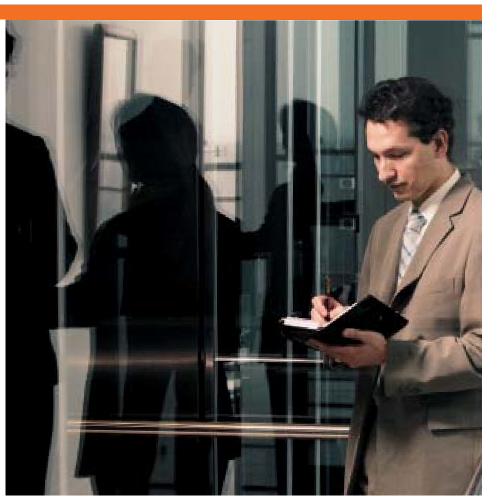
ING BANK


Condensed consolidated interim financial information for the period ended 30 June 2012

Contents

Interim report

Condensed consolidated interim accounts

Interim report

ING BANK N.V.

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

ING Bank evaluates the results of its segments using a financial performance measure called underlying result. Underlying result is defined as result under IFRS-EU excluding the impact of divestments and special items. The breakdown of underlying net result by segment and the reconciliation between IFRS-EU and the underlying net result can be found in Note 11 ‘Segment Reporting’. Disclosures on comparative periods in Note 11 ‘Segment Reporting’ also reflect the impact of current period’s divestments.

Consolidated results
Net profit in the first six months of 2012 for ING Bank N.V. was EUR 1,818 million, down 12.1% from the first six months of 2011. Net results in the first six months of 2012 included EUR 254 million net gains on divestments and special items (in the first six months of 2011, EUR –9 million).

Excluding divestments and special items, ING Bank posted an underlying net profit of EUR 1,564 million in the first months of 2012, down from EUR 2,077 million in the same period last year.

Underlying result before tax decreased 20.0% to EUR 2,261 million from EUR 2,826 million in the first six months of last year. The first half of 2012 included EUR 217 million of losses on selective de-risking to reduce exposure to southern European debt, mainly related to Spain, and prevent RWA migration, EUR 21 million of impairments on debt and equity securities as well as a EUR 218 million negative impact of credit and debt valuation adjustments (CVA/DVA) at Commercial Banking, while last year was impacted by EUR 162 million of impairments (mainly on Greek government bonds), EUR 44 million of selective de-risking losses and EUR 4 million of negative CVA/DVA impact. Excluding the aforementioned items in both periods, underlying result declined by EUR 319 million, or 10.5%, mainly due to higher risk costs and lower interest results.

Total underlying income decreased 2.6% compared with the first six months of 2011. Interest results fell 2.3%. This was driven by a decline in interest margin which dropped 11 basis points to 1.32%, in the first six months of 2012, mainly reflecting margin pressure on savings. Commission income declined 5.8% reflecting lower fees in Commercial Banking due to lower deal activity in Industry Lending and Financial Markets/Corporate Finance. Investment income rose to EUR 200 million from a loss of EUR 100 million in the first half of 2011. The improvement was mainly due to a sharp decline in impairments, which dropped to EUR 21 million from EUR 162 million in the same period last year as well as due to gains on the sale of bonds and equities, which were EUR 180 million, up EUR 141 million from a year ago. Other income declined to EUR 165 million from EUR 455 million last year. The decline was mainly attributable to EUR 198 million of losses on selective de-risking (the remaining part of losses on selective de-risking was reported in Investment income) versus a loss of EUR 37 million in the first six months of 2011 as well as the EUR 218 million negative impact of credit and debt valuation adjustments in Commercial Banking compared with EUR 4 million negative in the same period last year.

Underlying operating expenses declined 1.7% to EUR 4,394 million, reflecting ongoing cost-containment measures, lower performance related personnel expenses and a refund from the old deposit guarantee scheme in Belgium, partly offset by the impact of higher salaries and bank levies. The underlying cost/income ratio increased to 57.5% from 57.0% in the first half of 2011.

Net additions to loan loss provisions rose significantly compared with last year reflecting a further deterioration in economic sentiment and its impact on the real economy. Underlying risk costs were EUR 982 million, an increase of 79.9% compared with the first six months of 2011, mainly visible in Commercial Banking and to a lesser extent in Retail Netherlands. Risk costs amounted to 65 basis points of average risk-weighted assets compared with 39 basis points in the first half of 2011.

Retail Netherlands
Retail Netherlands’ underlying result before tax decreased to EUR 513 million from EUR 696 million in the first six months of 2011. Income declined due to ongoing margin pressure, mainly on funds entrusted. Operating expenses decreased versus a year ago, reflecting lower personnel costs supported by the announced cost-savings measures. Risk costs increased to EUR 291 million from EUR 168 million in the first six months of last year.

Total underlying income was EUR 1,975 million, down 4.3% on the first half of 2011. Margins on savings remained under pressure, reflecting continued price competition and a shift from variable savings to fixed-term deposits. In the first half of 2012 funds entrusted grew by EUR 7.0 billion supported by the successful campaign for a one-year fixed term deposit. Mortgage production was low, reflecting the uncertainty in the Dutch housing market, but the portfolio still grew in the first six months of this year due to lower redemptions, at higher margins. The Business lending production was also low, showing the uncertain economic environment, resulting in a net outflow of EUR 0.4 billion in the first six months of 2012, particularly in the SME-segment, while margins declined.

Interim report continued

Operating expenses decreased by EUR 28 million (or 2.3%) in the first half of this year, mainly driven by lower personnel expenses due to reduced FTE numbers and a lower target remuneration accrual as well as the impact of cost containment measures.

The net addition to loan loss provisions rose to EUR 291 million versus EUR 168 million a year ago. This was largely attributable to higher additions for specific files in the mid-corporate segment, combined with higher risk costs for mortgages, which was impacted by the lower house price indices and higher payment arrears.

Retail Belgium
Retail Belgium's underlying result before tax increased to EUR 334 million from EUR 255 million in the first six months of 2011, due to higher income and lower operating expenses.

The underlying income rose 6.0% to EUR 1,090 million compared to EUR 1,028 million last year, as growth in client balances was accompanied by higher margins, particularly in mortgages and current accounts. Funds entrusted increased by EUR 2.6 billion in the first half of 2012, mainly due to current accounts inflow in the mid-corporate and SME segment. The lending portfolio increased by EUR 2.9 billion, of which EUR 1.0 billion in residential mortgages and EUR 2.0 billion in other lending.

Operating expenses decreased by EUR 21 million (or 3.0%) compared with the first half of 2011, mainly driven by a EUR 38 million refund of the old deposit guarantee scheme. Excluding this DGS-refund, expenses increased 2.4%, primarily due to higher personnel expenses and new bank levies.

The net addition to the provision for loan losses was up EUR 4 million to EUR 72 million versus EUR 68 million a year ago. First half of 2011 included releases in business lending, while in the first six months of 2012 a new LGD-model in Record Bank was implemented, also resulting in the lower provisions.

Retail Germany
Retail Germany's underlying result before tax decreased to EUR 231 million from EUR 263 million in the first six months of 2011, mainly due to lower interest results and commission income, and despite lower impairments.

The underlying income decreased to EUR 598 million in the first half of 2012 compared to EUR 632 million last year, which included EUR 52 million of impairments on Greek government bonds and EUR 5 million of de-risking losses. The decline was primarily due to lower interest results following margin compression (particularly in savings), combined with lower commission income and the negative impact of hedge inefficiency, while de-risking losses rose to EUR 13 million. Funds entrusted increased by EUR 4.3 billion in the first half of 2012, while the lending portfolio was EUR 1.9 billion higher, of which EUR 1.6 billion in residential mortgages and EUR 0.3 billion in other lending.

Operating expenses increased by EUR 13 million (or 4.1%) compared to the first half of 2011. The increase reflects higher staff numbers and IT costs to support business growth, partly compensated by lower marketing expenses.

The net addition to the provision for loan losses was EUR 39 million versus EUR 54 million a year ago, as a result of lower new defaults.

Retail Rest of World
Retail Rest of World's underlying result before tax dropped to EUR 43 million, which included EUR 198 million of losses on selective de-risking of southern European exposures. In the first six months of 2011, underlying result before tax was EUR 190 million, including EUR 120 million of impairments on Greek government bonds and EUR 39 million of de-risking losses. Excluding these items, underlying result before tax was EUR 241 million, down EUR 108 million on last year.

The underlying income excluding de-risking losses and Greek impairments amounted to EUR 1,298 million, down EUR 19 million (or –1.4%) from last year. The interest margin declined reflecting the low interest rate environment and margin compression, affecting several countries. This was partly compensated by higher income in Turkey (reflecting improved spreads) and a one-off capital gain in Canada. Funds entrusted increased by EUR 1.8 billion in the first half of 2012, primarily led by net inflows in Vysya, Spain, Australia, Turkey and Poland. Net lending production was EUR 2.4 billion, for EUR 1.4 billion attributable to mortgages.

Operating expenses increased by EUR 39 million (or 4.3%) compared to first half of 2011, reflecting higher salary expenses and business growth. The increase was partly offset by lower marketing expenses.

The addition to the provision for loan losses was EUR 134 million versus EUR 83 million a year ago, an increase largely attributable to a specific provision for a CMBS in the UK.

Commercial Banking
Underlying result before tax of Commercial Banking dropped 28.1% to EUR 1,031 million from EUR 1,433 million in the first six months of 2011. This decline was largely attributable to a sharp increase in risk costs, particularly in Industry Lending, while negative effects of CVA/DVA adjustments suppressed this year's income.

Interim report continued

Underlying income declined EUR 194 million, or 6.7%, to EUR 2,693 million in the first half of 2012 due to lower income from Industry Lending and Financial Markets. This was partly offset by an increase in income of General Lending & Transaction Services. Income of Bank Treasury, Real Estate & Other was also slightly higher.

The total interest result dropped 6.3% on the first six months of 2011, mainly due to lower interest results of Bank Treasury, Real Estate & Other, which was affected by higher funding costs and a steepening of the yield curves for shorter tenors. Interest result of Industry Lending also dropped, mainly due to margin pressure and a decline in Real Estate Finance’s portfolio, but this was largely offset by higher interest results in General Lending & Transaction Services, where margins improved.

Commission income dropped by EUR 58 million, or 10.8%, on the first six month of 2011, mainly attributable to lower fee income in Industry Lending and lower deal flows in Financial Markets/Corporate Finance. Investment income was up by EUR 85 million, reaching EUR 144 million this year from EUR 59 million in 2011, helped by gains on bonds in the ALM book of Bank Treasury. Other income was 24.8% lower at EUR 310 million, which is a drop of EUR 102 million compared to first half of 2011. The decline was fully attributable to lower income in Financial Markets, which included EUR 218 million of negative CVA/DVA adjustments this year. This was partly offset by a EUR 35 million gain on the sale of an ING Real Estate project in Poland.

Operating expenses amounted to EUR 1,217 million, 5.0% lower compared with the same period in 2011 due to lower performance-related staff costs and a redundancy provision booked in the prior year. The underlying cost/income ratio in the first half of 2012 was 45.2%, compared with 44.4% a year ago.

Net additions to loan loss provisions rose to EUR 445 million from EUR 173 million in the first half of 2011. The increase was mainly due to EUR 255 million higher risk costs in Industry Lending, mainly attributable to Real Estate Finance, while last year included releases from prior provisions in Structured Finance. Risk costs for General Lease activities reported under Bank Treasury, Real Estate & Other also increased, but were largely offset by a decline in General Lending & Transaction Services. Risk costs in first six months of 2012 were annualised 65 basis points of average risk-weighted assets, up from 25 basis points a year ago.

Corporate Line
The Corporate Line Banking reported an underlying result before tax of EUR 110 million compared with EUR –12 million in the first half of last year. Income on capital surplus increased by EUR 69 million due to the lower benefits paid to the business units as a result of a decline in average economic capital following the divestment of ING Direct USA. Financing charges were EUR 34 million lower, as outstanding debt was reduced after the liability management transactions executed at the end of 2011. Realised results on debt securities were EUR 24 million in the first half of 2012, while liquidity costs were up EUR 25 million due to the lengthening of the funding profile. Fair value changes on part of ING Bank’s own Tier 2 debt was EUR 68 million negative in the first six months of 2012, compared with EUR 42 million negative in the first six months a year ago.

Balance sheet
ING Bank’s balance sheet decreased by EUR 61 billion, including EUR 8 billion of positive currency impacts, to EUR 900 billion at 30 June 2012 from EUR 961 billion at the end of 2011. This decline was mainly attributable to the divestment of ING Direct USA in the first quarter of 2012, which was classified as assets and liabilities held for sale. Excluding this divestment and currency movements, the balance sheet total declined by EUR 6 billion. The loan-to-deposit ratio (excluding securities at amortised costs and the Illiquid Assets Back-up Facility receivable) increased to 1.15 from 1.14 at year-end 2011. The asset leverage ratio, defined as total assets divided by shareholder’s equity, decreased to 24.6 from 28.0 at the end of 2011, due to the lower balance sheet and higher shareholder’s equity.

Assets
Excluding currency impacts, total assets decreased by EUR 68 billion, due to EUR 62 billion lower assets held for sale and EUR 14 billion lower cash and balances with central banks, partly offset by EUR 4 billion higher loans and advances to customers and EUR 4 billion higher investments.

Loans and advances to customers
Loans and advances to customers increased by EUR 9 billion to EUR 586 billion at 30 June 2012 from EUR 578 billion at 31 December 2011. The increase was for EUR 5 billion attributable to currency impacts. Excluding currency impacts, the EUR 4 billion growth was due to a EUR 8 billion increase in customer lending (mainly Retail Banking) partly offset by EUR 4 billion lower securities at amortised cost and IABF receivable due to repayments, run-off and selective de-risking.

Cash and balances with central banks
Cash and balances with central banks decreased by EUR 14 billion due to the reduction of overnight deposits placed with central banks.

Interim report continued

Amounts due to and from banks
Amounts due from banks increased by EUR 2 billion and amounts due to banks was reduced by EUR 13 billion, thereby lowering short-term professional funding. As a result, net borrowing from banks decreased by EUR 15 billion to EUR 11 billion at the end of June 2012.

Liabilities
Total liabilities decreased at comparable currency rates by EUR 70 billion, mainly due to EUR 64 billion lower liabilities held for sale and EUR 14 billion lower amounts due to banks as well as EUR 7 billion lower financial liabilities at fair value through P&L, partly offset by EUR 20 billion higher debts securities in issue.

Customer deposits and other funds on deposit
Customer deposits and other funds on deposit increased by EUR 1 billion to EUR 483 billion, excluding EUR 3 billion of positive currency impacts. This growth was driven by EUR 10 billion higher savings accounts, due to strong net inflows in Retail Banking (Retail Netherlands and Retail Germany in particular), coupled with EUR 5 billion increase in credit balances on customer accounts. Corporate deposits declined by EUR 10 billion at comparable currency rates which is in line with ING Bank’s strategy to reduce reliance on short-term professional funding.

Debt securities in issue
Capital and money markets remained challenging in the first half of 2012. The improved liquidity in the market has resulted in clients placing more of their excess cash with ING. As a result, debt securities in issue increased by EUR 20 billion at comparable currency rates, reflecting higher short-term debt (CD/CPs). At the same time, ING Bank issued EUR 11 billion of long-term debt in the first half of the year.

Shareholder’s equity
Shareholder’s equity increased by EUR 2.3 billion to EUR 36.6 billion mostly due to retained net profit, but also due to higher revaluation reserves and despite lower currency translation reserve. The revaluation reserve increased by EUR 0.7 billion to EUR 1.2 billion. The currency translation reserve decreased by EUR 0.3 billion to EUR –0.1 billion.

Capital Management
ING Bank’s core Tier 1 ratio increased to 11.1% from 9.6% at the end of 2011. The main reason for this increase was a reduction in risk-weighted assets of EUR 27 billion, reflecting the sale of ING Direct USA and the de-risking efforts and restructuring of the Financial Markets platform, and the increase of shareholder’s equity driven by the net profit in the first half of 2012. The Tier 1 ratio increased from 11.7% at year-end 2011 to 13.4% at the end of June 2012.

Risk Management
ING Bank continued to selectively de-risk its balance sheet in the first half year, including sales of Spanish covered bonds, ABS securities and Real Estate investments, as it works towards optimising local balance sheets ahead of Basel III. Furthermore, market risk-weighted assets were reduced following the restructuring of Financial Markets’ activities in emerging markets. Own-originated loans deteriorated slightly with non-performing loans at 2.3%. The Bank’s liquidity and funding position improved further, supported by strong net inflows of funds entrusted and the issuance of EUR 15 billion in debt with a maturity longer than one year in the first half of 2012.

Loan portfolio
Loans and advances to customers increased EUR 9 billion to EUR 586 billion in the first half of 2012. The increase is due to currency impacts, growth in mortgages and higher lending to both (mid-) corporates/SMEs and governments. Securities at amortised cost and the Illiquid Assets Back-up Facility (IABF) continued their declining trend from EUR 31 billion by the end of 2011 to EUR 28 billion at the end of June 2012. This decrease is mainly due to de-risking and run-off.

Risk Costs
ING Bank added EUR 982 million to the loan loss provisions in the first half of 2012, up from the same period last year when risk costs were EUR 546 million. The net additions to the loan loss provisions increased during the first half year as economic conditions deteriorated and restructuring opportunities for existing files declined. Risk costs increased driven by higher risk costs for Real Estate Finance (UK and Australia), Industry Lending (specific file) and the Dutch mortgage portfolio.

Securities portfolio
The value of the securities portfolio was EUR 121.9 billion at the end of June, of which EUR 117.0 billion was in debt securities and EUR 4.9 billion in equity securities. The EUR 2.4 billion increase in equity securities in the first half-year is due to the Capital One stock received as part of the proceeds of the ING Direct USA sale. Government bonds increased with EUR 11 billion during the first half year, mainly due to restructuring of the IABF (exchanging part of the government receivable for bonds) and including a further build-up of Basel III eligible buffer. The reduction in covered bonds and ABS portfolio largely reflects ING Bank’s de-risking efforts.

Interim report continued

Greece, Italy, Ireland, Portugal, Spain and Cyprus
Greece, Italy, Ireland, Portugal, Spain and Cyprus have either applied for support from the European Financial Stability Fund ('EFSF', to be replaced by the permanent European Stability Mechanism or 'ESM') or received support from the ECB via government bond purchase in the secondary market. In Greece, uncertainties have increased during the second quarter although the recent elections have stabilised the political situation.
Furthermore, the European Union ('EU') recently decided that, under certain conditions, the ESM could recapitalise banks, which is especially positive for Spain. The most important condition is setting up a single supervisory mechanism for banks.
In the first quarter of 2012, the agreement under the Private Sector Involvement ('PSI') to exchange Greek Government bonds into new instruments was executed. Under this exchange, ING received new listed Greek Government bonds, listed EFSF notes and listed GDP-linked securities issued by Greece.
Furthermore, ING received listed Short-term EFSF notes in discharge of all unpaid interest on the exchanges bonds. All exchanged bonds were derecognised and the new instruments were recognised at their fair value as available for sale investments, The exchange resulted in a gain of EUR 22 million in the first quarter of 2012, being the difference between amortised cost (net of cumulative impairments) of the exchanged bonds and the fair value of the new instruments at the time of the exchange. This result is included in 'Investment income'. ING Bank actively brought down its exposures to Spain by EUR 5 billion in the second quarter of 2012.

Market risk
The average Value-at-Risk (VaR) increased by EUR 4 million to EUR 24 million in the first half of 2012. This was mainly driven by an increase in interest rate risk in the trading books. The overnight VaR for ING Bank's trading portfolio ranged from EUR 10 million to EUR 32 million.

Liquidity risk
Although capital markets and money markets improved after the LTROs, these markets remained challenging in the first half of 2012. Nonetheless, ING continued to have ample access to funding at acceptable pricing and has lengthened its funding profile compared with previous periods. Funds entrusted growth developed favourably, especially at Retail Banking, while within Commercial Banking short-term deposits were partly substituted with longer term CD/CP. ING Bank issued EUR 15 billion debt with a maturity longer than 1 year in the first half of 2012.

Throughout the credit and liquidity crisis, ING has maintained its liquidity position within conservative internal targets. ING Bank's loan-to-deposit ratio, excluding securities that are recorded at amortised costs in loans and advances and the IABF government receivable, edged up slightly to 1.15. Total eligible collateral position at market value was EUR 193 billion at the end of June 2012, compared to EUR 192 billion in December 2011.

Other
Reference is made to Note 18 'Important events and transactions' in the condensed consolidated interim accounts for information on the most important events in the first half of 2012, other than the information disclosed in this Interim report. This disclosure is deemed to be incorporated by reference here.

Looking ahead
We continue to work tirelessly to deliver on our performance improvement plans and prepare our banking business for its independent future. As the Bank moves forward with its transformation, our employees continue to place the utmost priority on the needs of our customers to deliver the exemplary service and products they require.

ING continuously evaluates its portfolio of businesses, in line with its stated objective of sharpening its focus. Within this context, ING announced on 2 August 2012 that it is currently reviewing strategic options for ING Direct Canada and ING Direct UK. These reviews may or may not lead to transactions, and no decisions have yet been made in this regard. ING is committed to conduct these processes with the utmost diligence in the interests of its stakeholders, including customers, employees and shareholders.

Conformity statement

Conformity statement pursuant to section 5:25d paragraph 2(c) of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)*

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

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

- the ING Bank N.V. interim accounts for the period ended 30 June 2012 give a true and fair view of the assets, liabilities, financial position and profit or loss of ING Bank N.V. and the entities included in the consolidation taken as a whole;
- the ING Bank N.V. interim report for the period ended 30 June 2012 includes a fair review of the information required pursuant to article 5:25d, paragraph 8 of the Dutch Financial Supervision Act *(Wet op het financieel toezicht)* regarding ING Bank N.V. and the entities included in the consolidation taken as a whole.

AMSTERDAM, 7 AUGUST 2012

JAN H.M. HOMMEN
CEO, chairman of the Management Board

J.V. (KOOS) TIMMERMANS
vice-chairman of the Management Board

PATRICK G. FLYNN
CFO, member of the Management Board

WILFRED F. NAGEL
CRO, member of the Management Board

WILLIAM L. CONNELLY
CEO Commercial Banking, member of the Management Board

C.P.A.J. (ELI) LEENAARS
CEO Retail Banking Direct and International, member of the Management Board

HANS VAN DER NOORDAA
CEO Retail Banking Benelux, member of the Management Board

Condensed consolidated balance sheet of ING Bank

as at

amounts in millions of euros	30 June 2012	31 December 2011
ASSETS		
Cash and balances with central banks	**13,990**	28,112
Amounts due from banks	**47,395**	45,323
Financial assets at fair value through profit and loss 2	**136,833**	136,090
Investments 3	**88,796**	83,803
Loans and advances to customers 4	**586,091**	577,569
Investments in associates	**849**	827
Real estate investments	**253**	435
Property and equipment	**2,361**	2,417
Intangible assets 5	**1,843**	1,743
Assets held for sale 6		62,483
Other assets	**22,030**	22,363
Total assets	**900,441**	961,165
EQUITY		
Shareholder's equity (parent)	**36,629**	34,367
Minority interests	**745**	693
Total equity	**37,374**	35,060
LIABILITIES		
Subordinated loans	**17,108**	18,408
Debt securities in issue	**149,196**	130,926
Amounts due to banks	**58,873**	72,233
Customer deposits and other funds on deposit	**483,376**	479,364
Financial liabilities at fair value through profit and loss 7	**133,030**	138,864
Liabilities held for sale 6		64,265
Other liabilities	**21,484**	22,045
Total liabilities	**863,067**	926,105
Total equity and liabilities	**900,441**	961,165

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

Condensed consolidated profit and loss account of ING Bank

for the three and six month period ended

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011
Interest income banking operations	**15,251**	16,345	**30,611**	33,845
Interest expense banking operations	**–12,200**	–13,143	**–24,448**	–27,174
Interest result banking operations	**3,051**	3,202	**6,163**	6,671
Investment income 8	**75**	–176	**200**	–105
Commission income	**563**	682	**1,111**	1,377
Other income 9	**72**	273	**902**	655
Total income	**3,761**	3,981	**8,376**	8,598
Addition to loan loss provision	**541**	370	**982**	702
Intangible amortisation and other impairments 10	**56**	48	**125**	126
Staff expenses	**1,012**	1,441	**2,320**	2,873
Other operating expenses	**862**	1,015	**2,214**	2,063
Total expenses	**2,471**	2,874	**5,641**	5,764
Result before tax	**1,290**	1,107	**2,735**	2,834
Taxation	**339**	236	**870**	731
Net result (before minority interests)	**951**	871	**1,865**	2,103
Attributable to:				
Shareholder of the parent	**931**	860	**1,818**	2,068
Minority interests	**20**	11	**47**	35
	951	871	**1,865**	2,103

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

Condensed consolidated statement of comprehensive income of ING Bank

for the three and six month period ended

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011
Net result for the period	**951**	871	**1,865**	2,103
Unrealised revaluations after taxation	**255**	–248	**813**	–404
Realised gains/losses transferred to profit and loss	**–38**	118	**–116**	71
Changes in cash flow hedge reserve	**–122**	44	**–100**	130
Exchange rate differences	**264**	–194	**–208**	–892
Other revaluations	**3**	10	**25**	21
Total amount recognised directly in equity (other comprehensive income)	**362**	–270	**414**	–1,074
Total comprehensive income	**1,313**	601	**2,279**	1,029
Comprehensive income attributable to:				
Shareholder of the parent	**1,281**	604	**2,211**	1,008
Minority interests	**32**	–3	**68**	21
	1,313	601	**2,279**	1,029

For the three month period 1 April 2012 to 30 June 2012 the Unrealised revaluations after taxation comprises EUR 5 million (1 April 2011 to 30 June 2011: EUR 2 million) related to the share of other comprehensive income of associates.

For the six month period 1 January 2012 to 30 June 2012 the Unrealised revaluations after taxation comprises EUR 6 million (1 January 2011 to 30 June 2011: EUR –4 million) related to the share of other comprehensive income of associates.

For the three month period 1 April 2012 to 30 June 2012 the Exchange rate differences comprises EUR 28 million (1 April 2011 to 30 June 2011: EUR –23 million) related to the share of other comprehensive income of associates.

For the six month period 1 January 2012 to 30 June 2012 the Exchange rate differences comprises EUR 23 million (1 January 2011 to 30 June 2011: EUR –61 million) related to the share of other comprehensive income of associates.

Condensed consolidated statement of cash flows of ING Bank

for the six month period ended

amounts in millions of euros		30 June 2012	30 June 2011
Result before tax		**2,735**	2,834
Adjusted for	– depreciation	**298**	758
	– addition to loan loss provisions	**982**	702
	– other	**462**	–196
Taxation paid		**–479**	–653
Changes in	– amounts due from banks, not available on demand	**1,070**	–3,134
	– trading assets	**4**	–1,476
	– non-trading derivatives	**–302**	–820
	– other financial assets at fair value through profit and loss	**–206**	262
	– loans and advances to customers	**–5,483**	–16,793
	– other assets	**–618**	–2,012
	– amounts due to banks, not payable on demand	**–11,816**	2,705
	– customer deposits and other funds on deposit	**1,029**	13,380
	– trading liabilities	**–7,031**	–10,733
	– other financial liabilities at fair value through profit and loss	**515**	–391
	– other liabilities	**729**	–1,126
Net cash flow from (used in) operating activities		**–18,111**	–16,693
Investments and advances	– available-for-sale investments	**–38,569**	–85,403
	– other investments	**–297**	–1,136
Disposals and redemptions	– available-for-sale investments	**37,333**	80,030
	– other investments	**–6,454**	2,938
Net cash flow from (used in) investing activities		**–7,987**	–3,571
Proceeds from borrowed funds and debt securities		**229,045**	159,497
Repayments of borrowed funds and debt securities		**–215,491**	–138,703
Dividends			–3,000
Net cash flow from financing activities		**13,554**	17,794
Net cash flow		**–12,544**	–2,470
Cash and cash equivalents at beginning of period		**31,197**	17,188
Effect of exchange rate changes on cash and cash equivalents		**–87**	–394
Cash and cash equivalents at end of period		**18,566**	14,324
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**3,651**	3,808
Amounts due from/to banks		**925**	–895
Cash and balances with central banks		**13,990**	9,044
Cash and cash equivalents classified as Assets held for sale			2,367
Cash and cash equivalents at end of period		**18,566**	14,324

Condensed consolidated statement of changes in equity of ING Bank

for the six month period ended

amounts in millions of euros	**Share capital**	**Share premium**	**Reserves**	**Total share-holder's equity (parent)**	**Minority interests**	**Total equity**
Balance at 1 January 2012	**525**	**16,542**	**17,300**	**34,367**	**693**	**35,060**
Unrealised revaluations after taxation			**813**	**813**		**813**
Realised gains/losses transferred to profit and loss			**–116**	**–116**		**–116**
Changes in cash flow hedge reserve			**–100**	**–100**		**–100**
Exchange rate differences			**–219**	**–219**	**11**	**–208**
Other revaluations			**15**	**15**	**10**	**25**
Total amount recognised directly in equity			**393**	**393**	**21**	**414**
Net result for the period			**1,818**	**1,818**	**47**	**1,865**
Total comprehensive income			**2,211**	**2,211**	**68**	**2,279**
Changes in the composition of the group					**–16**	**–16**
Employee stock option and share plans			**51**	**51**		**51**
Balance at 30 June 2012	**525**	**16,542**	**19,562**	**36,629**	**745**	**37,374**

amounts in millions of euros	Share capital	Share premium	Reserves	Total share-holder's equity (parent)	Minority interests	Total equity
Balance at 1 January 2011	525	16,542	17,385	34,452	617	35,069
Unrealised revaluations after taxation			–404	–404		–404
Realised gains/losses transferred to profit and loss			71	71		71
Changes in cash flow hedge reserve			130	130		130
Exchange rate differences			–879	–879	–13	–892
Other revaluations			21	21		21
Total amount recognised directly in equity			–1,061	–1,061	–13	–1,074
Net result for the period			2,068	2,068	35	2,103
Total comprehensive income			1,007	1,007	22	1,029
Changes in the composition of the group					76	76
Dividends			–3,000	–3,000		–3,000
Employee stock option and share plans			27	27		27
Balance at 30 June 2011	525	16,542	15,419	32,486	715	33,201

Notes to the condensed consolidated interim accounts

1 BASIS OF PRESENTATION

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

These condensed consolidated interim accounts should be read in conjunction with ING Bank's 2011 Annual Accounts.

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

The following new or revised standards and interpretations were issued by the International Accounting Standards Board (IASB), which become effective for ING Bank after 2012, if and when endorsed by the EU:

- IFRS 10 'Consolidated Financial Statements', effective as of 2013;
- IFRS 11 'Joint Arrangements', effective as of 2013;
- IFRS 12 'Disclosure of Interests in Other Entities', effective as of 2013;
- IFRS 13 'Fair Value Measurement', effective as of 2013;
- IAS 28 'Investments in Associates and Joint Ventures', effective as of 2013;
- Amendments to IAS 1 'Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income', effective as of 2013;
- Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities', effective as of 2013;
- Annual Improvements 2009-2011 Cycle, effective as of 2013, and;
- Amendments to IAS 32 'Offsetting Financial Assets and Financial Liabilities', effective as of 2014.

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

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

In June 2011 the revised IAS 19 'Employee Benefits' was issued, which will become effective as of 2013. At this moment, ING is working on the implementation of the revised standard. The most significant change in the revised standard is the immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date. Actuarial gains and losses will no longer be recognised in the profit and loss account as part of curtailment gains and losses. The actual impact on equity and capital of this change at implementation is expected to be significant but fully depends on the market interest rate and other assumptions at the implementation date and is therefore not yet known. Unrecognised actuarial gains and losses are disclosed in Note 18 'Other liabilities' in the 2011 Consolidated Annual Accounts of ING Bank and amounted to EUR 613 million (pre-tax) as per 31 December 2011 (2010: EUR –996 million pre-tax). The impact of the revised standard will be affected by movements in unrecognised actuarial gains and losses until the effective date and the impact of other changes in the revised standard. Furthermore the revised standard requires the expected return on plan assets to be determined based on a high-quality corporate bond rate, equal to the discount rate of the liability instead of management's best estimate. The impact of this change for 2013 will depend on the level of the discount rate at the implementation date.

International Financial Reporting Standards as adopted by the EU provide several options in accounting principles. ING Bank's accounting principles under International Financial Reporting Standards as adopted by the EU and its decision on the options available are set out in the section 'Principles of valuation and determination of results' in the 2011 Consolidated Annual Accounts of ING Bank.

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 2012, changes were made to the segment reporting as disclosed in Note 11 'Segment Reporting' of these condensed consolidated interim accounts.

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

Notes to the condensed consolidated interim accounts continued

The presentation of the cash flow statement was amended to separately present the cash amount included in businesses held for sale. This amendment resulted in an increase of Cash and cash equivalents at the beginning of the period of EUR 4,980 million due to inclusion of balances classified as Assets held for sale.

Reference is made to the section Balance sheet in the Interim report for comments on changes in certain balance sheet amounts.

2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial assets at fair value through profit and loss

amounts in millions of euros	**30 June 2012**	31 December 2011
Trading assets	**123,389**	123,176
Non-trading derivatives	**10,415**	10,076
Designated as at fair value through profit and loss	**3,029**	2,838
	136,833	136,090

3 INVESTMENTS

Investments

amounts in millions of euros	**30 June 2012**	31 December 2011
Available-for-sale		
– equity securities	**4,887**	2,466
– debt securities	**76,648**	72,469
	81,535	74,935
Held-to-maturity		
– debt securities	**7,261**	8,868
	7,261	8,868
	88,796	83,803

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

Debt securities

amounts in millions of euros	**30 June 2012**	31 December 2011
Available-for-sale investments	**76,648**	72,469
Held-to-maturity investments	**7,261**	8,868
Loans and advances to customers	**26,934**	22,435
Amounts due from banks	**6,164**	7,321
Available-for-sale investments and Assets at amortised cost	**117,007**	111,093
Trading assets	**12,874**	18,207
Designated as at fair value through profit and loss	**1,843**	1,808
Financial assets at fair value through profit and loss	**14,717**	20,015
	131,724	131,108

Notes to the condensed consolidated interim accounts continued

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

amounts in millions of euros	Available-for-sale investments		Held-to-maturity investments		Loans and advances to customers		Amounts due from banks		Total	
	30 June 2012	**31 December 2011**	**30 June 2012**	31 December 2011	**30 June 2012**	31 December 2011	**30 June 2012**	31 December 2011	**30 June 2012**	31 December 2011
Government bonds	**51,679**	47,255	**650**	881	**7,892**	1,081			**60,221**	49,217
Covered bonds	**7,015**	6,537	**5,902**	7,209	**6,450**	7,469	**5,730**	6,591	**25,097**	27,806
Corporate bonds	**970**	1,088			**405**	425			**1,375**	1,513
Financial institution bonds	**14,633**	15,192	**352**	421	**137**	134	**434**	736	**15,556**	16,483
Bond portfolio (excluding ABS)	**74,297**	70,072	**6,904**	8,511	**14,884**	9,109	**6,164**	7,327	**102,249**	95,019
US agency RMBS	**463**	402							**463**	402
US prime RMBS	**16**	18							**16**	18
US Alt-A RMBS	**185**	156							**185**	156
US subprime RMBS	**23**	22							**23**	22
Non-US RMBS	**1,225**	1,128			**8,687**	9,549		–6	**9,912**	10,671
CDO/CLO	**168**	55			**246**	416			**414**	471
Other ABS	**156**	441	**357**	357	**1,985**	2,190			**2,498**	2,988
CMBS	**115**	175			**1,132**	1,171			**1,247**	1,346
ABS portfolio	**2,351**	2,397	**357**	357	**12,050**	13,326		–6	**14,758**	16,074
	76,648	72,469	**7,261**	8,868	**26,934**	22,435	**6,164**	7,321	**117,007**	111,093

In connection with the divestment of ING Direct USA, ING completed the restructuring of the agreement with the Dutch State concerning the Illiquid Assets Back-Up Facility (IABF), which was announced on 16 June 2011. As a result of the restructuring, EUR 7.3 billion (USD 9.5 billion) of the loan due from the Dutch State was converted into Dutch Government Debt Securities. These debt securities are classified as Loans and advances to customers. The remaining balance as at 30 June 2012 amounts to EUR 6.8 billion (USD 8.5 billion). Reference is made to Note 12 'Acquisitions and disposals'.

Notes to the condensed consolidated interim accounts continued

Greece, Italy, Ireland, Portugal, Spain and Cyprus

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

At 30 June 2012, ING Bank's balance sheet value of 'Government bonds' and 'Unsecured Financial institutions' bonds to Greece, Italy, Ireland, Portugal, Spain and Cyprus and the related pre-tax revaluation reserve in equity was as follows:

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

				30 June 2012
amounts in millions of euros	Balance sheet value	Pre-tax revaluation reserve	Amortised cost value	Fair value for investments held-to-maturity
Greece				
Government bonds available-for-sale	9	–8	17	
Italy				
Government bonds available-for-sale	871	–156	1,027	
Government bonds at amortised cost (loans)	105		105	
Financial institutions available-for-sale	485	–22	508	
Financial institutions at amortised cost (held-to-maturity)	30		30	30
Financial institutions at amortised cost (loans)	134		134	
Ireland				
Financial institutions available-for-sale	15		15	
Financial institutions at amortised cost (held-to-maturity)	34		34	34
Portugal				
Government bonds available-for-sale	521	–113	633	
Financial institutions available-for-sale	33	–5	38	
Spain				
Government bonds available-for-sale	290	–120	410	
Government bonds at amortised cost (held-to-maturity)	170		170	167
Financial institutions available-for-sale	18	–4	22	
Cyprus				
Government bonds available-for-sale	14	–5	19	
Total	2,729	–433	3,162	231

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

The revaluation reserve on debt securities includes EUR 689 million (pre-tax) related to Government bonds. This amount comprises EUR 402 million negative revaluation reserve for Government bonds from Greece, Italy, Ireland, Portugal, Spain and Cyprus, which is more than offset by EUR 1,091 million of positive revaluation reserves for Government bonds from other countries.

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

Notes to the condensed consolidated interim accounts continued

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

					31 December 2011
amounts in millions of euros	Balance sheet value	Pre-tax revaluation reserve	Pre-tax impairments	Amortised cost value	Fair value for investments held-to-maturity
Greece					
Government bonds available-for-sale	151		–588	739	
Italy					
Government bonds available-for-sale	826	–224		1,050	
Government bonds at amortised cost (loans)	97			97	
Financial institutions available-for-sale	549	–41		590	
Financial institutions at amortised cost (held-to-maturity)	30			30	28
Financial institutions at amortised cost (loans)	131			131	
Ireland					
Financial institutions available-for-sale	44	–1		45	
Financial institutions at amortised cost (held-to-maturity)	34			34	35
Financial institutions at amortised cost (loans)	122			122	
Portugal					
Government bonds available-for-sale	438	–211		649	
Financial institutions available-for-sale	78	–15		93	
Spain					
Government bonds available-for-sale	324	–85		409	
Government bonds at amortised cost (held-to-maturity)	170			170	170
Financial institutions available-for-sale	95	–5		100	
Financial institutions at amortised cost (loans)	85	–1		86	
Cyprus					
Government bonds available-for-sale	12	–7		19	
Total	3,186	–590	–588	4,364	233

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

On 21 July 2011 a Private Sector Initiative to support Greece was announced. This initiative involved a voluntary exchange of existing Greek government bonds together with a Buyback Facility. Based on this initiative, ING impaired its Greek government bonds maturing up to 2020 in the second quarter of 2011 (EUR 187 million). The decrease in market value in the third quarter of 2011 of these impaired bonds is recognised as re-impairment (EUR 91 million). Due to the outcome of the EC meeting on 26 October 2011, the Greek government bonds maturing as from 2020 were impaired in the third quarter of 2011 (EUR 177 million. ING Bank impaired all its Greek Government bonds to market value at 31 December 2011. This resulted in a re-impairment in the fourth quarter of 2011 of EUR 133 million, bringing the total impairments on Greek government bonds to EUR 588 million. The total Greek government bond portfolio was written down by approximately 80% as at 31 December 2011.

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

Reference is made to Note 8 'Investment income' for impairments on available-for-sale debt securities. Further information on ING Bank's risk exposure with regard to Greece, Italy, Ireland, Portugal, Spain and Cyprus is provided in Note 16 'Risk exposures Greece, Italy, Ireland, Portugal, Spain and Cyprus' and the Risk management section of ING Bank's 2011 Annual Accounts for more details on ING Bank's risk exposures to Greece, Italy, Ireland, Portugal and Spain.

Notes to the condensed consolidated interim accounts continued

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

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

amounts in millions of euros	Q1 2009	Q4 2008
As per reclassification date		
Fair value	22,828	1,594
Range of effective interest rates (weighted average)	2.1%–11.7%	4.1%–21%
Expected recoverable cash flows	24,052	1,646
Unrealised fair value losses in shareholder's equity (before tax)	–1,224	–69
Recognised fair value gains (losses) in shareholder's equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	–79
Recognised fair value gains (losses) in shareholder's equity (before tax) in the year prior to reclassification	–192	–20
Recognised impairment (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	nil
Recognised impairment (before tax) in the year prior to reclassification	nil	nil
Impact on the financial periods after reclassification:		
2012		
Carrying value as at 30 June	**12,275**	**486**
Fair value as at 30 June	**11,103**	**522**
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 30 June	**–347**	**–3**
Effect on shareholder's equity (before tax) as at 30 June if reclassification had not been made	**–1,172**	**36**
Effect on result (before tax) if reclassification had not been made	**nil**	**nil**
Effect on result (before tax) for the period (mainly interest income)	**161**	**11**
Recognised impairments (before tax) for the six month period ended 30 June	**nil**	**nil**
Recognised provision for credit losses (before tax) for the six month period ended 30 June	**nil**	**nil**
2011		
Carrying value as at 31 December	14,419	633
Fair value as at 31 December	13,250	648
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–446	–8
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	–1,169	15
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the year (mainly interest income)	390	28
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2010		
Carrying value as at 31 December	16,906	857
Fair value as at 31 December	16,099	889
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December	–633	–65
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the year (mainly interest income)	467	34
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil

Notes to the condensed consolidated interim accounts continued

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

amounts in millions of euros	Q1 2009	Q4 2008
2009		
Carrying value as at 31 December	20,551	1,189
Fair value as at 31 December	20,175	1,184
Unrealised fair value losses in shareholder's equity (before tax) as at 31 December	–902	–67
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made	–376	–5
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)	629	n/a
Effect on result (before tax) for the year (mainly interest income)	n/a	47
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2008		
Carrying value as at 31 December		1,592
Fair value as at 31 December		1,565
Unrealised fair value losses recognised in shareholder's equity (before tax) as at 31 December		–79
Effect on shareholder's equity (before tax) as at 31 December if reclassification had not been made		–28
Effect on result (before tax) if reclassification had not been made		nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)		9
Recognised impairments (before tax)		nil
Recognised provision for credit losses (before tax)		nil

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers analysed by type

amounts in millions of euros	**30 June 2012**	31 December 2011
Loans to, or guaranteed by, public authorities	**61,484**	58,925
Loans secured by mortgages	**331,576**	325,009
Loans guaranteed by credit institutions	**8,260**	8,639
Personal lending	**25,025**	24,401
Asset backed securities	**12,050**	13,328
Corporate loans	**153,131**	152,210
	591,526	582,512
Loan loss provisions	**–5,435**	–4,943
	586,091	577,569

Changes in the loan loss provisions

	6 month period ended	Year ended
amounts in millions of euros	**30 June 2012**	31 December 2011
Opening balance	**4,950**	5,195
Changes in the composition of the group		–3
Write-offs	**–566**	–1,304
Recoveries	**66**	112
Increase in loan loss provisions	**982**	1,670
Exchange rate differences	**43**	–83
Other changes	**–21**	–637
Closing balance	**5,454**	4,950

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

Notes to the condensed consolidated interim accounts continued

In 2011, Other changes mainly relate to ING Direct USA that classifies as a disposal group held for sale. Reference is made to Note 6 'Assets and liabilities held for sale'.

The loan loss provision at 30 June 2012 of EUR 5,454 million (31 December 2011: EUR 4,950 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 5,435 million (31 December 2011: EUR 4,943 million) and EUR 19 million (31 December 2011: EUR 7 million) respectively.

5 INTANGIBLE ASSETS

Intangible assets

amounts in millions of euros	30 June 2012	31 December 2011
Goodwill	**1,226**	1,179
Software	**538**	476
Other	**79**	88
Closing balance	**1,843**	1,743

Allocation of Goodwill to reporting units

The allocation of goodwill to reporting units was changed as a consequence of the changes in segments as disclosed in Note 11 'Segment reporting'. There was no impact on the impairment test.

Goodwill is allocated to reporting units as follows:

Goodwill allocation to reporting units

	30 June 2012	31 December 2011
Retail Banking Germany	**349**	349
Retail Banking Belgium	**50**	50
Retail Banking Netherlands	**1**	1
Retail Banking International Other	**15**	15
Commercial Banking	**24**	25
Retail Central Europe	**787**	738
	1,226	1,178

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

6 ASSETS AND LIABILITIES HELD FOR SALE

Assets and liabilities held for sale include disposal groups whose carrying amount will be recovered principally through a sale transaction rather than through continuing operations. This relates to businesses for which a sale is agreed upon or a sale is highly probable at the balance sheet date but for which the transaction has not yet fully closed. As at 30 June 2012 there were no assets and liabilities held for sale. As at 31 December 2011 this related to ING Direct USA. The sale of ING Direct USA to Capital One was closed in February 2012. Reference is made to Note 12 'Acquisitions and disposals'.

Assets held for sale

amounts in millions of euros	30 June 2012	31 December 2011
Cash and balances with central banks		4,980
Amounts due from banks		314
Financial assets at fair value through profit and loss		3
Available-for-sale investments		22,605
Held to maturity investments		444
Loans and advances to customers		31,805
Property and equipment		75
Intangible assets		166
Other assets		2,091
		62,483

Notes to the condensed consolidated interim accounts continued

Liabilities held for sale		
amounts in millions of euros	**30 June 2012**	31 December 2011
Customer deposits and other funds on deposit		64,103
Other liabilities		162
		64,265

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

ING Bank is considering other potential divestments, including those that are listed under the European Commission Restructuring Plan in Note 30 'Related parties' in the ING Bank 2011 Annual Accounts. However, none of these businesses qualify as held for sale as at 30 June 2012 as the potential divestments are not yet available for immediate sale in their present condition and/or a sale is not yet highly probable to occur.

7 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS

Financial liabilities at fair value through profit and loss		
amounts in millions of euros	**30 June 2012**	31 December 2011
Trading liabilities	**100,651**	107,682
Non-trading derivatives	**18,610**	18,161
Designated as at fair value through profit and loss	**13,769**	13,021
	133,030	138,864

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 2012 includes EUR –306 million (first half of 2011: EUR –9 million; entire year 2011: EUR 377 million) and EUR 289 million (31 December 2011: EUR 595 million) on a cumulative basis.

8 INVESTMENT INCOME

Investment income				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011
Income from real estate investments	**4**	8	**12**	16
Dividend income	**27**	13	**33**	15
Realised gains/losses on disposal of debt securities	**51**	40	**165**	54
Impairments of available-for-sale debt securities	**–8**	–215	**–9**	–222
Reversal of impairments of available-for-sale debt securities		1		43
Realised gains/losses on disposal of equity securities	**11**	9	**15**	22
Impairments of available-for-sale equity securities	**–8**	–13	**–12**	–14
Change in fair value of real estate investments	**–2**	–19	**–4**	–19
	75	–176	**200**	–105

In the second quarter of 2011 impairments of available-for-sale debt securities include EUR 187 million of impairments on Greek government bonds that are impacted by the restructuring proposals of July 2011. Reference is made to Note 3 'Investments'.

In the first half of 2011 impairments of available-for-sale debt securities include EUR 187 of impairments on Greek government bonds that are impacted by the restructuring proposals of July 2011. Reference is made to Note 3 'Investments'.

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

Notes to the condensed consolidated interim accounts continued

Impairments/ reversals of impairments on investments per segment				
3 month period	Impairments		Reversal of impairments	
	1 April to 30 June		1 April to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011
Retail Belgium	**–1**	–8		
Retail Germany		–52		
Retail Rest of World		–145		
Commercial Banking	**–13**	–23		1
Corporate Line Banking	**–2**			
	–16	–228		1

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	
amounts in millions of euros	**2012**	2011	**2012**	2011
Retail Belgium	**–1**	–8		
Retail Germany		–52		
Retail Rest of World		–151		
Commercial Banking	**–16**	–25		43
Corporate Line Banking	**–4**			
	–21	–236		43

9 OTHER INCOME

Other income				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011
Result on disposal of group companies		43	**742**	50
Valuation results on non-trading derivatives	**11**	26	**–413**	406
Net trading income	**172**	146	**650**	–6
Result from associates	**6**	33	**9**	47
Other income	**–117**	25	**–86**	158
	72	273	**902**	655

Results on disposal of group companies includes the sale ING Direct USA. Reference is made to Note 12 ‘Acquisitions and disposals’.

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’.

Result from associates				
	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011
Share of results from associates	**6**	34	**9**	61
Impairments		–1		–14
	6	33	**9**	47

Notes to the condensed consolidated interim accounts continued

10 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversal of) impairments

3 month period	Impairments		Reversal of impairments		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011	**2012**	2011
Property and equipment	**6**	3	**–1**	–1	**5**	2
Property development	**44**	36			**44**	36
(Reversals of) other impairments	**50**	39	**–1**	–1	**49**	38
Amortisation of other intangible assets					**7**	10
					56	48

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.

In the second quarter of 2011 EUR 36 million impairments are recognised on Property development (in the Commercial Banking segment) that is based on the reassessment of Spanish real estate development projects.

Intangible amortisation and (reversal of) impairments

6 month period	Impairments		Reversal of impairments		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
amounts in millions of euros	**2012**	2011	**2012**	2011	**2012**	2011
Property and equipment	**10**	7	**–3**	–3	**7**	4
Property development	**103**	102			**103**	102
(Reversals of) other impairments	**113**	109	**–3**	–3	**110**	106
Amortisation of other intangible assets					**15**	20
					125	126

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

In the first half of 2011 EUR 102 million impairments are recognised on Property development (Commercial Banking segment) of which EUR 59 million is due to the sale or termination of large projects in Germany and the Netherlands and EUR 43 million is based on the reassessment of Spanish real estate development projects and a small part relates to foreclosure property in the United States.

11 SEGMENT REPORTING

ING Bank's segments relate to the internal segmentation by business lines. As of 2012 the internal management reporting structure for the banking operations was changed in order to improve transparency and to reflect the impact of the divestments of ING Direct USA and ING Real Estate Investment Management. The segments have changed accordingly. The comparatives have been adjusted to reflect the new segment structure for the banking operations. ING Bank identifies the following segments:

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

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

Notes to the condensed consolidated interim accounts continued

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

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

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

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

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

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

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

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

Notes to the condensed consolidated interim accounts continued

Segments Banking

3 month period

1 April to 30 June 2012 amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	844	431	284	517	853	120	3,051
– Commission income	128	86	20	74	258	–4	563
– Total investment and other income	2	25	–17	–94	178	56	151
Total underlying income	974	543	287	498	1,290	173	3,765
Underlying expenditure							
– Operating expenses	576	324	162	469	547	29	2,108
– Additions to loan loss provision	161	28	25	49	278		541
– Other impairments*	4				44	7	56
Total underlying expenses	741	352	187	518	870	36	2,704
Underlying result before taxation	233	191	100	–20	420	137	1,061
Taxation	56	50	34	6	103	32	280
Minority interests				14	5		20
Underlying net result	178	141	66	–40	312	105	762

* analysed as a part of operating expenses

Segments Banking

3 month period

1 April to 30 June 2011 amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	893	391	329	527	933	73	3,146
– Commission income	110	82	27	81	291	–3	589
– Total investment and other income	10	31	–51	–123	130	8	4
Total underlying income	1,013	504	306	485	1,353	78	3,738
Underlying expenditure							
– Operating expenses	597	351	158	445	585	38	2,174
– Additions to loan loss provision	90	50	21	40	104		304
– Other impairments*	1				33	7	42
Total underlying expenses	688	401	179	485	722	45	2,521
Underlying result before taxation	325	103	126		631	33	1,218
Taxation	82	27	37	–21	127	19	272
Minority interests		–1		11			11
Underlying net result	242	77	89	9	503	14	935

* analysed as a part of operating expenses

Notes to the condensed consolidated interim accounts continued

Reconciliation between Underlying and IFRS-EU income and net result

3 month period 1 April to 30 June amounts in millions of euros	Income	Expenses	Net result 2012	Income	Expenses	Net result 2011
Underlying	3,765	2,704	762	3,738	2,521	935
Divestments				482	290	131
Special items	–4	–233	169	–239	64	–207
IFRS-EU	3,761	2,471	931	3,981	2,874	859

Divestments in the table above in the second quarter of 2011 reflect the results on the sale of Clarion Partners as well as the operating results of the in 2011 and 2012 divested units.

Special items in the second quarter of 2012 include mainly the impact (net of tax) of the new pension scheme for employees in the Netherlands as disclosed in Note 18 'Important events and transactions'.

Special items in the second quarter of 2011 include costs related to the combination of the Dutch retail activities, the Belgium retail transformation, further restructuring at ING Real Estate following the announced sale of ING REIM (reference is made to Note 12 'Acquisitions and disposals'), costs related to the separation of Banking and Insurance, as well as an adjustment of the Illiquid Assets Back-up Facility based on higher prepayment behaviour in the underlying Alt-A securities.

Segments Banking

6 month period 1 January to 30 June 2012 amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	1,708	837	577	1,016	1,759	267	6,163
– Commission income	251	179	45	154	481	–1	1,108
– Total investment and other income	16	75	–24	–69	454	–85	365
Total underlying income	1,975	1,090	598	1,100	2,693	181	7,637
Underlying expenditure							
– Operating expenses	1,164	684	328	923	1,115	56	4,270
– Additions to loan loss provision	291	72	39	134	445		982
– Other impairments*	7				103	14	125
Total underlying expenses	1,463	756	367	1,057	1,662	71	5,376
Underlying result before taxation	513	334	231	43	1,031	110	2,261
Taxation	127	95	75	35	287	31	650
Minority interests		2		29	15		47
Underlying net result	386	236	156	–21	728	79	1,564

* 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 2011 amounts in millions of euros	Retail Netherlands	Retail Belgium	Retail Germany	Retail Rest of World	Commercial Banking	Corporate Line Banking	Total
Underlying income							
– Net interest result	1,796	793	644	1,054	1,877	147	6,311
– Commission income	234	180	61	165	539	–5	1,176
– Total investment and other income	32	55	–73	–61	471	–69	355
Total underlying income	2,063	1,028	632	1,158	2,887	74	7,842
Underlying expenditure							
– Operating expenses	1,195	705	315	884	1,188	71	4,357
– Additions to loan loss provision	168	68	54	83	173		546
– Other impairments*	4			1	92	15	112
Total underlying expenses	1,366	773	369	968	1,454	86	5,016
Underlying result before taxation	696	255	263	190	1,433	–12	2,826
Taxation	175	69	87	45	321	17	713
Minority interests			1	28	7		36
Underlying net result	521	187	176	117	1,106	–29	2,077

* analysed as a part of operating expenses

Reconciliation between Underlying and IFRS-EU income and net result

6 month period

1 January to 30 June amounts in millions of euros	Income 2012	Expenses 2012	Net result 2012	Income 2011	Expenses 2011	Net result 2011
Underlying	**7,637**	**5,376**	**1,564**	7,842	5,016	2,077
Divestments	**743**		**489**	995	613	250
Special items	**–4**	**265**	**–235**	–239	135	–259
IFRS-EU	**8,376**	**5,641**	**1,818**	8,598	5,764	2,068

Divestments in the table above in the first half of 2012 reflects mainly the result of ING Direct USA.

Divestments in the table above in the first half of 2011 reflects the results on the sale of IIM Philippines, two real estate funds of REIM Australia and Clarion Partners as well as the operating results of the in 2011 and 2012 divested units.

Special items in the first half of 2012 include mainly the impact (net of tax) of the settlement with the US authorities as disclosed in Note 17 ‘Update on regulatory measures and law enforcement agencies investigations’ and an offsetting impact (net of tax) related to the new pension scheme for employees in the Netherlands as disclosed in Note 18 ‘Important events and transactions’.

Special items in the first half of 2011 include costs related to the combination of the Dutch retail activities, the Belgium retail transformation, further restructuring at ING Real Estate following the announced sale of ING REIM (reference is made to Note 12 'Acquisitions and disposals'), costs related to the separation of Banking and Insurance, as well as an adjustment of the Illiquid Assets Back-up Facility based on higher prepayment behaviour in the underlying Alt-A securities.

Notes to the condensed consolidated interim accounts continued

12 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first half year of 2012.

Disposals

ING Direct USA

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

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

In connection with the divestment of ING Direct USA, ING also completed the adjustment of the agreement with the Dutch State concerning the structure of the Illiquid Assets Back-Up Facility (IABF) which was also announced on 16 June 2011. The amendment serves to de-link the IABF from ING Direct USA by putting ING Bank in its place as counterparty for the Dutch State. The IABF is further amended to ensure a continued alignment between ING and the State regarding exposure to the Alt-A portfolio. Only the part of the IABF covering ING Direct USA, currently approximately 85% of the total IABF-portfolio, is adjusted in the amendment. The ING Insurance part of the IABF remains unaltered. Reference is made to Note 30 ‘Related parties’ in the Annual Accounts 2011 for the details on the original agreement and the amendments made.

13 FAIR VALUE OF FINANCIAL ASSETS

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

14 DIVIDEND PAID

No dividend was paid in the first half of 2012.

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

Issue of Debt securities in issue

In total ING Bank issued EUR 15.4 billion debt with a tenor of more than one year in the capital markets (including both unsecured debt and covered bonds) during the first half of 2012. All issues are part of ING’s regular medium- term funding operations.

Although ING did not participate in the Longer Term Refinancing Operation by the ECB in February 2012, the improved liquidity in the market has resulted in clients placing more of their excess cash with ING. As a result, Debt securities in issue increased. In the second quarter of 2012, ING Bank issued EUR 3.6 billion of medium-term debt, mainly senior unsecured, bringing the year-to-date total issuance to EUR 15.4 billion.

Notes to the condensed consolidated interim accounts continued

16 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 and Spain. Unless otherwise indicated the amounts represent risk exposure values and 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. CDS exposures in all countries are to Financial institutions.

Greece, Italy, Ireland, Portugal and Spain – Total risk exposures [(1)]

						30 June 2012
amounts in millions of euros	Greece	Italy	Ireland	Portugal	Spain	Total
Residential mortgages and other consumer lending	3	7,238	4	3	9,334	16,582
Corporate Lending	317	8,882	739	1,023	6,462	17,423
Financial institutions Lending		346	1	89	342	778
Government Lending		202			59	261
Total Lending	320	16,668	744	1,115	16,197	35,044
RMBS	97	782	629	579	3,077	5,164
CMBS			298			298
Other ABS		302	7	100	55	464
Corporate Bonds		75	15	41	3	134
Covered Bonds		218	335	154	12,997	13,704
Financial institutions Bonds (unsecured)		625	57	18	17	717
Government Bonds [(2)]	18	1,124		632	229	2,003
Total Debt Securities	115	3,126	1,341	1,524	16,378	22,484
Real Estate [(3)]		110		76	168	354
Trading excluding CDS exposures		551	32	5	95	683
Sold CDS protection		14	1		43	58
Bought CDS protection	–6	–26	–6		–8	–46
Trading including CDS protection	–6	539	27	5	130	695
Undrawn committed facilities	168	1,226	407	124	2,805	4,730
Pre-settlement exposures [(4)]	73	572	377	16	679	1,717
Total risk exposures	670	22,241	2,896	2,860	36,357	65,024

Footnote: Total risk exposures to companies registered in Cyprus were approximately EUR 1 billion as per end of June 2012, which consisted mostly of corporate lending (EUR 0.8 billion) and Financial Markets trades (EUR 0.2 billion). 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 material for ING Bank.

(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) In the second quarter of 2012 ING Bank bought CDS protection on the Spanish government for a nominal amount of EUR 264 million. This amount has been netted with exposure on the Spanish government bonds

(3) Real Estate includes Real Estate Development, Real Estate Investments and Property in Own Use; it does not include (indirect) exposure through Real Estate Finance, which is reflected in Total Lending and Total Debt Securities.

(4) Pre-settlement exposure is exposure typically existing of 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 concept.

Notes to the condensed consolidated interim accounts continued

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

					31 December 2011	
amounts in millions of euros	Greece	Italy	Ireland	Portugal	Spain	Total
Residential mortgages and other consumer lending	2	7,027	4	3	9,157	16,193
Corporate Lending	307	9,011	422	996	7,092	17,828
Financial institutions Lending	1	853	57	139	1,691	2,741
Government Lending		195			55	250
Total Lending	310	17,086	483	1,138	17,995	37,012
RMBS	127	864	619	621	3,721	5,952
CMBS			310			310
Other ABS		334	116	101	78	629
Corporate Bonds		75	15	42	103	235
Covered Bonds		218	335	172	16,160	16,885
Financial institutions Bonds (unsecured)		714	208	59	188	1,169
Government Bonds	151	1,131		632	524	2,438
Total Debt Securities	278	3,336	1,603	1,627	20,774	27,618
Real Estate [2]		102		91	205	398
Trading excluding CDS exposures		569	33	7	261	870
Sold CDS protection		9	1		64	74
Bought CDS protection	–3	–29			–13	–45
Trading including CDS protection	–3	549	34	7	312	899
Undrawn committed facilities	411	1,229	523	140	2,302	4,605
Pre-settlement exposures [3]	70	670	425	14	909	2,088
Total risk exposures	1,066	22,972	3,068	3,017	42,497	72,620

[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] 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.
[3] Pre-settlement exposure is exposure typically existing of 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 concept.

During 2012, ING further improved the scope and the presentation of the disclosures of exposure on Greece, Italy, Ireland, Portugal and Spain. Furthermore, certain definitions have been improved and/or aligned. Comparative figures as per 31 December 2011 have been amended. The changes mainly relate to the inclusion of Pre-Settlement exposures, the presentation of Trading and Trading CDS exposure and the definitions for Real Estate and ABS exposure (for 'country at risk' versus 'country of residence' as mentioned above). In total these restatements did not have a material impact on ING's exposure on Greece, Italy, Ireland, Portugal and Spain.

17 UPDATE ON REGULATORY MEASURES AND LAW ENFORCEMENT AGENCIES INVESTIGATIONS

On 12 June 2012 ING Bank announced that it has entered into a Settlement Agreement with U.S. authorities, including the Office of Foreign Assets Control (OFAC) in relation to the investigation by those agencies into compliance with U.S. economic sanctions and U.S. dollar payment practices until 2007 by Commercial Banking.

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. As part of the settlement, ING Bank paid a total penalty of EUR 473 (USD 619 million) in June 2012.

Since 2006, prior to receiving inquiries from the U.S. Authorities, ING initiated two extensive internal investigations. Much of the findings, which were voluntarily disclosed to OFAC, focused on conduct relating to transactions associated with ING Bank's Cuban operations, as well as business with counterparties in other OFAC sanctioned countries. The discussions with authorities on these issues did not involve ING's Insurance and Investment Management operations, nor Retail Banking or ING Direct.

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.

Notes to the condensed consolidated interim accounts continued

18 IMPORTANT EVENTS AND TRANSACTIONS

ING announced on 3 July 2012 that it has finalised its agreement on a new pension scheme for employees in the Netherlands, following acceptance of the new scheme 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 and separate pension funds will be created, one for Banking and one for Insurance/IM.

As announced on 1 June 2012, the key elements of the new scheme are:
- ING contributes a yearly pre-defined premium to the funds. The employee contribution to the new scheme will gradually increase to one-third of the base pension premium
- The minimum salary level at which pensions are provided will be lowered to EUR 15,000.
- Pension benefit will be based on average wage over period of employment with a 2% annual accrual rate.
- The pension funds, not ING, will bear responsibility for funding adequacy; ING Bank and Insurance/IM to pay an additional risk premium.
- Responsibility for inflation indexation will move to the new funds.
- Standard retirement age will be raised to 67.

The new scheme qualifies as a Defined Contribution scheme under IFRS 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 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 amounts to a one-off after-tax gain of EUR 218 million. The curtailment is included in the line Staff expenses in the first half of 2012.

Review report

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

REVIEW REPORT

Introduction
We have reviewed the accompanying condensed consolidated interim accounts for the six month period ended 30 June 2012, of ING Bank N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2012 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows, the condensed consolidated statement of changes in equity and the related notes for the 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 30 June 2012 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 7 AUGUST 2012

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

DISCLAIMER

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

In preparing the financial information in this document, the same accounting principles are applied as in the 2011 ING Bank Annual Accounts. All figures in this document are unaudited. Small differences are possible in the tables due to rounding.

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

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

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