 6 AUGUST 2013

J.H.M. Hommen
CEO, CHAIRMAN OF THE EXECUTIVE BOARD

P.G. Flynn
CFO, MEMBER OF THE EXECUTIVE BOARD

W.F. Nagel
CRO, MEMBER OF THE EXECUTIVE BOARD

R.A.J.G. Hamers
MEMBER OF THE EXECUTIVE BOARD

Condensed consolidated balance sheet of ING Group

as at

amounts in millions of euros	30 June 2013	31 December 2012
ASSETS		
Cash and balances with central banks	**18,699**	17,657
Amounts due from banks	**43,034**	39,053
Financial assets at fair value through profit and loss 2	**239,076**	232,371
Investments 3	**192,677**	200,129
Loans and advances to customers 4	**556,266**	563,404
Reinsurance contracts	**5,129**	5,290
Investments in associates	**2,101**	2,203
Real estate investments	**1,219**	1,288
Property and equipment	**2,627**	2,674
Intangible assets 5	**2,748**	2,639
Deferred acquisition costs	**5,212**	4,549
Assets held for sale 6	**48,981**	68,472
Other assets 7	**25,829**	26,462
Total assets	**1,143,598**	1,166,191
EQUITY 8		
Shareholders' equity (parent)	**49,881**	51,777
Non-voting equity securities	**2,250**	2,250
	52,131	54,027
Minority interests	**3,885**	1,081
Total equity	**56,016**	55,108
LIABILITIES		
Subordinated loans	**8,645**	8,786
Debt securities in issue 9	**139,904**	143,436
Other borrowed funds	**12,227**	16,723
Insurance and investment contracts	**228,934**	229,950
Amounts due to banks	**35,156**	38,704
Customer deposits and other funds on deposit	**470,955**	455,003
Financial liabilities at fair value through profit and loss 10	**117,680**	115,803
Liabilities held for sale 6	**44,934**	69,899
Other liabilities 11	**29,147**	32,779
Total liabilities	**1,087,582**	1,111,083
Total equity and liabilities	**1,143,598**	1,166,191

Amounts for 2012 have been restated to reflect the changes in accounting policy as disclosed in the section 'Changes in accounting policies' on page 23.

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 and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	2013	2012	2013	2012
Continuing operations				
Interest income banking operations	**13,683**	15,184	**27,699**	30,465
Interest expense banking operations	**–10,706**	–12,255	**–21,846**	–24,494
Interest result banking operations	**2,977**	2,929	**5,853**	5,971
Gross premium income	**4,479**	4,811	**10,264**	10,934
Investment income 12	**1,453**	1,975	**3,159**	3,720
Commission income	**961**	915	**1,877**	1,792
Other income 13	**–388**	798	**–1,107**	68
Total income	**9,482**	11,428	**20,046**	22,485
Underwriting expenditure 14	**4,644**	6,611	**10,474**	12,456
Addition to loan loss provision	**616**	541	**1,177**	982
Intangible amortisation and other impairments 15	**32**	64	**75**	136
Staff expenses 16	**1,684**	1,230	**3,453**	2,963
Other interest expenses	**69**	87	**139**	166
Other operating expenses	**1,215**	1,242	**2,431**	3,075
Total expenses	**8,260**	9,775	**17,749**	19,778
Result before tax from continuing operations	**1,222**	1,653	**2,297**	2,707
Taxation	**358**	274	**706**	720
Net result from continuing operations	**864**	1,379	**1,591**	1,987
Discontinued operations 23				
Net result from discontinued operations	**–98**	111	**58**	274
Net result from classification as discontinued operations		–180		–180
Net result from disposal of discontinued operations	**–4**		**941**	
Total net result from discontinued operations	**–102**	–69	**999**	94
Net result from continuing and discontinued operations (before minority interests)	**762**	1,310	**2,590**	2,081

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	2013	2012	2013	2012
Net result attributable to:				
Equityholders of the parent	**788**	1,293	**2,592**	2,020
Minority interests	**–26**	17	**–2**	61
	762	1,310	**2,590**	2,081
Net result from continuing operations attributable to:				
Equityholders of the parent	**890**	1,362	**1,593**	1,926
Minority interests	**–26**	17	**–2**	61
	864	1,379	**1,591**	1,987
Net result from discontinued operations attributable to:				
Equityholders of the parent	**–102**	–69	**999**	94
	–102	–69	**999**	94

Condensed consolidated profit and loss account of ING Group continued

for the three and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in euros	**2013**	2012	**2013**	2012
Earnings per share 17				
Basic earnings per ordinary share	**0.21**	0.34	**0.63**	0.46
Diluted earnings per ordinary share	**0.21**	0.34	**0.63**	0.46
Earnings per share from continuing operations 17				
Basic earnings per ordinary share from continuing operations	**0.24**	0.36	**0.37**	0.44
Diluted earnings per ordinary share from continuing operations	**0.24**	0.36	**0.37**	0.44
Earnings per share from discontinued operations 17				
Basic earnings per ordinary share from discontinued operations	**–0.03**	–0.02	**0.26**	0.02
Diluted earnings per ordinary share from discontinued operations	**–0.03**	–0.02	**0.26**	0.02

Amounts for the three and six month period ended 30 June 2012 have been restated to reflect the change in accounting policy as disclosed in the section ‘Changes in accounting policies’ on page 23.

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 and six month period

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2013**	2012	**2013**	2012
Net result from continuing and discontinued operations	**762**	1,310	**2,590**	2,081
Items that will not be reclassified to the profit and loss account:				
Remeasurement of the net defined benefit asset/liability 11	**–24**	–390	**1,079**	–2,549
Unrealised revaluations property in own use	**2**	2		
Items that may be reclassified subsequently to the profit and loss account:				
Unrealised revaluations available-for-sale investments and other	**–3,640**	1,007	**–4,757**	2,462
Realised gains/losses transferred to the profit and loss account	**14**	–2	**–21**	–227
Changes in cash flow hedge reserve	**–445**	313	**–576**	404
Transfer to insurance liabilities/DAC	**1,478**	–737	**1,937**	–968
Share of other comprehensive income of associates	**–4**	21	**26**	–12
Exchange rate differences and other	**–1,161**	1,087	**–747**	208
Total comprehensive income	**–3,018**	2,611	**–469**	1,399
Comprehensive income attributable to:				
Equityholders of the parent	**–2,783**	2,583	**–258**	1,317
Minority interests	**–235**	28	**–211**	82
	–3,018	2,611	**–469**	1,399

Amounts for the three and six month period ended 30 June 2012 have been restated to reflect the change in accounting policy as disclosed in the section 'Changes in accounting policies' on page 23.

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 six month period

6 month period		1 January to 30 June	
amounts in millions of euros		2013	2012
Result before tax		**3,334**	2,905
Adjusted for:	– depreciation	**377**	384
	– deferred acquisition costs and value of business acquired	**2**	–212
	– increase in provisions for insurance and investment contracts	**–1,512**	720
	– addition to loan loss provisions	**1,177**	982
	– other	**655**	1,967
Taxation paid		**–815**	–364
Changes in:	– amounts due from banks, not available on demand	**–3,816**	1,070
	– trading assets	**–10,665**	–36
	– non-trading derivatives	**–875**	–74
	– other financial assets at fair value through profit and loss	**1,477**	35
	– loans and advances to customers	**–754**	–6,669
	– other assets	**1,812**	–1,678
	– amounts due to banks, not payable on demand	**–5,849**	–11,816
	– customer deposits and other funds on deposit	**19,811**	2,279
	– trading liabilities	**7,093**	–7,031
	– other financial liabilities at fair value through profit and loss	**–4,114**	544
	– other liabilities	**–5,087**	1,392
Net cash flow from operating activities		**2,251**	–15,602
Investments and advances	– available-for-sale investments	**–93,694**	–73,466
	– investments for risk of policyholders	**–34,811**	–29,891
	– other investments	**–421**	–430
Disposals and redemptions	– group companies	**–5,764**	–10,316
	– associates	**201**	
	– available-for-sale investments	**89,203**	67,109
	– investments for risk of policyholders	**40,439**	32,387
	– loans	**968**	2,074
	– other investments	**2,648**	1,914
Net cash flow from investing activities		**–1,231**	–10,619
Proceeds from borrowed funds and debt securities		**77,308**	251,007
Repayments of borrowed funds and debt securities		**–79,042**	–236,508
Proceeds of IPO ING U.S. 25		**1,061**	
Other net cash flow from financing activities		**151**	125
Net cash flow from financing activities		**–522**	14,624
Net cash flow		**498**	–11,597
Cash and cash equivalents at beginning of period		**24,150**	34,279
Effect of exchange rate changes on cash and cash equivalents		**564**	–185
Cash and cash equivalents at end of period		**25,212**	22,497
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**662**	3,650
Amounts due from/to banks		**4,643**	925
Cash and balances with central banks		**18,699**	16,204
Cash and cash equivalents classified as Assets held for sale		**1,208**	1,718
Cash and cash equivalents at end of period		**25,212**	22,497

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 2013	919	16,034	34,824	51,777	2,250	1,081	55,108
Remeasurement of the net defined benefit asset/liability 11			1,144	1,144		–65	1,079
Unrealised revaluations property in own use			–1	–1		1	
Unrealised revaluations available-for-sale investments and other			–4,880	–4,880		123	–4,757
Realised gains/losses transferred to the profit and loss account			–21	–21			–21
Changes in cash flow hedge reserve			–566	–566		–10	–576
Transfer to insurance liabilities/DAC			2,166	2,166		–229	1,937
Share of other comprehensive income of associates			26	26			26
Exchange rate differences and other			–718	–718		–29	–747
Total amount recognised directly in equity (other comprehensive income)			–2,850	–2,850		–209	–3,059
Net result from continuing and discontinued operations			2,592	2,592		–2	2,590
Total comprehensive income			–258	–258		–211	–469
Changes in the composition of the group and other changes						71	71
Dividends						–10	–10
Impact of IPO ING U.S. 25			–1,894	–1,894		2,954	1,060
Purchase/sale of treasury shares			391	391	.		391
Employee stock option and share plans	2		–137	–135			–135
Balance at 30 June 2013	921	16,034	32,926	49,881	2,250	3,885	56,016

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 (before change in accounting policy)	919	16,034	29,710	46,663	3,000	777	50,440
Effect of change in accounting policy [(1)]			375	375			375
Balance at 1 January 2012 (after change in accounting policy)	919	16,034	30,085	47,038	3,000	777	50,815
Remeasurement of the net defined benefit asset/liability 11			–2,549	–2,549			–2,549
Unrealised revaluations property in own use							
Unrealised revaluations available-for-sale investments and other			2,462	2,462			2,462
Realised gains/losses transferred to profit and loss			–227	–227			–227
Changes in cash flow hedge reserve			404	404			404
Transfer to insurance liabilities/DAC			–968	–968			–968
Share of other comprehensive income of associates			–12	–12			–12
Exchange rate differences and other			187	187		21	208
Total amount recognised directly in equity (other comprehensive income)			–703	–703		21	–682
Net result from continuing and discontinued operations			2,020	2,020		61	2,081
Total comprehensive income			1,317	1,317		82	1,399
Changes in the composition of the group and other changes						68	68
Purchase/sale of treasury shares			236	236			236
Employee stock option and share plans			–80	–80			–80
Balance at 30 June 2012	919	16,034	31,558	48,511	3,000	927	52,438

[(1)] The change in accounting policy is disclosed in the section 'Changes in accounting policies' on page 23.

Notes to the condensed consolidated interim accounts

amounts in millions of euros, unless stated otherwise

1 BASIS OF PRESENTATION

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

These Condensed consolidated interim accounts should be read in conjunction with the 2012 ING Group Consolidated Annual Accounts.

IFRS-EU provides several options in accounting policies. ING Group's accounting policies under IFRS-EU and its decision on the options available are set out in the section ‘Basis of presentation’ in the 2012 ING 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.

In 2013, changes were made to the segment reporting of the insurance operations as disclosed in Note 18 ´Segments´.

The comparison of balance sheet items between 31 December 2012 and 30 June 2013 is impacted by the disposal of companies as disclosed in Note 19 ‘Acquisitions and disposals’ and by the held for sale classification as disclosed in Note 6 ‘Assets and liabilities held for sale’ and Note 23 ‘Discontinued operations’. Changes in assets and liabilities as a result of classification as held for sale are included in the notes in the line ‘Changes in the composition of the group and other’.

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

IPO OF ING U.S.

Insurance ING U.S. was successfully listed on the NYSE under the ticker symbol ‘VOYA’ in May 2013. The total proceeds of the IPO were EUR 1,061 million. As a result, ING’s ownership interest in Insurance ING U.S. was reduced from 100% to 71.25%. The total proceeds received from the IPO represent a discount to Insurance ING U.S. book value, which has been accounted for in shareholder’s equity. Insurance ING U.S. remains fully consolidated. The impact on shareholder's equity of the IPO was EUR 1,894 million. The IPO resulted in a minority interest in Equity of EUR 2,954 million.

CHANGES IN ACCOUNTING POLICIES

The following new and/or amended IFRS-EU standards were implemented by ING Group in 2013:

- Amendments to IAS 19 ‘Employee Benefits’;
- Amendments to IAS 1 ‘Presentation of Financial Statements’;
- Amendments to IFRS 7 ‘Financial instruments: Disclosures’; and
- IFRS 13 ‘Fair Value Measurement’.

Amendments to IAS 19 ‘Employee Benefits’

The most significant change in the revised IAS 19 ‘Employee Benefits’ relates to the accounting for defined benefit pension obligations and the corresponding plan assets. The amendments require immediate recognition in Other comprehensive income (i.e. in equity) of changes in the defined benefit obligation and in the fair value of plan assets due to actuarial gains and losses. The deferral of actuarial gains and losses through the ‘corridor approach’, which was applied under the previous version of IAS 19 until the end of 2012, is no longer allowed. As a related consequence, deferred actuarial gains and losses are no longer released to the profit and loss account upon curtailment. Furthermore, the amendments require the expected return on plan assets to be determined using a high-quality corporate bond rate, equal to the discount rate of the defined benefit obligation; until the end of December 2012, management’s best estimate was applied. The amendments also introduce a number of other changes and extended disclosure requirements. The implementation of the amendments to IAS 19 resulted in the recognition of accumulated actuarial gains and losses in equity as at 1 January 2013. As a result, Shareholders’ equity decreased with EUR 2.6 billion (after tax) on 1 January 2013. The recognition of actuarial gains and losses in equity will create volatility in equity going forward. The changes in IAS 19 are implemented retrospectively; as a result, comparative figures for previous periods have been restated and are presented as if the new requirements were always applied.

Notes to the condensed consolidated interim accounts continued

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

Impact on Shareholders' equity

	31 December 2012	30 June 2012	31 March 2012	1 January 2012
Shareholders' equity (before change in accounting policy)	54,357	50,514	47,616	46,663
Change in Other assets - net defined benefit asset	–3,032	–2,371	–2,075	758
Change in Other liabilities - net defined benefit liability	–484	–432	–332	–352
Change in Liabilities held for sale	–7	–5		
Change in net defined benefit asset/liability before tax	–3,523	–2,808	–2,407	406
Tax effect	943	805	671	–31
Shareholders' equity (after change in accounting policy)	51,777	48,511	45,880	47,038

Impact on Net result

	3 month period 1 April to 30 June 2012	6 month period 1 January to 30 June 2012
Net result from continuing operations (before change in accounting policy)	1,257	1,817
Impact on staff expenses - Pension and other staff-related benefit costs	166	230
Tax effect	–44	–60
Discontinued operations after tax	–69	94
Net result from continuing and discontinued operations (after change in accounting policy)	1,310	2,081

Impact on Other comprehensive income

	3 month period 1 April to 30 June 2012	6 month period 1 January to 30 June 2012
Total amount recognised directly in equity (before change in accounting policy)	1,691	1,867
Remeasurement of the net defined benefit asset/liability	–564	–3,440
Tax effect	174	891
Total amount recognised directly in equity (after change in accounting policy)	1,301	-682

Impact on basic earnings per ordinary share

3 month period	1 April to 30 June 2012		
	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)	1,171	3,796.1	0.31
Impact of change in accounting policy	122		
Basic earnings (after change in accounting policy)	1,293	3,796.1	0.34

Impact on diluted earnings per ordinary share

3 month period	1 April to 30 June 2012		
	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)	1,171	3,801.5	0.31
Impact of change in accounting policy	122		
Diluted earnings (after change in accounting policy)	1,293	3,801.5	0.34

Notes to the condensed consolidated interim accounts continued

Impact on basic earnings per ordinary share

6 month period	1 January to 30 June 2012		
	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)	1,595	3,790.7	0.42
Impact of change in accounting policy	170		
Basic earnings (after change in accounting policy)	1,765	3,790.7	0.46

Impact on diluted earnings per ordinary share

6 month period	1 January to 30 June 2012		
	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)	1,595	3,796.1	0.42
Impact of change in accounting policy	170		
Diluted earnings (after change in accounting policy)	1,765	3,796.1	0.46

Reference is made to Note 26 ‘Impact of change in accounting policy’.

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

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

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

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

Notes to the condensed consolidated interim accounts continued

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

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 Group. Under the new requirements, all joint ventures will be reported using the equity method of accounting (similar to the current accounting for Investments in associates). The implementation of IFRS 11 is not expected to have a significant impact on Shareholders’ equity, Net result and/or Other comprehensive income.

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

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

2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss

	30 June 2013	31 December 2012
Trading assets	**125,562**	114,895
Investments for risk of policyholders	**99,566**	98,765
Non-trading derivatives	**9,183**	13,951
Designated as at fair value through profit and loss	**4,765**	4,760
	239,076	232,371

Trading assets and trading liabilities include assets and liabilities that are classified under IFRS-EU as ‘Trading’ but are closely related to servicing the needs of the clients of ING 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 directly related to services to ING’s customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING’s own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 10 ‘Financial liabilities at fair value through profit and loss’ for information on trading liabilities.

Notes to the condensed consolidated interim accounts continued

3 INVESTMENTS

Investments by type	30 June 2013	31 December 2012
Available-for-sale		
– equity securities	**7,117**	7,707
– debt securities	**181,624**	185,877
	188,741	193,584
Held-to-maturity		
– debt securities	**3,936**	6,545
	3,936	6,545
	192,677	200,129

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

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

Debt securities	30 June 2013	31 December 2012
Available-for-sale investments	**181,624**	185,877
Held-to-maturity investments	**3,936**	6,545
Loans and advances to customers	**25,731**	26,945
Amounts due from banks	**3,075**	3,386
Available-for-sale investments and Assets at amortised cost	**214,366**	222,753
Trading assets	**19,385**	17,472
Investments for risk of policyholders	**7,317**	6,940
Designated as at fair value through profit and loss	**2,538**	2,682
Financial assets at fair value through profit and loss	**29,240**	27,094
	243,606	249,847

Notes to the condensed consolidated interim accounts continued

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	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012	**30 June 2013**	31 December 2012	**30 June 2013**	31 December 2012	**30 June 2013**	31 December 2012
Government bonds	**96,582**	97,427	**50**	330	**6,727**	7,641			**103,359**	105,398
Covered bonds	**8,140**	8,359	**3,363**	5,558	**5,658**	5,408	**2,943**	3,249	**20,104**	22,574
Corporate bonds	**42,842**	43,972	**37**		**495**	438			**43,374**	44,410
Financial institutions' bonds	**21,783**	23,131	**130**	301	**78**	91	**132**	137	**22,123**	23,660
Bond portfolio (excluding ABS)	**169,347**	172,889	**3,580**	6,189	**12,958**	13,578	**3,075**	3,386	**188,960**	196,042
US agency RMBS	**4,841**	4,642							**4,841**	4,642
US prime RMBS	**868**	1,037							**868**	1,037
US Alt-A RMBS	**384**	440							**384**	440
US subprime RMBS	**628**	756							**628**	756
Non-US RMBS	**420**	501			**8,006**	8,715			**8,426**	9,216
CDO/CLO	**141**	291			**229**	290			**370**	581
Other ABS	**1,662**	1,548	**356**	356	**3,903**	3,786			**5,921**	5,690
CMBS	**3,333**	3,773			**635**	576			**3,968**	4,349
ABS portfolio	**12,277**	12,988	**356**	356	**12,773**	13,367			**25,406**	26,711
	181,624	185,877	**3,936**	6,545	**25,731**	26,945	**3,075**	3,386	**214,366**	222,753

Notes to the condensed consolidated interim accounts continued

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

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

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

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

	30 June 2013				
	Balance sheet value	Revaluation reserve (before tax)	Impairments (before tax)	Amortised cost value	Fair value of investments held-to-maturity
Greece					
Government bonds available-for-sale	84	39		45	
Italy					
Government bonds available-for-sale	2,360	–15		2,375	
Government bonds at amortised cost (loans)	103			103	
Financial institutions available-for-sale	259	–8		267	
Financial institutions at amortised cost (held-to-maturity)	30			30	31
Ireland					
Government bonds available-for-sale	57	4		53	
Financial institutions available-for-sale	15			15	
Portugal					
Government bonds available-for-sale	614	–14		628	
Financial institutions available-for-sale	54			54	
Spain					
Government bonds available-for-sale	1,236	–114		1,350	
Government bonds at amortised cost (held-to-maturity)	50			50	51
Financial institutions available-for-sale	80			80	
Cyprus					
Government bonds available-for-sale	9	–1		10	
Total	4,951	–109		5,060	82

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

The revaluation reserve on debt securities includes EUR 4,929 million (before tax) related to Government bonds. This amount comprises EUR 101 negative revaluation reserve for Government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which is fully offset by EUR 5,030 million of positive revaluation reserves for Government bonds from other countries.

Notes to the condensed consolidated interim accounts continued

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

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

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

	31 December 2012				
	Balance sheet value	Revaluation reserve (before tax)	Impair-ments (before tax)	Amortised cost value	Fair value of invest-ments held-to-maturity
Greece					
Government bonds available-for-sale	76	31		45	
Italy					
Government bonds available-for-sale	2,337	–63		2,400	
Government bonds at amortised cost (loans)	104	–1		104	
Financial institutions available-for-sale	498	–7		505	
Financial institutions at amortised cost (held-to-maturity)	30			30	31
Ireland					
Government bonds available-for-sale	55	1		54	
Financial institutions available-for-sale	30			30	
Financial institutions at amortised cost (held-to-maturity)	34			34	34
Portugal					
Government bonds available-for-sale	627	–17		644	
Financial institutions available-for-sale	77	1		76	
Spain					
Government bonds available-for-sale	1,151	–201		1,352	
Government bonds at amortised cost (held-to-maturity)	50			50	52
Financial institutions available-for-sale	99		–11	110	
Cyprus					
Government bonds available-for-sale	13	–5		18	
Total	5,181	–261	–11	5,452	117

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

The revaluation reserve on debt securities included EUR 7,977 million (before tax) related to Government bonds. This amount comprised EUR 255 million negative revaluation reserve for Government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which was fully offset by EUR 8,232 million of positive revaluation reserves for Government bonds from other countries.

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

Reference is made to Note 12 'Investment income' for impairments on available-for-sale debt securities. Further information on ING Group's risk exposure with regard to Greece, Italy, Ireland, Portugal, Spain and Cyprus is provided in Note 24 'Risk exposures Greece, Italy, Ireland, Portugal, Spain and Cyprus' and the Risk management section of the 2012 ING Group Consolidated Annual Accounts for more details on ING Group's risk exposures to Greece, Italy, Ireland, Portugal, Spain and Cyprus.

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks (2009 and 2008)
Reclassifications out of available-for-sale investments to loans and receivables are allowed under IFRS-EU as of the third quarter of 2008. In the 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.

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

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

	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:			
2013			
Carrying value as at 30 June	**1,407**	**8,294**	**418**
Fair value as at 30 June	**1,407**	**8,120**	**478**
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 30 June	**–153**	**–173**	**–1**
Effect on shareholders' equity (before tax) as at 30 June if reclassification had not been made	**0**	**–174**	**60**
Effect on result (before tax) for the six month period ended 30 June if reclassification had not been made	**nil**	**nil**	**nil**
Effect on result (before tax) for the six month period ended 30 June (interest income and sales results)	**–17**	**105**	**10**
Recognised impairments (before tax) for the six month period ended 30 June	**nil**	**nil**	**nil**
Recognised provision for credit losses (before tax) for the six month period ended 30 June	**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 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 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 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 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 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

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers by banking and insurance operations	**30 June 2013**	31 December 2012
Banking operations	**536,478**	543,104
Insurance operations	**25,115**	25,866
	561,593	568,970
Eliminations	**–5,327**	–5,566
	556,266	563,404

Loans and advances to customers by type – banking operations	**30 June 2013**	31 December 2012
Loans to, or guaranteed by, public authorities	**51,190**	50,774
Loans secured by mortgages	**304,273**	312,467
Loans guaranteed by credit institutions	**5,300**	6,163
Personal lending	**25,771**	24,598
Asset backed securities	**6,424**	7,044
Corporate loans	**149,397**	147,535
	542,355	548,581
Loan loss provisions	**–5,877**	–5,477
	536,478	543,104

Notes to the condensed consolidated interim accounts continued

Changes in loan loss provisions

	Banking operations		Insurance operations		Total	
	6 month period ended 30 June 2013	year ended 31 December 2012	**6 month period ended 30 June 2013**	year ended 31 December 2012	**6 month period ended 30 June 2013**	year ended 31 December 2012
Opening balance	**5,505**	4,950	**111**	124	**5,616**	5,074
Changes in the composition of the group	**–3**	–13	**–13**	–4	**–16**	–17
Write-offs	**–751**	–1,682	**–13**	–39	**–764**	–1,721
Recoveries	**36**	142			**36**	142
Increase in loan loss provisions	**1,177**	2,125	**2**	29	**1,179**	2,154
Exchange rate differences	**–34**	20		1	**–34**	21
Other changes	**–33**	–37	**1**		**–32**	–37
Closing balance	**5,897**	5,505	**88**	111	**5,985**	5,616

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 30 June 2013 of EUR 5,897 million (31 December 2012: EUR 5,505 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 5,877 million (31 December 2012: EUR 5,477 million) and EUR 20 million (31 December 2012: EUR 28 million) respectively.

5 INTANGIBLE ASSETS

Intangible assets

	30 June 2013	31 December 2012
Value of business acquired	**736**	513
Goodwill	**1,248**	1,304
Software	**599**	633
Other	**165**	189
	2,748	2,639

Allocation of Goodwill to reporting units

Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units

	30 June 2013	31 December 2012
Retail Banking Netherlands		1
Retail Banking Belgium	**50**	50
Retail Banking Germany	**349**	349
Retail Banking Central Europe	**715**	764
Commercial Banking	**24**	24
Insurance Central & Rest of Europe	**110**	114
	1,248	1,304

No goodwill impairment is recognised in the first half of 2013 (first half of 2012: nil). Changes in the first half of 2013 are mainly due to changes in currency exchange rates.

6 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale includes disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations. This relates to businesses for which a sale is agreed upon but for which the transaction has not yet closed or a sale is highly probable at the balance sheet date but for which no sale has yet been agreed.

Notes to the condensed consolidated interim accounts continued

As at 30 June 2013 this relates to the remaining ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA businesses in corporate reinsurance ('Asia') and ING's Insurance mortgage business in Mexico. As at 31 December 2012 this related to ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA businesses in corporate reinsurance ('Asia') and ING Direct UK.

In the first half of 2013, the divestments of ING's Insurance businesses in Hong Kong, Macau and Thailand, ING's investment management businesses in Malaysia and Thailand, ING's Insurance joint ventures in South Korea and India and ING Direct UK closed.

Furthermore, other divestments were agreed that are expected to close after 30 June 2013, including ING's investment management businesses in South Korea which remain to be classified as held for sale as at 30 June 2013. Reference is made to Note 19 'Acquisitions and disposals'. In addition, some other businesses remain classified as held for sale, for which no divestments have yet been concluded; this includes mainly ING's Japanese and Korean insurance businesses and Taiwanese investment management businesses.

ING continues to discuss various options for ING Life Japan, including its closed block VA business. However, the closing of sales of ING's other Asian insurance units may trigger a charge to strengthen reserves for the Japanese closed block VA under ING's reserve adequacy policy. ING measures reserve adequacy at the business line level, where excess reserves in other Asian business units currently offset a shortfall related to the Japanese closed block VA. As transactions close, if the aggregate reserves for the remaining businesses fall below a 50% confidence level, the shortfall must be recognised immediately in the profit and loss account. The reserve inadequacy for the Japanese insurance business, including the VA guarantees reinsured to ING Re, was approximately EUR 0.1 billion at the 50% confidence level at 30 June 2013. This is an inadequacy of approximately EUR 0.6 billion for the closed block VA, offset by a sufficiency EUR 0.5 billion for the corporate-owned life insurance business. The nature and timing of any profit and loss charge from such reserve inadequacy depends on the closing of other divestments in Asia as well as various options currently under investigation for ING Life Japan. Further announcements will be made if and when appropriate. The above mentioned amounts refer to ING's reserve adequacy policy under IFRS-EU which does not affect the local solvency positions of ING Life Japan nor ING Re.

Assets held for sale	**30 June 2013**	31 December 2012
Cash and balances with central banks	**1,208**	1,342
Amounts due from banks		123
Financial assets at fair value through profit and loss	**21,970**	26,688
Available-for-sale investments	**18,459**	24,805
Loans and advances to customers	**2,430**	8,705
Reinsurance contracts	**27**	98
Investments in associates	**26**	37
Property and equipment	**22**	56
Intangible assets	**82**	176
Deferred acquisition costs	**3,974**	5,124
Other assets	**783**	1,318
	48,981	68,472

Liabilities held for sale	**30 June 2013**	31 December 2012
Debt securities in issue	**78**	
Other borrowed funds	**638**	
Insurance and investments contracts	**40,956**	51,198
Customer deposits and other funds on deposit		14,207
Financial liabilities at fair value through profit and loss	**1,209**	2,081
Other liabilities	**2,053**	2,413
	44,934	69,899

Included in Shareholders' equity is cumulative other comprehensive income of EUR 640 million (2012: EUR 372 million) related to Assets and liabilities held for sale.

Notes to the condensed consolidated interim accounts continued

Other potential divestments
In addition to the businesses presented as held for sale above, ING Group is considering potential divestments, including those that are listed under the European Commission Restructuring Plan in Note 34 ‘Related parties’ in the 2012 ING Group Consolidated Annual Accounts. However, none of these businesses qualify as held for sale as at 30 June 2013 as the potential divestments are not yet available for immediate sale in their present condition and/or a sale is not yet highly probable to occur.

Goodwill
Intangible assets under Assets held for sale includes goodwill that relates to businesses that are classified as held for sale. For businesses classified as held for sale, the related goodwill is no longer evaluated at the level of the reporting unit to which it was allocated in the regular goodwill impairment test. Instead, it is reviewed as part of the valuation of the disposal group that is presented as held for sale.

Remaining goodwill in Assets held for sale amounts to EUR 45 million and relates mainly to Investment Management Taiwan. This goodwill is expected to be recovered through divestment proceeds at or above IFRS-EU carrying value.

Fair value hierarchy
The fair value hierarchy of financial assets and liabilities (measured at fair value), which are presented as held for sale is included below. 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). Reference is made to Note 20 ‘Fair value of financial assets and liabilities’.

Methods applied in determining fair values of financial assets and liabilities – Held for sale

				30 June 2013
	Level 1	**Level 2**	**Level 3**	**Total**
Assets				
Trading assets	**16**			**16**
Investments for risk of policyholders	**20,128**			**20,128**
Non-trading derivatives	**4**	**1,359**		**1,363**
Financial assets designated as at fair value through profit and loss		**463**		**463**
Available-for-sale investments	**14,316**	**4,040**	**103**	**18,459**
	34,464	**5,862**	**103**	**40,429**
Liabilities				
Non-trading derivatives	**44**	**1,165**		**1,209**
Investment contracts (for contracts at fair value)	**108**			**108**
	152	**1,165**		**1,317**

Methods applied in determining fair values of financial assets and liabilities – Held for sale

				31 December 2012
	Level 1	Level 2	Level 3	Total
Assets				
Trading assets	18			18
Investments for risk of policyholders	22,452		116	22,568
Non-trading derivatives		1,447		1,447
Financial assets designated as at fair value through profit and loss		2,640	15	2,655
Available-for-sale investments	16,180	8,386	239	24,805
	38,650	12,473	370	51,493
Liabilities				
Non-trading derivatives	287	1,786		2,073
Investment contracts (for contracts at fair value)	95			95
	382	1,786		2,168

Notes to the condensed consolidated interim accounts continued

7 OTHER ASSETS

Other assets by type

	30 June 2013	31 December 2012
Reinsurance and insurance receivables	**1,724**	1,763
Deferred tax assets	**1,920**	2,245
Property development and obtained from foreclosures	**1,128**	1,220
Income tax receivable	**420**	558
Accrued interest and rents	**10,821**	12,356
Other accrued assets	**1,605**	1,542
Net defined benefit assets	**3,448**	1,589
Other	**4,763**	5,189
	25,829	26,462

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

8 EQUITY

Equity

	30 June 2013	31 December 2012
Share capital	**921**	919
Share premium	**16,034**	16,034
Revaluation reserve	**7,065**	10,476
Currency translation reserve	**–1,298**	–841
Net defined benefit asset/liability remeasurement reserve	**–1,716**	–2,861
Other reserves	**28,875**	28,050
Shareholders' equity (parent)	**49,881**	51,777
Non-voting equity securities	**2,250**	2,250
	52,131	54,027
Minority interests	**3,885**	1,081
Total equity	**56,016**	55,108

Share capital
In the second quarter of 2013, ING Groep N.V. issued 7.2 million (depositary receipts for) ordinary shares in order to fund obligations arising from share-based employee incentive programmes.

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

Other reserves
The change in Other reserves includes EUR 2,592 million from the Net result for the 6 month period ending 30 June 2013 and EUR –1,894 million (including EUR 19 million transaction costs after tax) from the Initial Public Offering ('IPO') of ING U.S., Inc, ING's U.S.-based retirement, investment and insurance business ('ING U.S.'), as explained in Note 25 'Important events and transactions'.

Minority interest
Minority interests increased with EUR 2,954 million due to the IPO of ING U.S., as explained in Note 25 'Important events and transactions'. This amount represents 28.75% of the net asset value under IFRS-EU of ING U.S. The proportional interests held and key information on ING U.S. is included in the tables below.

ING U.S., Inc - Balance sheet

2013	Interest held (%)	Total assets	Total liabilities	Total equity	Minority interests
ING U.S. - total	**100.00**	**158,498**	**148,553**	**9,945**	
ING Group's share	**71.25**			**6,956**	**2,989**

Notes to the condensed consolidated interim accounts continued

ING U.S., Inc - Profit and loss account

2013	Interest held (%)	Total income	Total expenses	Net result	Minority interests
ING U.S. - total	100.00	6,245	6,519	–274	
ING Group's share	71.25			–219	–55

ING U.S., Inc - Comprehensive income

2013	Interest held (%)	Com-prehensive income	Minority interests
ING U.S. - total	100.00	–984	
ING Group's share	71.25	–689	–295

Reference is made to Note 18 ‘Segments’ for additional information on the underlying result of ING U.S.

9 DEBT SECURITIES IN ISSUE

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

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

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

In the first half of 2013, Debt securities in issue at Insurance ING U.S. increased by EUR 1.3 billion, reflecting recent debt offerings.

2013 - Buy-back of certain Government guaranteed notes

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

2012 - Exchange of certain debt securities

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) was recognised in the first quarter of 2012. The settlement date of the exchange offers and consent solicitations was 4 April 2012.

Notes to the condensed consolidated interim accounts continued

10 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss	30 June 2013	31 December 2012
Trading liabilities	90,757	83,652
Non-trading derivatives	14,207	18,752
Designated as at fair value through profit and loss	12,716	13,399
	117,680	115,803

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

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

11 OTHER LIABILITIES

Other liabilities by type	30 June 2013	31 December 2012
Deferred tax liabilities	1,824	2,813
Income tax payable	795	956
Net defined benefit liability	844	799
Other post-employment benefits	181	221
Other staff-related liabilities	545	650
Other taxation and social security contributions	681	918
Deposits from reinsurers	970	869
Accrued interest	8,626	10,569
Costs payable	2,173	2,161
Amounts payable to brokers	238	50
Amounts payable to policyholders	1,999	2,139
Reorganisation provision	722	919
Other provisions	394	625
Share-based payment plan liabilities	22	47
Prepayments received under property under development	20	21
Amounts to be settled	5,247	4,831
Other	3,866	4,191
	29,147	32,779

Net defined benefit asset/liability

The amounts included in the Condensed consolidated balance sheet arising from ING Group’s obligations in respect of its defined benefit plans is as follows:

Summary of net defined benefit asset/liability	30 June 2013	31 December 2012
Fair value of plan assets	22,559	22,869
Defined benefit obligation	19,955	22,079
Funded status	2,604	790
Presented as:		
– Other assets	3,448	1,589
– Other liabilities	–844	–799
	2,604	790

Notes to the condensed consolidated interim accounts continued

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

Changes in fair value of plan assets	6 month period ended 30 June 2013	year ended 31 December 2012
Opening balance	**22,869**	20,077
Interest income	**389**	1,020
Remeasurements: Return on plan assets excluding amounts included in interest income	**–821**	1,640
Employer's contribution	**447**	746
Participants' contributions	**4**	18
Benefits paid	**–274**	–613
Changes in the composition of the group and other changes	**8**	–32
Exchange rate differences	**–63**	13
Closing balance	**22,559**	22,869

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

Changes in defined benefit obligation	6 month period ended 30 June 2013	year ended 31 December 2012
Opening balance	**22,079**	16,212
Current service cost	**202**	283
Interest cost	**371**	847
Remeasurements: Actuarial gains and losses arising from demographic assumptions		2
Remeasurements: Actuarial gains and losses arising from financial assumptions	**–2,340**	5,919
Participants' contributions	**1**	2
Benefits paid	**–275**	–617
Past service cost	**2**	–2
Changes in the composition of the group and other changes	**7**	–80
Effect of curtailment or settlement	**–51**	–468
Exchange rate differences	**–41**	–19
Closing balance	**19,955**	22,079

2013 – Effect of curtailment
In the first half of 2013, the Effect of curtailment or settlement includes the curtailments of two pension plans in the Netherlands. These plans are closed for new pension rights and are replaced by defined contribution schemes.

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

As of the start of the new defined contribution plan on 1 January 2014, the current defined benefit plan will stop accruing new pension benefits. Accruals built up under the defined benefit plan up to that date will remain valid. The change to the new pension scheme represents a curtailment under IFRS-EU and has resulted in a release of provisions previously taken by ING to cover estimated future liabilities in the existing defined benefit plan that are now no longer required. This release amounted to a one-off after tax gain of EUR 351 million (EUR 468 million before tax). The curtailment was included in the line Staff expenses in the second quarter of 2012. This curtailment related to the current defined benefit plan in The Netherlands, which represented approximately 75% of the above defined benefit obligation as at 31 December 2012.

Notes to the condensed consolidated interim accounts continued

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

Remeasurement of the net defined benefit asset/liability	3 month period 1 April to 30 June 2013	6 month period 1 January to 30 June 2013	year ended 31 December 2012
Remeasurement of plan assets	**–1,050**	**–821**	1,640
Actuarial gains and losses arising from changes in demographic assumptions			–2
Actuarial gains and losses arising from changes in financial assumptions	**979**	**2,340**	–5,919
Taxation	**47**	**–440**	1,060
	-24	**1,079**	3,221

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

The accumulated amount of remeasurements recognised directly in Other comprehensive income (equity) is EUR –2,380 million (EUR –1,781 million after tax) as at 30 June 2013 (31 December 2012: EUR –3,894 million, EUR –2,860 million after tax).

12 INVESTMENT INCOME

Investment income						
3 month period	Banking operations		Insurance operations		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Income from real estate investments	**7**	4	**13**	14	**20**	18
Dividend income	**13**	27	**80**	100	**93**	127
Income from investments in debt securities			**1,015**	1,434	**1,015**	1,434
Income from loans			**318**	391	**318**	391
Realised gains/losses on disposal of debt securities	**19**	51	**22**	-10	**41**	41
Impairments of available-for-sale debt securities		–8	**–6**	–22	**–6**	–30
Realised gains/losses on disposal of equity securities	**7**	11	**11**	43	**18**	54
Impairments of available-for-sale equity securities		–8	**–44**	–47	**–44**	–55
Change in fair value of real estate investments	**1**	–2	**–3**	–3	**–2**	–5
	47	75	**1,406**	1,900	**1,453**	1,975

In the second quarter of 2012, impairments included EUR 11 million on Spanish Financial Institutions' bonds.

Investment income						
6 month period	Banking operations		Insurance operations		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Income from real estate investments	**8**	12	**26**	30	**34**	42
Dividend income	**24**	33	**107**	140	**131**	173
Income from investments in debt securities			**2,117**	2,557	**2,117**	2,557
Income from loans			**629**	746	**629**	746
Realised gains/losses on disposal of debt securities	**113**	165	**83**	–35	**196**	130
Impairments of available-for-sale debt securities		–9	**–7**	–27	**–7**	–36
Reversals of impairments of available-for-sale debt securities	**2**		**2**		**4**	
Realised gains/losses on disposal of equity securities	**23**	15	**147**	203	**170**	218
Impairments of available-for-sale equity securities	**–2**	–12	**–102**	–57	**–104**	–69
Change in fair value of real estate investments	**1**	–4	**–12**	–37	**–11**	–41
	169	200	**2,990**	3,520	**3,159**	3,720

Notes to the condensed consolidated interim accounts continued

In the first half of 2012, impairments included EUR 11 million on Spanish Financial Institutions' bonds.

In the first half of 2012, a gain of EUR 15 million was recognised in 'Realised gains/losses on disposal of debt securities' resulting from the exchange of the Greek Government bonds.

Reference is made to Note 3 'Investments'.

Impairments/reversals of impairments on investments per segment

3 month period	Impairments	
	1 April to 30 June	
Retail Belgium		–1
Commercial Banking		–13
Insurance Benelux	**–42**	–59
Insurance US	**–7**	–9
Corporate Line Banking		–2
Corporate Line Insurance	**–1**	–1
Total	**–50**	–85

Impairments/reversals of impairments on investments per segment

6 month period	Impairments		Reversal of impairments	
	1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Retail Belgium		–1		
Commercial Banking	**–1**	–16	**2**	
Insurance Benelux	**–98**	–70		
Insurance US	**–9**	–13	**2**	
Corporate Line Banking	**–1**	–4		
Corporate Line Insurance	**–2**	–1		
Total	**–111**	–105	**4**	

13 OTHER INCOME

Other income

3 month period	Banking operations		Insurance operations		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Result on disposal of group companies	**5**		**–58**		**–53**	
Valuation results on non-trading derivatives	**417**	43	**–659**	803	**–242**	846
Net trading income	**–244**	156	**41**	–87	**–203**	69
Result from associates	**12**	6	**49**	9	**61**	15
Other	**27**	-112	**22**	–20	**49**	–132
	217	93	**–605**	705	**–388**	798

Result on disposal of group companies
In the second quarter of 2013, for the Insurance operations, Result on disposal of group companies includes EUR –58 million for the sale of ING Hipotecaria as disclosed in Note 19 'Acquisition and disposals'.

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

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

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

Notes to the condensed consolidated interim accounts continued

Result from associates
In the second quarter of 2013, for the Insurance operations, Result from associates includes EUR 45 million for the sale of approximately 7.9% interest in Sul América S.A. as disclosed in Note 25 ‘Important events and transactions’.

Other income

6 month period	Banking operations		Insurance operations		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Result on disposal of group companies	**19**	742	**–58**		**–39**	742
Valuation results on non-trading derivatives	**314**	–410	**–1,653**	–842	**–1,339**	–1,252
Net trading income	**98**	649	**2**	–33	**100**	616
Result from associates	**12**	10	**72**	41	**84**	51
Other	**56**	–76	**31**	–13	**87**	–89
	499	915	**–1,606**	–847	**–1,107**	68

Result on disposal of group companies
In the half of 2013, for the Insurance operations, Result on disposal of group companies includes EUR –58 million for the sale of ING Hipotecaria as disclosed in Note 19 ‘Acquisition and disposals’.

In the first half of 2012, results on disposal of group companies included the sale of ING Direct USA. Reference is made to Note 19 ‘Acquisition and disposals’.

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

Included in the Valuation results on non-trading derivatives are the fair value movements on derivatives used to economically hedge exposures, but for which no hedge accounting is applied. 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 14 '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'.

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

Trading income mainly relates to trading assets and trading liabilities which include assets and liabilities that are classified under IFRS-EU as ‘Trading’ but are closely related to servicing the needs of the clients of ING 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 directly related to services to ING’s customers. Loans and receivables in the trading portfolio mainly relate to (reverse) repurchase agreements, which are comparable to collateralised borrowing (lending). These products are used by ING Bank as part of its own regular treasury activities, but also relate to the role that ING Bank plays as intermediary between different professional customers. Trading assets and liabilities held for ING’s own risk are very limited. From a risk perspective, the gross amount of trading assets must be considered together with the gross amount of trading liabilities, which are presented separately on the balance sheet. However, IFRS-EU does not allow offsetting of these positions in the balance sheet. Reference is made to Note 2 ‘Financial assets at fair value through profit and loss’ and Note 10 ‘Financial liabilities at fair value through profit and loss’ for information on trading assets and liabilities.

Result from associates
In the half of 2013, for the Insurance operations, Result from associates includes EUR 45 million for the sale of approximately 7.9% interest in Sul América S.A. as disclosed in Note 25 ‘Important events and transactions’.

Notes to the condensed consolidated interim accounts continued

14 UNDERWRITING EXPENDITURE

Underwriting expenditure

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Gross underwriting expenditure				
– before effect of investment result for risk of policyholders	**5,125**	7,225	**11,440**	13,505
– effect of investment result for risk of policyholders	**–51**	–1,640	**4,794**	5,437
	5,074	5,585	**16,234**	18,942
Investment result for risk of policyholders	**51**	1,640	**–4,794**	–5,437
Reinsurance recoveries	**–481**	–614	**–966**	–1,049
Underwriting expenditure	**4,644**	6,611	**10,474**	12,456

Underwriting expenditure

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Expenditure from life underwriting				
Reinsurance and retrocession premiums	**384**	443	**788**	841
Gross benefits	**5,924**	6,771	**11,813**	12,722
Reinsurance recoveries	**–479**	–611	**–962**	–1,044
Change in life insurance provisions for risk of company	**–1,710**	–705	**–2,744**	–1,863
Costs of acquiring insurance business	**169**	213	**307**	400
Other underwriting expenditure	**139**	159	**307**	300
Profit sharing and rebates	**–42**	61	**–39**	103
	4,385	6,331	**9,470**	11,459
Expenditure from non-life underwriting				
Reinsurance and retrocession premiums	**14**	5	**29**	29
Gross claims	**273**	269	**541**	545
Reinsurance recoveries	**–2**	–2	**–4**	–4
Change in provision for unearned premiums	**–104**	–116	**251**	237
Change in claims provision	**–15**	38	**45**	78
Costs of acquiring insurance business	**65**	66	**132**	132
Other underwriting expenditure			**1**	1
	231	260	**995**	1,018
Expenditure from investment contracts				
Costs of acquiring investment contracts		1		1
Other changes in investment contract liabilities	**28**	19	**9**	–22
	28	20	**9**	–21
	4,644	6,611	**10,474**	12,456

15 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversals of) other impairments

3 month period	Impairment losses		Reversals of impairments		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Property and equipment	**11**	6	**–1**	–1	**10**	5
Property development	**14**	44			**14**	44
Software and other intangible assets	**3**	1	**–6**		**–3**	1
(Reversals of) other impairments	**28**	51	**–7**	–1	**21**	50
Amortisation of other intangible assets					**11**	14
					32	64

Notes to the condensed consolidated interim accounts continued

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

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

Intangible amortisation and (reversals of) other impairments

6 month period	Impairment losses		Reversals of impairments		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Property and equipment	**19**	10	**–3**	–3	**16**	7
Property development	**40**	103			**40**	103
Software and other intangible assets	**3**	1	**–6**		**–3**	1
(Reversals of) other impairments	**62**	114	**–9**	–3	**53**	111
Amortisation of other intangible assets					**22**	25
					75	136

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

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

16 STAFF EXPENSES

Staff expenses

3 month period	Banking operations		Insurance operations		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Salaries	**823**	864	**336**	363	**1,159**	1,227
Pension costs	**38**	–315	**21**	–120	**59**	–435
Other staff-related benefit costs	**–6**	5	**–2**	7	**–8**	12
Social security costs	**136**	135	**34**	36	**170**	171
Share-based compensation arrangements	**13**	16	**–4**	16	**9**	32
External employees	**165**	154	**48**	57	**213**	211
Education	**12**	15	**3**	5	**15**	20
Other staff costs	**45**	44	**22**	–52	**67**	–8
	1,226	918	**458**	312	**1,684**	1,230

Amounts recognised in 'Pension costs' were as follows:

Staff expenses - Pension costs

3 month period	1 April to 30 June	
	2013	2012
Current service cost	**101**	65
Past service cost	**1**	1
Net interest result	**–9**	–57
Effect of curtailment or settlement	**–51**	–468
Defined benefit plans	**42**	–459
Defined contribution plans	**17**	24
	59	–435

Notes to the condensed consolidated interim accounts continued

Staff expenses						
6 month period	Banking operations		Insurance operations		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Salaries	**1,660**	1,728	**663**	694	**2,323**	2,422
Pension costs	**117**	–294	**54**	–112	**171**	–406
Other staff-related benefit costs	**–7**	9	**1**	19	**–6**	28
Social security costs	**269**	269	**76**	78	**345**	347
Share-based compensation arrangements	**23**	42	**20**	27	**43**	69
External employees	**315**	309	**102**	100	**417**	409
Education	**25**	26	**6**	10	**31**	36
Other staff costs	**93**	95	**36**	–37	**129**	58
	2,495	2,184	**958**	779	**3,453**	2,963

Amounts recognised in 'Pension costs' were as follows:

Staff expenses - Pension costs		
6 month period	1 January to 30 June	
	2013	2012
Current service cost	**202**	137
Past service cost	**2**	2
Net interest result	**–18**	–116
Effect of curtailment or settlement	**–52**	–468
Defined benefit plans	**134**	–445
Defined contribution plans	**37**	39
	171	–406

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

17 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 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Net result	**788**	1,293	**3,823.8**	3,796.1		
Basic earnings	**788**	1,293	**3,823.8**	3,796.1	**0.21**	0.34
Dilutive instruments:						
Stock option and share plans			**4.9**	5.4		
			4.9	5.4		
Diluted earnings	**788**	1,293	**3,828.7**	3,801.5	**0.21**	0.34

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.

Notes to the condensed consolidated interim accounts continued

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 2013 and 2012 (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 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Basic earnings	**788**	1,293	**3,823.8**	3,796.1		
Less: Net result from discontinued operations	**–102**	–69				
Basic earnings from continuing operations	**890**	1,362	**3,823.8**	3,796.1	**0.24**	0.36
Dilutive instruments:						
Stock option and share plans			**4.9**	5.4		
			4.9	5.4		
Diluted earnings from continuing operations	**890**	1,362	**3,828.7**	3,801.5	**0.24**	0.36

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 April to 30 June		1 April to 30 June		1 April to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Net result from discontinued operations	**–98**	111				
Net result from classification as discontinued operations		–180				
Net result from disposal of discontinued operations	**–4**					
Total net result from discontinued operations	**–102**	–69	**3,823.8**	3,796.1		
Basic earnings from discontinued operations	**–102**	–69	**3,823.8**	3,796.1	**–0.03**	–0.02
Dilutive instruments:						
Stock option and share plans			**4.9**	5.4		
			4.9	5.4		
Diluted earnings from discontinued operations	**–102**	–69	**3,828.7**	3,801.5	**–0.03**	–0.02

Notes to the condensed consolidated interim accounts continued

Earnings per ordinary share

6 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 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Net result	**2,592**	2,020	**3,813.9**	3,790.7		
Attribution to non-voting equity securities	**–191**	–255				
Basic earnings	**2,401**	1,765	**3,813.9**	3,790.7	**0.63**	0.46
Dilutive instruments:						
Stock option and share plans			**4.9**	5.4		
			4.9	5.4		
Diluted earnings	**2,401**	1,765	**3,818.8**	3,796.1	**0.63**	0.46

Earnings per ordinary share from continuing operations

6 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 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Basic earnings	**2,401**	1,765	**3,813.9**	3,790.7		
Less: Net result from discontinued operations	**999**	94				
Basic earnings from continuing operations	**1,402**	1,671	**3,813.9**	3,790.7	**0.37**	0.44
Dilutive instruments:						
Stock option and share plans			**4.9**	5.4		
			4.9	5.4		
Diluted earnings from continuing operations	**1,402**	1,671	**3,818.8**	3,796.1	**0.37**	0.44

Earnings per ordinary share from discontinued operations

6 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 30 June		1 January to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012	**2013**	2012
Net result from discontinued operations	**58**	274				
Net result from classification as discontinued operations		–180				
Net result from disposal of discontinued operations	**941**					
Total net result from discontinued operations	**999**	94	**3,813.9**	3,790.7		
Basic earnings from discontinued operations	**999**	94	**3,813.9**	3,790.7	**0.26**	0.02
Dilutive instruments:						
Stock option and share plans			**4.9**	5.4		
			4.9	5.4		
Diluted earnings from discontinued operations	**999**	94	**3,818.8**	3,796.1	**0.26**	0.02

Notes to the condensed consolidated interim accounts continued

18 SEGMENTS

a. General

ING Group's segments relate to the internal segmentation by business lines. As of 2013, the former segment ING Investment Management is split in Investment Management EurAsia and Investment Management US. The comparatives have been adjusted to reflect the new segment structure for the insurance operations. ING Group identifies the following segments:

Segments of ING Group

Banking	Insurance
Retail Netherlands	Insurance Benelux
Retail Belgium	Insurance Central & Rest of Europe (CRE)
Retail Germany	Investment Management EurAsia
Retail Rest of World	Insurance United States (US)
Commercial Banking	Investment Management US
	Insurance US Closed Block VA

The Executive Board of ING Groep N.V., the Management Board of ING Bank N.V., the Management Board of ING Insurance Eurasia N.V. and the Board of ING U.S., Inc. 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 Groep N.V., the Management Board of ING Bank N.V., the Management Board of ING Insurance Eurasia N.V. and the Board of ING U.S., Inc.

Except for the changes described in Note 1 'Basis of presentation', the accounting policies of the segments are the same as those described under 'Accounting policies for the consolidated annual accounts of ING' in the 2012 ING 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 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) Boards. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. Disclosures on comparative periods also reflect the impact of current period's divestments.

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

Specification of the main sources of income 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.
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.
Investment Management EurAsia	Income from investment management activities in Europe and Asia.
Insurance US	Income from life insurance and retirement services in the United States.
Investment Management US	Income from investment management activities 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.

Notes to the condensed consolidated interim accounts continued

In addition to these segments, ING Group reconciles the total segment results to the total result of ING Banking, ING Insurance EurAsia and Insurance ING U.S. using the Corporate Lines Banking, EurAsia, US 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. The Corporate Lines of Insurance contains items related to capital management, run-off portfolio's, Corporate Reinsurance and remaining activities in Latin America.

b. ING Group

Segments ING Group total

3 month period 1 April to 30 June 2013	Total Banking	Total Insurance	Eliminations	Total
Underlying income				
– Gross premium income		4,479		4,479
– Net interest result - banking operations	3,006		–28	2,978
– Commission income	582	380		963
– Total investment and other income	265	818	–6	1,076
Total underlying income	3,853	5,677	–34	9,495
Underlying expenditure				
– Underwriting expenditure		4,644		4,645
– Operating expenses	2,064	784		2,848
– Other interest expenses		104	–34	70
– Additions to loan loss provision	616			616
– Other impairments	26	4		30
Total underlying expenses	2,706	5,536	–34	8,207
Underlying result before taxation	1,147	141		1,288
Taxation	283	85		369
Minority interests	23	–46		–23
Underlying net result	840	102		942

Segments ING Group total

3 month period 1 April to 30 June 2012	Total Banking	Total Insurance	Eliminations	Total
Underlying income				
– Gross premium income		4,811		4,811
– Net interest result - banking operations	2,856		–25	2,831
– Commission income	577	351		928
– Total investment and other income	161	2,621	–14	2,766
Total underlying income	3,594	7,783	–39	11,338
Underlying expenditure				
– Underwriting expenditure		6,586		6,586
– Operating expenses	1,988	768		2,755
– Other interest expenses		127	–39	88
– Additions to loan loss provision	540			540
– Other impairments	56	8		64
Total underlying expenses	2,582	7,490	–39	10,032
Underlying result before taxation	1,011	294		1,305
Taxation	257	-78		179
Minority interests	20	–2		18
Underlying net result	734	374		1,109

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 April to 30 June	**2013**	2012	**2013**	2012	**2013**	2012
Underlying	**9,495**	11,338	**8,207**	10,032	**942**	1,109
Divestments	**–12**	96		90	**–12**	
Special items		–4	**54**	-346	**–41**	252
IFRS-EU (continuing operations)	**9,482**	11,428	**8,260**	9,775	**890**	1,362
Total net result from discontinued operations	**1,045**	3,035	**1,167**	3,053	**–102**	–69
IFRS-EU (continuing and discontinued operations)	**10,527**	14,464	**9,427**	12,828	**788**	1,293

Divestments in the second quarter of 2013 reflect the sale of part of ING's direct stake in Sul América S.A. and the sale of ING Hipotecaria, ING's mortgage business in Mexico.

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

Reference is made to Note 23 'Discontinued operations' for information on discontinued operations.

Segments ING Group total

6 month period 1 January to 30 June 2013	**Total Banking**	**Total Insurance**	**Elimi-nations**	**Total**
Underlying income				
– Gross premium income		**10,264**		**10,264**
– Net interest result - banking operations	**5,922**		**–52**	**5,870**
– Commission income	**1,136**	**746**		**1,882**
– Total investment and other income	**659**	**1,408**	**–14**	**2,052**
Total underlying income	**7,716**	**12,418**	**–66**	**20,067**
Underlying expenditure				
– Underwriting expenditure		**10,474**		**10,474**
– Operating expenses	**4,159**	**1,594**		**5,752**
– Other interest expenses		**205**	**–66**	**139**
– Additions to loan loss provision	**1,176**			**1,176**
– Other impairments	**65**	**7**		**72**
Total underlying expenses	**5,400**	**12,280**	**–66**	**17,614**
Underlying result before taxation	**2,316**	**137**		**2,453**
Taxation	**614**	**97**		**711**
Minority interests	**53**	**–52**		**1**
Underlying net result	**1,649**	**92**		**1,742**

Notes to the condensed consolidated interim accounts continued

Segments ING Group total

6 month period 1 January to 30 June 2012	Total Banking	Total Insurance	Elimi-nations	Total
Underlying income				
– Gross premium income		10,934		10,934
– Net interest result - banking operations	5,825		–34	5,791
– Commission income	1,130	684		1,814
– Total investment and other income	356	2,714	–41	3,029
Total underlying income	7,311	14,332	–75	21,568
Underlying expenditure				
– Underwriting expenditure		12,431		12,431
– Operating expenses	4,046	1,570		5,616
– Other interest expenses		241	–75	166
– Additions to loan loss provision	978			978
– Other impairments	125	12		137
Total underlying expenses	5,150	14,253	–75	19,328
Underlying result before taxation	2,162	80		2,240
Taxation	613	–120		493
Minority interests	46	14		60
Underlying net result	1,502	186		1,687

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

6 month period		Income		Expenses		Net result
1 January to 30 June	**2013**	2012	**2013**	2012	**2013**	2012
Underlying	**20,067**	21,568	**17,614**	19,328	**1,742**	1,687
Divestments	**–21**	922	**16**	154	**–55**	502
Special items		–4	**119**	297	**–94**	-262
IFRS-EU (continuing operations)	**20,046**	22,485	**17,749**	19,778	**1,593**	1,926
Total net result from discontinued operations	**2,342**	4,480	**2,248**	4,281	**999**	94
IFRS-EU (continuing and discontinued operations)	**22,388**	26,966	**19,997**	24,060	**2,592**	2,020

Divestments in the first half of 2013 include the sale of part of ING's direct stake in Sul América S.A. and the sale of ING Hipotecaria, ING's mortgage business in Mexico. Divestments in the first half of 2012 reflect mainly the result on the sale of ING Direct USA.

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

Reference is made to Note 23 'Discontinued operations' for information on discontinued operations.

Notes to the condensed consolidated interim accounts continued

c. Banking activities

Segments Banking

3 month period 1 April to 30 June 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	893	440	322	467	757	127	3,006
– Commission income	117	90	28	94	253		582
– Total investment and other income	14	39	3	46	321	–157	265
Total underlying income	1,024	569	352	607	1,330	–30	3,853
Underlying expenditure							
– Operating expenses	560	364	173	412	543	13	2,064
– Additions to loan loss provision	218	41	21	91	245		616
– Other impairments *	7	2			10	7	26
Total underlying expenses	785	407	193	502	798	20	2,706
Underlying result before taxation	240	161	159	105	532	–50	1,147
Taxation	59	52	52	36	130	–46	283
Minority interests		–2		16	8		23
Underlying net result	181	111	107	52	394	–4	840
Special items	–49					27	–22
Net result (continuing operations)	132	111	107	52	394	23	819

* analysed as a part of operating expenses.

Segments Banking

3 month period 1 April to 30 June 2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	844	431	284	420	853	23	2,856
– Commission income	128	86	20	82	258	3	577
– Total investment and other income	2	25	–17	–100	178	72	161
Total underlying income	974	543	287	402	1,290	97	3,594
Underlying expenditure							
– Operating expenses	551	326	162	398	533	17	1,988
– Additions to loan loss provision	161	28	25	48	278		540
– Other impairments *	4				44	7	56
Total underlying expenses	715	354	187	446	856	25	2,582
Underlying result before taxation	259	189	100	–44	434	73	1,011
Taxation	62	49	34	–8	105	14	257
Minority interests				14	5		20
Underlying net result	197	139	66	–50	324	59	734
Divestments				11			11
Special items	–27	–2				231	202
Net result (continuing operations)	170	137	66	–40	324	290	948

* analysed as a part of operating expenses.

Notes to the condensed consolidated interim accounts continued

Segments Banking

6 month period 1 January to 30 June 2013	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	1,738	876	609	926	1,555	217	5,922
– Commission income	229	185	55	179	489	–1	1,136
– Total investment and other income	27	100	–14	117	697	–268	659
Total underlying income	1,994	1,161	650	1,222	2,741	–52	7,716
Underlying expenditure							
– Operating expenses	1,129	715	349	834	1,121	10	4,159
– Additions to loan loss provision	432	80	42	159	463		1,176
– Other impairments *	13	2			35	14	65
Total underlying expenses	1,575	798	391	993	1,620	25	5,400
Underlying result before taxation	420	363	259	229	1,121	–77	2,316
Taxation	104	117	85	46	282	–20	614
Minority interests		–2		38	16		53
Underlying net result	316	248	173	145	823	–57	1,649
Divestments				–42			–42
Special items	–70					25	–44
Net result (continuing operations)	246	248	173	103	823	–31	1,563

* analysed as a part of operating expenses.

Segments Banking

6 month period 1 January to 30 June 2012	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total Banking
Underlying income							
– Net interest result	1,708	837	577	836	1,759	109	5,825
– Commission income	251	178	45	169	481	5	1,130
– Total investment and other income	16	75	–24	–84	454	–80	356
Total underlying income	1,975	1,090	598	921	2,693	34	7,311
Underlying expenditure							
– Operating expenses	1,113	686	328	790	1,083	47	4,047
– Additions to loan loss provision	291	72	39	131	445		978
– Other impairments *	7				103	14	125
Total underlying expenses	1,411	758	367	921	1,630	61	5,150
Underlying result before taxation	564	332	231	0	1,062	–27	2,161
Taxation	141	95	75	15	293	–5	613
Minority interests		2		29	15		46
Underlying net result	423	235	156	–45	755	–22	1,502
Divestments				513			513
Special items	–54	–4				–143	–202
Net result (continuing operations)	370	230	156	468	755	–166	1,813

* analysed as a part of operating expenses.

d. Insurance activities

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

- Operating result; and
- Non-operating items.

Notes to the condensed consolidated interim accounts continued

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.

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.

Segments Insurance

3 month period 1 April to 30 June 2013	Insurance EurAsia	Insurance ING U.S.	Insurance Other	Total Insurance
Investment margin	194	253		447
Fees and premium based revenues	351	450		802
Technical margin	105	21		127
Income non-modelled life business	6			6
Life & IM operating income	657	725		1,382
Administrative expenses	279	324		603
DAC amortisation and trail commissions	95	221		316
Life & IM expenses	374	545		919
Life & IM operating result	283	179		463
Non-life operating result	45			45
Corporate Line operating result	–72	–40	–24	–136
Operating result	256	140	–24	371
Gains/losses and impairments	–15	–3		–18
Revaluations	5	–70	2	–63
Market & other impacts	–63	–86		–149
Underlying result before taxation	182	–19	–22	141
Taxation	47	44	–5	85
Minority interests	4	–48	–2	–46
Underlying net result	131	–15	–15	102
Divestments			–12	–12
Special items	–10	–8	–1	–19
Net result (continuing operations)	122	–23	–28	71
Net result (discontinued operations)	–98			–98
Net result (disposal of discontinued operations)	–4			–4
Net result	20	–23	–28	–31

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

3 month period 1 April to 30 June 2013	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	184	10			194
Fees and premium based revenues	125	109	117		351
Technical margin	69	36			105
Income non-modelled life business		6			6
Life & IM operating income	378	162	117		657
Administrative expenses	136	67	76		279
DAC amortisation and trail commissions	37	58			95
Life & IM expenses	173	125	76		374
Life & IM operating result	205	37	41		283
Non-life operating result	43	2			45
Corporate Line operating result				–72	–72
Operating result	249	38	41	–72	256
Gains/losses and impairments	–28	1		12	–15
Revaluations	8			–4	5
Market & other impacts	–63				–63
Underlying result before taxation	166	39	41	–64	182
Taxation	31	11	10	–5	47
Minority interests	2	2			4
Underlying net result	133	26	31	–59	131
Divestments					
Special items	–13	–3		6	–10
Net result (continuing operations)	120	23	31	–53	122
Net result (discontinued operations)					–98
Net result (disposal of discontinued operations)					–4
Net result					20

Notes to the condensed consolidated interim accounts continued

Segments Insurance ING U.S.

3 month period 1 April to 30 June 2013	Insurance US	Investment Management US	Insurance US Closed Block VA	Corporate Line US	Total Insurance ING U.S.
Investment margin	249		4		253
Fees and premium based revenues	305	110	35		450
Technical margin	19		2		21
Income non-modelled life business					
Life & IM operating income	573	110	42		725
Administrative expenses	218	83	23		324
DAC amortisation and trail commissions	180	1	41		221
Life & IM expenses	398	84	63		545
Life & IM operating result	175	27	–22		179
Corporate Line operating result				–40	–40
Operating result	175	27	–22	–40	140
Gains/losses and impairments	–3				–3
Revaluations	–57	–15	1		–70
Market & other impacts	5		–91		–86
Underlying result before taxation	121	12	–112	–40	–19
Taxation	–14	10	72	–25	44
Minority interests	11	–15	–43	–1	–48
Underlying net result	123	17	–141	–14	–15
Special items	–8				–8
Net result (continuing operations)	114	17	–141	–14	–23

Notes to the condensed consolidated interim accounts continued

Segments Insurance

3 month period 1 April to 30 June 2012	Insurance EurAsia	Insurance ING U.S.	Insurance Other	Total Insurance
Investment margin	196	278		475
Fees and premium based revenues	355	414		770
Technical margin	99	–7		92
Income non-modelled life business	6			6
Life & IM operating income	658	686		1,343
Administrative expenses	288	328		616
DAC amortisation and trail commissions	98	220		318
Life & IM expenses	387	548		935
Life & IM operating result	271	138		409
Non-life operating result	36			36
Corporate Line operating result	–105	–36	19	–121
Operating result	203	102	19	324
Gains/losses and impairments	–60	6		–54
Revaluations	–22	53	–9	21
Market & other impacts	–230	234		3
Underlying result before taxation	–110	394	9	294
Taxation	–31	–42	–5	–78
Minority interests			–2	–2
Underlying net result	–79	436	17	374
Divestments	–9	18	–19	–11
Special items	63	–9	–3	50
Net result (continuing operations)	–24	445	–6	414
Net result (discontinued operations)	111			111
Net result (classification as discontinued operations)	–180			–180
Net result	–93	445	–6	345

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

3 month period 1 April to 30 June 2012	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	180	15	2		196
Fees and premium based revenues	143	103	109		355
Technical margin	56	43			99
Income non-modelled life business	1	5			6
Life & IM operating income	381	166	111		658
Administrative expenses	142	68	78		288
DAC amortisation and trail commissions	44	54			98
Life & IM expenses	187	122	78		387
Life & IM operating result	194	44	33		271
Non-life operating result	34	2			36
Corporate Line operating result				–105	–105
Operating result	228	47	33	–105	203
Gains/losses and impairments	–50	–13		3	–60
Revaluations	–44	20		1	–22
Market & other impacts	–229			–1	–230
Underlying result before taxation	–95	53	33	–101	–110
Taxation	–36	16	9	–20	–31
Minority interests	–2	2			
Underlying net result	–57	36	24	–81	–79
Divestments	–19			10	–9
Special items	–24	–5	–1	92	63
Net result (continuing operations)	–101	31	24	21	–24
Net result (discontinued operations)					111
Net result (classification as discontinued operations)					–180
Net result					–94

Notes to the condensed consolidated interim accounts continued

Segments Insurance ING U.S.

3 month period 1 April to 30 June 2012	Insurance US	Investment Management US	Insurance US Closed Block VA	Corporate Line US	Total Insurance ING U.S.
Investment margin	283		–4		278
Fees and premium based revenues	298	92	24		414
Technical margin	–8				–7
Life & IM operating income	573	92	21		686
Administrative expenses	221	80	27		328
DAC amortisation and trail commissions	183	1	37		220
Life & IM expenses	404	80	64		548
Life & IM operating result	169	11	–43		138
Corporate Line operating result				–36	–36
Operating result	169	11	–43	–36	102
Gains/losses and impairments	6				6
Revaluations	41	10	1		53
Market & other impacts	–24		258		234
Underlying result before taxation	192	22	216	–36	394
Taxation	57	11	–96	–14	–42
Minority interests					
Underlying net result	136	11	312	–22	436
Divestments				18	18
Special items	–9				–9
Net result (continuing operations)	126	11	312	–4	445

Notes to the condensed consolidated interim accounts continued

Segments Insurance

6 month period 1 January to 30 June 2013	Insurance EurAsia	Insurance ING U.S.	Insurance Other	Total Insurance
Investment margin	321	517		838
Fees and premium based revenues	730	861		1,591
Technical margin	192	25		216
Income non-modelled life business	10			10
Life & IM operating income	1,253	1,402		2,655
Administrative expenses	574	656		1,230
DAC amortisation and trail commissions	197	437		633
Life & IM expenses	771	1,093		1,864
Life & IM operating result	482	309		792
Non-life operating result	42			42
Corporate Line operating result	–190	–83	20	–253
Operating result	335	226	20	581
Gains/losses and impairments	34	8	59	102
Revaluations	–5	–54	3	–57
Market & other impacts	–97	–392		–489
Underlying result before taxation	266	–211	82	137
Taxation	66	46	–15	97
Minority interests	6	–54	–4	–52
Underlying net result	194	–204	102	92
Divestments			–12	–13
Special items	–31	–15	–4	–49
Net result (continuing operations)	163	–219	86	30
Net result (discontinued operations)	58			58
Net result (disposal of discontinued operations)	941			941
Net result	1,162	–219	86	1,029

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

6 month period 1 January to 30 June 2013	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	298	22	1		321
Fees and premium based revenues	294	211	226		730
Technical margin	116	75			192
Income non-modelled life business		11			10
Life & IM operating income	708	318	227		1,253
Administrative expenses	284	135	155		574
DAC amortisation and trail commissions	83	113			197
Life & IM expenses	367	249	155		771
Life & IM operating result	341	70	72		482
Non-life operating result	39	3			42
Corporate Line operating result				–190	–190
Operating result	380	72	72	–190	335
Gains/losses and impairments	12	1		21	34
Revaluations	–2			–3	–5
Market & other impacts	–97				–97
Underlying result before taxation	293	73	72	–172	266
Taxation	53	17	18	–22	66
Minority interests	2	4			6
Underlying net result	238	52	54	–150	194
Special items	–29	–4		2	–31
Net result (continuing operations)	209	48	54	–148	163
Net result (discontinued operations)					58
Net result (disposal of discontinued operations)					941
Net result					1,162

Notes to the condensed consolidated interim accounts continued

Segments Insurance ING U.S.

6 month period 1 January to 30 June 2013	Insurance US	Investment Management US	Insurance US Closed Block VA	Corporate Line US	Total Insurance ING U.S.
Investment margin	510		7		517
Fees and premium based revenues	593	209	59		861
Technical margin	22		3		25
Life & IM operating income	1,125	209	68		1,402
Administrative expenses	442	167	47		656
DAC amortisation and trail commissions	356	1	79		437
Life & IM expenses	799	168	126		1,093
Life & IM operating result	326	41	–58		309
Corporate Line operating result				–83	–83
Operating result	326	41	–58	–83	226
Gains/losses and impairments			8		8
Revaluations	–38	–18	2		–54
Market & other impacts	22		–413		–392
Underlying result before taxation	310	22	–461	–83	–211
Taxation	40	17	25	–36	46
Minority interests	11	–21	–43	–1	–54
Underlying net result	259	26	–443	–45	–204
Special items	–15				–15
Net result (continuing operations)	244	26	–443	–45	–219

Notes to the condensed consolidated interim accounts continued

Segments Insurance

6 month period 1 January to 30 June 2012	Insurance EurAsia	Insurance ING U.S.	Insurance Other	Total Insurance
Investment margin	352	548		900
Fees and premium based revenues	743	822		1,565
Technical margin	180	–6		175
Income non-modelled life business	11			11
Life & IM operating income	1,286	1,364		2,650
Administrative expenses	593	648		1,241
DAC amortisation and trail commissions	212	430		642
Life & IM expenses	805	1,079		1,884
Life & IM operating result	481	285		767
Non-life operating result	49			49
Corporate Line operating result	–199	–64	49	–215
Operating result	331	221	49	601
Gains/losses and impairments	–2	40		39
Revaluations	–235	90	–11	–156
Market & other impacts	–248	–156		–404
Underlying result before taxation	–153	195	37	80
Taxation	–72	–47	–1	–120
Minority interests	18		–4	14
Underlying net result	–100	243	41	186
Divestments	–9	18	–19	–11
Special items	–6	–21	–34	–61
Net result (continuing operations)	–115	240	–12	113
Net result (discontinued operations)	274			274
Net result (classification as discontinued operations)	–180			–180
Net result	–21	240	–12	208

Notes to the condensed consolidated interim accounts continued

Segments Insurance EurAsia

6 month period 1 January to 30 June 2012	Insurance Benelux	Insurance CRE	Investment Management EurAsia	Corporate Line EurAsia	Total Insurance EurAsia
Investment margin	324	26	2		352
Fees and premium based revenues	317	213	213		743
Technical margin	92	89			180
Income non-modelled life business	1	10			11
Life & IM operating income	734	336	215		1,286
Administrative expenses	287	150	155		593
DAC amortisation and trail commissions	102	110			212
Life & IM expenses	390	260	155		805
Life & IM operating result	345	77	60		481
Non-life operating result	46	3			49
Corporate Line operating result				–199	–199
Operating result	390	80	60	–199	331
Gains/losses and impairments	20	–29		7	–2
Revaluations	–251	21		–5	–235
Market & other impacts	–247			–1	–248
Underlying result before taxation	–87	72	60	–199	–153
Taxation	–71	22	18	–40	–72
Minority interests	14	4			18
Underlying net result	–30	46	43	–159	–100
Divestments	–19			10	–9
Special items	–73	–12	–1	80	–6
Net result (continuing operations)	–122	34	42	–69	–115
Net result (discontinued operations)					274
Net result (classification as discontinued operations)					–180
Net result					–21

Notes to the condensed consolidated interim accounts continued

Segments Insurance ING U.S.

6 month period 1 January to 30 June 2012	Insurance US	Investment Management US	Insurance US Closed Block VA	Corporate Line US	Total Insurance ING U.S.
Investment margin	547	–1	2		548
Fees and premium based revenues	585	187	50		822
Technical margin	–15		9		–6
Life & IM operating income	1,116	187	61		1,364
Administrative expenses	441	156	51		648
DAC amortisation and trail commissions	356	1	73		430
Life & IM expenses	797	157	124		1,079
Life & IM operating result	319	29	–63		285
Corporate Line operating result				–64	–64
Operating result	319	29	–63	–64	221
Gains/losses and impairments	24		16		40
Revaluations	76	15			90
Market & other impacts	–35		–121		–156
Underlying result before taxation	384	44	–168	–64	195
Taxation	115	21	–160	–24	–47
Minority interests					
Underlying net result	269	23	–8	–41	243
Divestments				18	18
Special items	–21				–21
Net result (continuing operations)	248	23	–8	–23	240

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.

Total assets and Total liabilities by segment

	30 June 2013		31 December 2012	
	Total assets	**Total liabilities**	Total assets	Total liabilities
Insurance EurAsia				
Insurance Benelux	**95,556**	**84,232**	97,940	86,186
Insurance CRE	**11,465**	**10,187**	13,074	11,725
Investment Management EurAsia	**634**	**186**	791	317
Insurance Asia/Pacific [(1)]	**47,272**	**42,968**	59,673	53,715
Corporate Line EurAsia [(1)]	**32,658**	**15,770**	37,776	18,624
Insurance ING U.S.				
Insurance US	**121,123**	**109,768**	121,147	109,038
Investment Management US	**578**	**148**	590	191
Insurance US Closed Block VA	**39,129**	**36,828**	39,476	37,272
Corporate Line US	**12,401**	**2,744**	12,973	2,808
Insurance Other	**28,487**	**6,529**	34,361	8,282
Total Insurance	**389,303**	**309,360**	417,801	328,158
Eliminations Insurance segments	**–67,876**	**–13,191**	–79,093	–16,064
Total Insurance operations	**321,427**	**296,169**	338,708	312,094
Total Banking operations	**855,473**	**802,489**	863,756	807,993
Eliminations	**–33,302**	**–11,076**	–36,273	–9,004
Total ING Group	**1,143,598**	**1,087,582**	1,166,191	1,111,083

[(1)] Assets and liabilities from discontinued operations are included in the segment in which it was originally included.

Notes to the condensed consolidated interim accounts continued

19 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first half of 2013.

Disposals and expected disposals in 2013 – Asia

In 2012, ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA business in corporate reinsurance were classified as held for sale and discontinued operations. Various individual divestment transactions were agreed. The specifics of these transactions are included below. The Asian Insurance and Investment Management businesses and the (internally) reinsured Japan SPVA businesses in Corporate Reinsurance were previously included respectively in the segments Insurance Asia/Pacific and Investment Management EurAsia and in the Corporate Line EurAsia before they were classified as discontinued operations. Reference is made to Note 6 'Assets and liabilities held for sale' and Note 23 'Discontinued operations'.

Joint venture China Merchants Fund

In October 2012, ING reached an agreement to sell its 33.3% stake in China Merchants Fund, an investment management joint venture, to its joint venture partners China Merchants Bank Co., Ltd., and China Merchants Securities Co., Ltd. Under the terms agreed, ING will receive a total cash consideration of approximately EUR 98 million. At closing of the transaction, ING expects the transaction to realise a net gain of approximately EUR 64 million which will be recognised on closing of the transaction. This transaction is subject to regulatory approvals and is expected to close in the second half of 2013.

Insurance in Hong Kong, Macau, Thailand

In October 2012, ING reached an agreement 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 USD 2.1 billion (approximately EUR 1.6 billion) in cash. The transaction closed on 28 February 2013. A net gain of EUR 945 million is recognised in the first quarter of 2013. ING Investment Management's funds management businesses in Hong Kong and Thailand are outside the scope of this transaction.

ING's investment management business in Thailand

In November 2012, ING reached an agreement to sell its investment management business in Thailand to UOB Asset Management Ltd. ING received a total cash consideration of EUR 10 million for the investment management business in Thailand. The transaction closed on 3 May 2013.

ING's investment management business in Malaysia

In December 2012, ING reached an agreement to sell its 70%-stake in ING Funds Berhad (IFB), ING's investment management business in Malaysia, to Kenanga Investors Berhad (Kenanga Investors), a wholly owned subsidiary of K & N Kenanga Holdings Berhad (Kenanga). Tab Inter-Asia Services Sdn Berhad has also agreed to sell its 30% stake in IFB to Kenanga Investors. The transaction does not impact ING's other businesses in the region. The transaction closed on 19 April 2013.

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. ING's exit from the Indian life insurance joint venture is part of the previously announced intended divestment of ING's Insurance and investment management businesses in Asia. The transaction resulted in a net loss of EUR 15 million which was recognised in 2012. The transaction closed on 22 March 2013.

Joint venture KB Life

In April 2013, ING agreed to sell its 49% stake in Korean insurance venture KB Life Insurance Company Ltd. (KB Life) to joint venture partner KB Financial Group. ING received a total cash consideration of KRW 166.5 billion (approximately EUR 115 million at current exchange rates) for its 49% stake in KB Life. The transaction closed 20 June 2013.

Joint venture ING-BOB Life

In July 2013, ING announced that it has 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.

ING's investment management business in South Korea

In July 2013, ING announced that it has reached an agreement to sell its investment management business in South Korea to Macquarie Group, an Australia-based, global provider of financial services. The transaction is not expected to have a significant impact on ING Group results. Subject to regulatory approvals, it is expected to close in the fourth quarter of 2013.

Notes to the condensed consolidated interim accounts continued

Disposal announced in the second quarter of 2013 – ING's mortgage business in Mexico

In June 2013, ING Insurance reached an agreement to sell ING Hipotecaria, its mortgage business in Mexico, to Banco Santander (México) S.A. This announcement does not affect ING's Commercial Banking activities in Mexico. This transaction resulted in a net loss of EUR 58 million which is recognised in the second quarter of 2013. Subject to regulatory approvals, the transaction is expected to close in the second half of 2013.

Disposal in the first quarter of 2013 – ING Direct UK

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

Disposal in the first quarter of 2012 – ING Direct USA

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

20 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair values of financial assets and liabilities represents the price at which an orderly transaction to sell the financial asset or to transfer the financial liability would take place between market participants at the balance sheet date ('exit price'). The fair value of financial assets and liabilities is based on unadjusted quoted market prices, where available. Such quoted market prices are primarily obtained from exchange prices for listed instruments. Where an exchange price is not available, market prices are obtained from independent market vendors, brokers or market makers. Because substantial trading markets do not exist for all financial instruments various techniques have been developed to estimate the approximate fair values of financial assets and liabilities that are not actively traded. These techniques are subjective in nature and involve various assumptions about the relevant pricing factors, especially for inputs that are not readily available in the market (such as credit spreads for own-originated loans and advances to customers). Changes in these assumptions could significantly affect the estimated fair values. Consequently, the fair values presented may not be indicative of the net realisable value. In addition, the calculation of the estimated fair value is based on market conditions at a specific point in time and may not be indicative of future fair values. Further information on the methods and assumptions that were used by ING Group to estimate the fair value of the financial instruments is disclosed in the 2012 ING Group Consolidated Annual Accounts in Note 35 'Fair value of financial assets and liabilities'.

Notes to the condensed consolidated interim accounts continued

The following table presents the estimated fair values of ING 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	
	30 June 2013	31 December 2012	**30 June 2013**	31 December 2012
Financial assets				
Cash and balances with central banks	**18,699**	17,657	**18,699**	17,657
Amounts due from banks	**43,310**	39,126	**43,034**	39,053
Financial assets at fair value through profit and loss				
– trading assets	**125,562**	114,895	**125,562**	114,895
– investments for risk of policyholders	**99,566**	98,765	**99,566**	98,765
– non-trading derivatives	**9,183**	13,951	**9,183**	13,951
– designated as at fair value through profit and loss	**4,765**	4,760	**4,765**	4,760
Investments				
– available-for-sale	**188,741**	193,584	**188,741**	193,584
– held-to-maturity	**4,005**	6,626	**3,936**	6,545
Loans and advances to customers	**561,447**	580,399	**556,266**	563,404
Other assets [(1)]	**18,913**	20,850	**18,913**	20,850
	1,074,191	1,090,613	**1,068,665**	1,073,464
Financial liabilities				
Subordinated loans	**8,488**	8,373	**8,645**	8,786
Debt securities in issue	**143,048**	149,874	**139,904**	143,436
Other borrowed funds	**11,639**	16,056	**12,227**	16,723
Investment contracts for risk of company	**4,515**	4,624	**4,470**	4,561
Investment contracts for risk of policyholders	**7,793**	8,067	**7,793**	8,067
Amounts due to banks	**35,655**	39,628	**35,156**	38,704
Customer deposits and other funds on deposit	**472,619**	457,624	**470,955**	455,003
Financial liabilities at fair value through profit and loss				
– trading liabilities	**90,757**	83,652	**90,757**	83,652
– non-trading derivatives	**14,207**	18,752	**14,207**	18,752
– designated as at fair value through profit and loss	**12,716**	13,399	**12,716**	13,399
Other liabilities [(2)]	**23,119**	24,810	**23,119**	24,810
	824,556	824,859	**819,949**	815,893

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

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), private equity investments and investment in real estate funds. Observable inputs reflect market data obtained from independent sources. Unobservable inputs are inputs which are based on the 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 2012 ING Group Consolidated Annual Accounts in Note 35 'Fair value of financial assets and liabilities'.

Notes to the condensed consolidated interim accounts continued

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

	Level 1	Level 2	Level 3	30 June 2013 Total
Assets				
Trading assets	24,474	98,590	2,498	125,562
Investments for risk of policyholders	93,896	5,492	178	99,566
Non-trading derivatives	47	8,649	487	9,183
Financial assets designated as at fair value through profit and loss	361	2,498	1,906	4,765
Available-for-sale investments	110,437	74,342	3,962	188,741
	229,215	189,571	9,031	427,817
Liabilities				
Trading liabilities	10,604	78,459	1,694	90,757
Non-trading derivatives	23	12,490	1,694	14,207
Financial liabilities designated as at fair value through profit and loss	997	6,586	5,133	12,716
Investment contracts (for contracts at fair value)	3,787	3,990	16	7,793
	15,411	101,525	8,537	125,473

Methods applied in determining fair values of financial assets and liabilities

	Level 1	Level 2	Level 3	31 December 2012 Total
Assets				
Trading assets	29,247	83,638	2,010	114,895
Investments for risk of policyholders	92,632	5,983	150	98,765
Non-trading derivatives	61	13,344	546	13,951
Financial assets designated as at fair value through profit and loss	220	2,419	2,121	4,760
Available-for-sale investments	115,882	73,514	4,188	193,584
	238,042	178,898	9,015	425,955
Liabilities				
Trading liabilities	14,349	67,780	1,523	83,652
Non-trading derivatives	289	16,976	1,487	18,752
Financial liabilities designated as at fair value through profit and loss	1,833	6,464	5,102	13,399
Investment contracts (for contracts at fair value)	3,716	4,339	12	8,067
	20,187	95,559	8,124	123,870

Level 3 Financial assets and liabilities

Financial assets measured at fair value in the balance sheet as at 30 June 2013 of EUR 427 billion include an amount of EUR 9.0 billion (2.1%) that is classified as Level 3 (31 December 2012: EUR 9.0 billion, being 2.1%). Changes in Level 3 from 31 December 2012 to 30 June 2013 are disclosed below in the table 'Changes in Level 3 Assets'.

Financial liabilities measured at fair value in the balance sheet as at 30 June 2013 of EUR 125 billion include an amount of EUR 8.5 billion (6.8%) is classified as Level 3 (31 December 2012: EUR 8.1 billion, being 6.6%). Changes in Level 3 from 31 December 2012 to 30 June 2013 are disclosed below in the table 'Changes in Level 3 Liabilities'.

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

Notes to the condensed consolidated interim accounts continued

The EUR 9.0 billion financial assets classified as Level 3 as at 30 June 2013 includes EUR 4.5 billion for ING Insurance and EUR 4.5 billion for ING Bank. The EUR 8.5 billion financial liabilities classified as Level 3 as at 30 June 2013 includes EUR 1.2 billion for ING Insurance and EUR 7.2 billion for ING Bank.

ING Insurance

Of the total amount of financial assets classified as Level 3 as at 30 June 2013 of EUR 4.5 billion, an amount of EUR 3.7 billion (being 82%) are 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 not adjust quoted prices using its own inputs, there is no significant sensitivity to ING's own unobservable inputs.

The remaining EUR 0.8 billion Level 3 financial assets includes mainly EUR 0.5 billion of private equity investments that are recognised at fair value. Fair value is determined using both market-based and investment-specific inputs. Although this fair value is inherently subjective, reasonably likely changes in inputs or assumptions would not have materially impacted the change in fair value recognised in profit and loss.

Liabilities in Level 3 for ING Insurance represent components of insurance contracts that are measured using certain market consistent inputs in line with IFRS 4 'Insurance contracts'. Although these components are presented separately and are disclosed above as level 3 fair values, these are not financial instruments but are part of the underlying insurance contracts which, as a whole, are measured in accordance with IFRS 4.

ING Bank

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

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

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

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

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

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

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Assets

	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
						6 month period ended 30 June 2013
Opening balance	**2,010**	**150**	**546**	**2,121**	**4,188**	**9,015**
Amounts recognised in the profit and loss account during the period	**52**	**3**	**–33**	**–94**	**–31**	**–103**
Revaluation recognised in equity during the period					**–19**	**–19**
Purchase of assets	**736**	**78**	**50**	**389**	**269**	**1,522**
Sale of assets	**–255**	**–38**	**–47**	**–365**	**–281**	**–986**
Maturity/settlement	**–150**		**–20**	**–273**	**–146**	**–589**
Reclassifications					**–1**	**–1**
Transfers into Level 3	**242**	**2**		**109**	**50**	**403**
Transfers out of Level 3	**–137**	**–9**		**–19**	**–75**	**–240**
Exchange rate differences		**–6**	**–9**	**9**	**–6**	**–12**
Changes in the composition of the group and other changes		**–2**		**29**	**14**	**41**
Closing balance	**2,498**	**178**	**487**	**1,906**	**3,962**	**9,031**

Changes in Level 3 Assets

	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
						year ended 31 December 2012
Opening balance	1,382	141	959	2,886	5,724	11,092
Amounts recognised in the profit and loss account during the year	192	2	–375	–245	–50	–476
Revaluation recognised in equity during the year					14	14
Purchase of assets	1,143	83	170	815	507	2,718
Sale of assets	–330	–15	–195	–1,022	–660	–2,222
Maturity/settlement	–313		–2	–378	–1,096	–1,789
Transfers into Level 3	135	67	11		487	700
Transfers out of Level 3	–202	–6	–21	–2	–462	–693
Exchange rate differences		–6	–1	–17	–22	–46
Changes in the composition of the group and other changes	3	–116		84	–254	–283
Closing balance	2,010	150	546	2,121	4,188	9,015

Notes to the condensed consolidated interim accounts continued

Changes in Level 3 Liabilities

	6 month period ended 30 June 2013				
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Investment contracts (for contracts at fair value)	Total
Opening balance	1,523	1,487	5,102	12	8,124
Amounts recognised in the profit and loss account during the period	–78	177	–96		3
Issue of liabilities	158	41	552	17	768
Early repayment of liabilities	–95	–13	–359	–7	–474
Maturity/settlement	–173	–9	–274		–456
Transfers into Level 3	449		259	2	710
Transfers out of Level 3	–86		–53	–8	–147
Exchange rate differences	–4	11	2		9
Closing balance	1,694	1,694	5,133	16	8,537

Changes in Level 3 Liabilities

	year ended 31 December 2012				
	Trading liabilities	Non-trading derivatives	Financial liabilities designated as at fair value through profit and loss	Investment contracts (for contracts at fair value)	Total
Opening balance	940	2,182	4,272	12	7,406
Amounts recognised in the profit and loss account during the year	232	–850	96		–522
Issue of liabilities	1,380	240	2,614	12	4,246
Early repayment of liabilities	–348	–48	–1,067	–6	–1,469
Maturity/settlement	–535	–3	–1,174		–1,712
Transfers into Level 3	85	7	395		487
Transfers out of Level 3	–223	–19	–30	–6	–278
Exchange rate differences	–8	–22	–4		–34
Closing balance	1,523	1,487	5,102	12	8,124

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

	30 June 2013		
	Held at balance sheet date	Derecognised during the period	Total
Assets			
Trading assets	52		52
Investments for risk of policyholders	4	–1	3
Non-trading derivatives	–48	15	–33
Financial assets designated as at fair value through profit and loss	–94		–94
Available-for-sale investments	–31		–31
	–117	14	–103
Liabilities			
Trading liabilities	–78		–78
Non-trading derivatives	177		177
Financial liabilities designated as at fair value through profit and loss	–96		–96
	3		3

Notes to the condensed consolidated interim accounts continued

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

	31 December 2012		
	Held at balance sheet date	Derecognised during the year	Total
Assets			
Trading assets	191	1	192
Investments for risk of policyholders	3	–1	2
Non-trading derivatives	–378	3	–375
Financial assets designated as at fair value through profit and loss	–204	–41	–245
Available-for-sale investments	–93	43	–50
	–481	5	–476
Liabilities			
Trading liabilities	232		232
Non-trading derivatives	–854	4	–850
Financial liabilities designated as at fair value through profit and loss	96		96
	–526	4	–522

Recognition of unrealised gains and losses in Level 3
Amounts recognised in the profit and loss account relating to unrealised gains and losses during the period that relates to Level 3 assets and liabilities are included in the profit and loss account as follows:
- Results on trading assets and trading liabilities are included in Net trading income;
- Investments for risk of policyholders are included in Underwriting expenditure;
- Non-trading derivatives are included in Valuation results on non-trading derivatives; and
- Financial assets and liabilities designated as at fair value through profit and loss are included in Valuation results on non-trading derivatives.

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

21 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. 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 (Joint ventures and associates) and Key management personnel compensation are disclosed in Note 34 'Related parties' in the 2012 ING Group Consolidated Annual Accounts. Following the transactions as disclosed in Note 34 '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. No other significant changes in related party transactions occurred.

22 DIVIDEND PAID
No dividend was paid in the first half of 2013 (2012: nil).

23 DISCONTINUED OPERATIONS
ING's Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA businesses in corporate reinsurance ('Asia') are classified as discontinued operations.

Total net result from discontinued operations

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Net result from discontinued operations	**–98**	111	**58**	274
Net result from classification as discontinued operations		–180		–180
Net result from disposal of discontinued operations [1]	**–4**		**941**	
Total net result from discontinued operations	**–102**	–69	**999**	94

[1] The tax effect on the result on disposal of discontinued operations is nil.

Notes to the condensed consolidated interim accounts continued

Net result from discontinued operations
In 2013 and 2012, Net result from discontinued operations included the net result (after tax) of the businesses classified as discontinued operations and was presented separately in the profit and loss account. Result from discontinued operations was as follows:

Result from discontinued operations				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
	2013	2012	**2013**	2012
Total income	**1,045**	3,035	**2,342**	4,480
Total expenses	**1,167**	2,873	**2,248**	4,101
Result before tax from discontinued operations	**–122**	162	**94**	379
Taxation	**–24**	51	**36**	105
Net result from discontinued operations	**–98**	111	**58**	274

Net result from classification as discontinued operations
In the first half of 2012, goodwill of EUR 180 million in Investment Management Korea was written off, as the related business was expected to be sold below IFRS-EU carrying value.

Net result from disposal of discontinued operations
In the first half of 2013, Net result from disposal of discontinued operations includes mainly 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 6 'Assets and liabilities held for sale' and Note 19 ‘Acquisitions and disposals’.

Cash flow from discontinued operations
The net cash flow from discontinued operations was as follows:

Net cash flow from discontinued operations		
6 month period	1 January to 30 June	
	2013	2012
Operating cash flow	**–460**	2,156
Investing cash flow	**484**	–1,501
Financing cash flow	**–228**	–12
Net cash flow	**–204**	643

In the first half of 2013, sales proceeds in cash of EUR 1,422 million (first half of 2012: nil) are 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.

Segments prior to classification as discontinued operations
ING’s Insurance and investment management businesses in Asia and the (internally) reinsured Japan SPVA businesses in corporate reinsurance were previously included respectively in the segments Insurance Asia/Pacific, Investment Management EurAsia and in the Corporate Line EurAsia before they were classified as discontinued operations and held for sale. The segment Insurance Asia/Pacific ceased to exist, following the classification as discontinued operations, as all activities previously included in this segment are now discontinued operations.

Notes to the condensed consolidated interim accounts continued

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

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

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

							30 June 2013
	Greece	Italy	Ireland	Portugal	Spain	Cyprus [2]	Total
Residential mortgages and other consumer lending	12	7,749	6	4	9,717	2	17,490
Corporate Lending	441	8,406	728	1,147	5,576	560	16,858
Financial institutions Lending	5	334	158	36	355	7	895
Government Lending		177			35		212
Total Lending	458	16,666	892	1,187	15,683	569	35,455
RMBS	87	887	160	522	2,644		4,300
CMBS			8				8
Other ABS		45	114	7	135		301
Corporate Bonds		532	629	104	328		1,593
Covered Bonds		183	375	154	10,489		11,201
Financial institutions' bonds (unsecured)		305	23	34	77		439
Government Bonds	44	2,452	53	618	1,322	10	4,499
CDS exposures in banking book[3]					–88		–88
Total Debt Securities	131	4,404	1,362	1,439	14,907	10	22,253
Real Estate [4]	21	346		208	557		1,132
Trading excluding CDS exposures		550	83	23	445	1	1,102
Sold CDS protection		2	2	4			8
Bought CDS protection	–1	–12	–10	–1	–27		–51
Trading including CDS protection	–1	540	75	26	418	1	1,059
Undrawn committed facilities	28	1,084	187	202	2,458	37	3,996
Pre-settlement exposures [5]	65	520	442	40	613	80	1,760
Total risk exposure	702	23,560	2,958	3,102	34,636	697	65,655

[1] The exposures reported are credit, market and real estate exposures based on source systems and measurement criteria that can differ from those of similar exposures reported in Note 3 'Investments' of these condensed consolidated interim accounts.
[2] The majority of the corporate lending risk exposures were either deals with country of risk outside of Cyprus, Letter of credits or Trade Commodity Finance with maturity less than 3 months. Therefore, net credit risk linked to Cyprus is not significant for ING Bank. ING Insurance/IM has no credit risk linked to Cyprus.
[3] In the first half of 2013 ING Bank holds CDS protection on the Spanish government.
[4] Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is reflected in Total Lending.
[5] Pre-settlement exposure is exposure to dealing room products such as options, swaps, and securities financing transactions. This exposure is based on the replacement value (Marked-To-Market) of each product plus potential future volatility.

ING's total exposure to the GIIPSC countries was reduced by EUR 2.8 billion in the first half of 2013. This decrease was due to a EUR 2.1 billion reduction in debt securities to EUR 22.3 billion. Although the planned de-risking were finalised in 2012, ING will continue to actively manage its investment portfolio.

ING's main reduction in the GIIPSC exposure was in Spain. The exposure to Spain was reduced by EUR 2.3 billion in the first half of 2013. The debt securities declined by EUR 1.2 billion, mainly due to maturing covered bonds. Further reduction were in undrawn committed facilities with EUR 0.3 billion and pre-settlement with EUR 0.3 billion.

Notes to the condensed consolidated interim accounts continued

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

							31 December 2012
	Greece	Italy	Ireland	Portugal	Spain	Cyprus [2]	Total
Residential mortgages and other consumer lending	14	7,531	6	4	9,680	1	17,236
Corporate Lending	287	8,441	705	1,015	5,733	653	16,834
Financial institutions Lending	7	227	4	76	626	9	949
Government Lending		203			35		238
Total Lending	308	16,402	715	1,095	16,074	663	35,257
RMBS	95	997	267	553	2,846		4,758
CMBS			12				12
Other ABS		180	218	49	171		618
Corporate Bonds		509	642	67	319		1,537
Covered Bonds		245	370	153	11,780		12,548
Financial institutions' bonds (unsecured)		527	74	56	84		741
Government Bonds	43	2,474	53	633	1,308	18	4,529
CDS exposures in banking book [3]					–390		–390
Total Debt Securities	138	4,932	1,636	1,511	16,118	18	24,353
Real Estate [4]	21	380		217	610		1,228
Trading excluding CDS exposures		450	28	8	454		940
Sold CDS protection		1	1	1	7		10
Bought CDS protection	–2	–22	–11	–1	–51		–87
Trading including CDS protection	–2	429	18	8	410		863
Undrawn committed facilities	166	1,287	258	181	2,780	90	4,762
Pre-settlement exposures [5]	80	516	343	41	953	112	2,045
Total risk exposure	711	23,946	2,970	3,053	36,945	883	68,508

(1) The exposures reported are credit, market and real estate exposures based on source systems and measurement criteria that can differ from those of similar exposures reported in Note 3 'Investments' of these condensed consolidated interim accounts.
(2) The majority of the corporate lending risk exposures were either deals with country of risk outside of Cyprus, Letter of credits or Trade Commodity Finance with maturity less than 3 months. Therefore, net credit risk linked to Cyprus is not significant for ING Bank. ING Insurance/IM has no credit risk linked to Cyprus.
(3) At the end of 2012, ING Bank holds CDS protection (notional value) on the Spanish government, Financial Institutions and covered bonds.
(4) Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is reflected in Total Lending and Total Debt Securities.
(5) Pre-settlement exposure is exposure to dealing room products such as options, swaps, and securities financing transactions. This exposure is based on the replacement value (Marked-To-Market) of each product plus potential future volatility.

25 IMPORTANT EVENTS AND TRANSACTIONS

SNS Reaal nationalisation

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

Sul América S.A.

In the first quarter of 2013, ING agreed to reduce its 36.5% stake in Sul América S.A. to just under 30% through a transaction with the Larragoiti Family, which is the majority shareholder in Sul América S.A. This transaction is not expected to have a significant impact on ING Group results. Subject to regulatory approvals, the transaction is expected to close in the second half of 2013.

In the second quarter of 2013, ING agreed to sell a further part of its stake in Sul América S.A. to International Finance Corporation (IFC). ING agreed to sell approximately 7.9% of outstanding shares for a total consideration of EUR 140 million. The transaction closed on 14 June 2013.

Upon closing of both transactions, ING's equity interest in Sul América S.A. will be reduced to approximately 21.5%. The market value of the remaining stake is approximately EUR 340 million based on the closing share price of 13 June 2013 (BRL 13.43) and current exchange rates. ING will consider options for the divestment of its remaining 21.5% stake as and when appropriate.

Notes to the condensed consolidated interim accounts continued

IPO of ING U.S., Inc
In May 2013, ING sold approximately 65.2 million ordinary shares in the Initial Public Offering (IPO) of ING U.S., Inc., its U.S.-based retirement, investment and insurance business ('ING U.S.'). Furthermore, on 29 May 2013, the underwriters of the IPO exercised in full their option to purchase approximately 9.8 million additional shares of ING U.S. from ING Group.

The total proceeds of these transactions were EUR 1,061 million (USD 1,385 million). The IPO reduced the ownership of ING Group in ING U.S. from 100% to 71.25%.

These transactions did not impact the profit and loss account of ING Group, as ING U.S. will continue to be fully consolidated by ING Group. The transactions had a negative impact of EUR 1,894 million on Shareholders' equity (parent) of ING Group. This amount reflects the difference between the net proceeds of this offering to ING Group and the IFRS-EU carrying value of the 28.75% stake divested in this IPO. This amount is recognised in 'Other reserves'.

Minority interests increased with EUR 2,954 million due to the IPO of ING U.S. This amount represents 28.75% of the net asset value under IFRS-EU of ING U.S.

As a result, the total impact on ING Group's Total equity is EUR 1,060 million.

ING Group is divesting its insurance and investment management businesses as part of the amended Restructuring Plan agreed with the European Commission. Following the IPO, ING intends to divest its remaining stake in ING U.S. over time, in line with the timeline set out in the amended Restructuring Plan. The sale of any remaining shares is subject to a lock-up period of 180 days. Further information on the amended Restructuring Plan is disclosed in the 2012 ING Group Consolidated Annual Accounts in Note 34 'Related parties'.

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

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

26 IMPACT OF CHANGE IN ACCOUNTING POLICY
This note provides more information on the change in accounting policy as a result of the implementation of the revised IAS 19 'Employee Benefits' accounting standard and how this change affects the financial information of the opening balance sheet of the comparative year. Reference is made to the section 'Changes in accounting policies' on page 23 for more details on the impact of this change in accounting policy.

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

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

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

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

Notes to the condensed consolidated interim accounts continued

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

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

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

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

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

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

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

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

Notes to the condensed consolidated interim accounts continued

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

Restated consolidated balance sheet

	1 January 2012 (Restated)
ASSETS	
Cash and balances with central banks	31,194
Amounts due from banks	45,323
Financial assets at fair value through profit and loss	
– trading assets	123,688
– investments for risk of policyholders	116,438
– non-trading derivatives	17,159
– designated as at fair value through profit and loss	5,437
Investments	
– available-for-sale	208,539
– held-to-maturity	8,868
Loans and advances to customers	602,525
Reinsurance contracts	5,870
Investments in associates	2,370
Real estate investments	1,670
Property and equipment	2,886
Intangible assets	3,558
Deferred acquisition costs	10,204
Assets held for sale	62,483
Other assets	31,675
Total assets	1,279,887
EQUITY	
Shareholders' equity (parent)	47,038
Non-voting equity securities	3,000
	50,038
Minority interests	777
Total equity	50,815
LIABILITIES	
Subordinated loans	8,858
Debt securities in issue	139,861
Other borrowed funds	19,684
Insurance and investment contracts	278,833
Amounts due to banks	72,233
Customer deposits and other funds on deposit	467,547
Financial liabilities at fair value through profit and loss	
– trading liabilities	107,682
– non-trading derivatives	22,165
– designated as at fair value through profit and loss	13,021
Liabilities held for sale	64,265
Other liabilities	34,923
Total liabilities	1,229,072
Total equity and liabilities	1,279,887

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

Notes to the condensed consolidated interim accounts continued

Other assets (Restated)

Other assets by type	1 January 2012 (Restated)
Reinsurance and insurance receivables	1,971
Deferred tax assets	2,702
Property development and obtained from foreclosures	1,584
Income tax receivable	542
Accrued interest and rents	14,387
Other accrued assets	2,200
Net defined benefit asset	4,520
Other	3,769
	31,675

Other liabilities (Restated)

Other liabilities by type	1 January 2012 (Restated)
Deferred tax liabilities	3,611
Income tax payable	858
Net defined benefit liability	654
Other post-employment benefits	255
Other staff-related liabilities	1,111
Other taxation and social security contributions	898
Deposits from reinsurers	1,015
Accrued interest	11,698
Costs payable	2,400
Amounts payable to brokers	72
Amounts payable to policyholders	2,173
Reorganisation provision	599
Other provisions	638
Share-based payment plan liabilities	39
Prepayments received under property under development	83
Amounts to be settled	5,442
Other	3,377
	34,923

Notes to the condensed consolidated interim accounts continued

Deferred tax (Restated)

Changes in deferred tax

	Net liability 1 January 2012	Change through equity	Change through net result	Changes in the composition of the group	Exchange rate differences	Other	Net liability 31 December 2012
Investments	1,625	2,749	95	–661	–48	9	3,769
Real estate investments	381		–23			–8	350
Financial assets and liabilities at fair value through profit and loss	–725		–366	1	9	–6	–1,087
Deferred acquisition costs and VOBA	2,731	–147	166	–1,301	–98		1,351
Depreciation	40		1	1		–1	41
Insurance provisions	–3,350	–803	–292	406	52	1	–3,986
Cash flow hedges	640	224	1	–1	1	–1	864
Net defined benefit asset/liability	378	–250	37	18	9	54	246
Other post-employment benefits	106	–70	11	5	3	15	70
Other provisions	–256		346	–108	21	–22	–19
Receivables	–74		–8	–6			–88
Loans and advances to customers	885	–82	155	2	2		962
Unused tax losses carried forward	–1,298		–228	93	–6	4	–1,435
Other	–174	79	25	177	13	–590	–470
	909	1,700	–80	–1,374	–42	–545	568
Comprising:							
– deferred tax liabilities	3,611						2,813
– deferred tax assets	–2,702						–2,245
	909						568

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

Scope of Review

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

Conclusion

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

AMSTERDAM, 6 AUGUST 2013

Ernst & Young Accountants LLP

Signed by M.A. van Loo

Disclaimer

ING 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 'Basis of presentation', the same accounting principles are applied as in the 2012 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 buy, any securities.

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