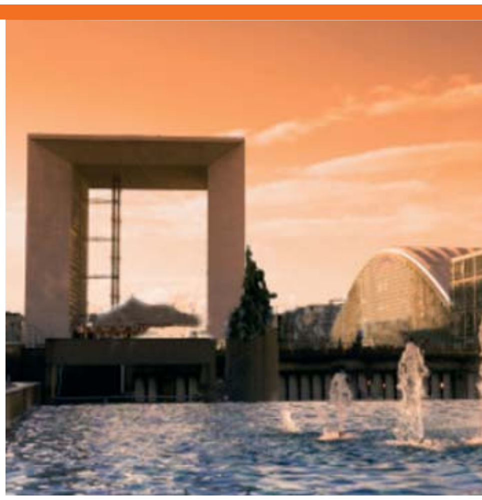
ING BANK



Condensed consolidated interim financial information for the period ended 30 June 2011

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Interim Report

ING BANK N.V.

Introduction
ING Bank N.V., together with ING Insurance N.V., is part of ING Groep N.V. ING Bank N.V. consist of the following business lines: Retail Netherlands, Retail Belgium, ING Direct, Retail Central Europe, Retail Asia, Commercial Banking excluding Real Estate and ING Real Estate.

The reconciliation between IFRS-EU and underlying income, expenses and net result can be found in Note 11 'Segment Reporting'.

Consolidated results

Net profit for ING Bank N.V. was EUR 2,068 million, down EUR 337 million or 14.0% from the first six months of 2010. Net results in the first six months of 2011 included EUR 35 million net gains on divestments and a charge of EUR 259 million after tax in special items. The special items mainly related to the merger of the Dutch retail activities, the transformation program in Belgium, restructuring at ING Real Estate and costs related to the separation of Banking and Insurance, as well as a value adjustment of the Illiquid Assets Back-up Facility (IABF) based on higher prepayment behavior in the underlying Alt-A securities. In the first six months of 2010, net profit included EUR 409 million of net results on divestments, primarily related to the sale of ING's private banking businesses in Asia and Switzerland, and a charge of EUR 137 million after tax in special items.

Excluding divestments and special items, ING Bank posted an underlying net profit of EUR 2,292 million in the first six months of 2011, up from EUR 2,133 million in the same period last year.

ING Bank's underlying results were strong, supported by net production in client balances at solid interest margin and more normalised level of risk costs. The underlying result before tax increased to EUR 3,147 million from EUR 2,968 million in the first six months of last year, which included a capital gain on the sale of an equity stake while this year was impacted by EUR 187 million of impairments on Greek government bonds.

Total underlying income increased by EUR 106 million, or 1.2% compared with the first six months of 2010. Interest results rose 4.5% compared with last year. This was driven by a five basis point increase in the interest margin to 1.46%, mainly due to higher interest results in Financial Markets and improved interest margins at ING Direct. Commission income rose 4.8% largely due to higher fees in Commercial Banking Structured Finance. Investment income decreased to EUR -95 million from EUR 119 million last year. The result on the sale of bonds and equities was EUR 76 million, compared with EUR 240 million in the previous year which included a EUR 86 million capital gain on the sale of an Asian equity stake. Despite the partial reversal of impairments in the first half of 2011, impairments on bonds and equities were EUR 65 million higher due to EUR 187 million impairments on Greek government bonds in the second quarter of 2011. Other income dropped 6.7% to EUR 560 million, mainly in Financial Markets.

Underlying operating expenses rose 4.0% to EUR 4,902 million, as IT investments and marketing spending were skewed to the second half of 2010. Furthermore, costs rose on an increase in FTEs and regular salary increases, while the last year included a release of an employee benefit provision. In the first half of 2011, impairments on real estate development projects and foreclosed properties were EUR 102 million compared with EUR 236 million last year. The underlying cost/income ratio increased to 56.0% from 54.5% in the first half of 2010.

Underlying risk costs declined towards more normalised levels, driven mainly by lower additions in Commercial Banking (Structured Finance and General Lending), and lower additions for mid-corporate and SME clients in the Benelux. ING Bank added underlying EUR 702 million to the loan loss provisions, down from EUR 962 million in the first six months of 2010. Risk costs amounted to 44 basis points of average risk-weighted assets. In the coming periods ING expects net provisions to remain below the average level seen in 2010.

Retail Netherlands
Retail Netherlands' underlying result before tax decreased slightly to EUR 708 million from EUR 715 million in the first six months of 2010. Income was down as margins for lending products declined, which could not be offset by the increased volumes. Operating expenses increased versus a year ago due to higher pension costs following updated mortality tables, salary increases and a pension release last year. Loan losses declined as a result of lower additions in the mid-corporate and SME segments.

Total underlying income was EUR 2,075 million, which was 1.8% down on the first half of 2010. While the margin on savings in the first half of 2011 was still higher than a year ago, increased competition resulted in higher client rates putting pressure on margins going forward. In the first half of 2011 funds entrusted grew EUR 1.6 billion as an increase in savings was in part offset by lower current account balances. Mortgage volumes rose by EUR 3.1 billion in the first half of 2011, while margins declined as a result of lower expected prepayments, which increased funding costs. In business lending, margins dropped while volume growth remained modest, increasing by EUR 0.4 billion.

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Operating expenses rose 5.9%, mainly as a consequence of salary increases, higher pension costs following updated mortality tables and a pension release in the first half of 2010.

The addition to loan loss provisions declined to EUR 169 million versus EUR 265 million a year ago. This was particularly attributable to lower risk costs in the mid-corporate and SME segments. The risk cost for mortgages were slightly up, but were still limited. Non-performing loans (NPLs) of mortgages remained stable at 1.0%.

Retail Belgium

Retail Belgium's underlying result before tax declined to EUR 258 million from EUR 314 million in the first six months of 2010, due to increased operating expenses. Income was stable compared with the first half of 2010, whereas net additions to the loan loss provisions declined.

The underlying income remained stable at EUR 1,034 million compared to EUR 1,036 million last year as volume growth was offset by slightly lower margins and lower investment income which included a EUR 7 million impairment on Greek government bonds. Commission income declined due to lower fees from asset management activities. Funds entrusted increased by EUR 3.8 billion in the first half year of 2011 due to the success of the Orange Book savings product and the growing appetite for short term deposits, while margins remained stable. The lending portfolio increased EUR 3.2 billion, of which EUR 1.4 billion in residential mortgages and EUR 1.9 billion in other lending as demand for mid-corporate and SME lending picked up, however at somewhat lower margins.

Operating expenses increased 10.8% compared to first half of 2010, driven by higher staff expenses as a result of an increase in commercial staff, collective labour wage agreements as well as structural higher contribution to the deposit guarantee scheme and higher marketing costs.

The addition to the provision for loan losses was EUR 68 million versus EUR 83 million a year ago, as a result of lower risk costs in the mid-corporate and SME segment.

ING Direct

The underlying result before tax declined to EUR 607 million from EUR 675 million in the first six months of last year. Despite impairments on Greek government bonds, income rose due to higher volumes and increased interest margin but this could not compensate the higher operating expenses.

Total underlying income rose to EUR 1,824 million from EUR 1,786 million in the first half year of 2010, supported by improved interest result and higher commission income. Interest result was up 7.9% to EUR 1,959 million, driven by higher volumes and improved margins mainly in Germany. The interest margin rose to 1.28% from 1.20% in the first six months of last year. The interest result in the US continued to benefit from the IFRS treatment on previously impaired bonds, which had a positive impact of EUR 88 million compared with EUR 125 million in the first six months of 2010. The net production of client balances in the first half of 2011 was EUR 14.4 billion, bringing total client balances to EUR 403.9 billion at the end of June. The production of funds entrusted was EUR 8.4 billion, led by Germany and the US and supported by promotional campaigns in both countries. Retail lending increased by EUR 5.8 billion, mainly due to mortgage growth in Germany. ING Direct added 346,000 clients in the first half of the year, bringing the total to 24.0 million worldwide.

Investment income declined to EUR -160 million compared to EUR -73 million in the same period last year. The decrease was mainly attributable to EUR 171 million of impairments on Greek government bonds, while the impairments on the US investment portfolio were lower. Other income was EUR -65 million, a decrease of EUR 30 million on last year, reflecting hedge results as well as losses on the selective sale of mainly unsecured and ABS exposures.

Operating expenses rose 9.8% to EUR 982 million, reflecting investments in the business as payment accounts were further rolled out in Canada, France and Italy, and a limited number of branches were set up in Spain.

The net addition to loan loss provisions was EUR 234 million, up EUR 17 million on last year. Compared with the first half of 2010, risk costs increased mainly in the US reflecting lower anticipated recovery rates and in Italy.

Retail Central Europe

The underlying result before tax of Central Europe was EUR 84 million versus EUR 72 million in the first six months of last year mainly due to higher income in Poland and Romania, which was partly offset by margin pressure in Turkey.

Underlying income increased 7.0% to EUR 522 million compared with EUR 488 million in the first half of 2010. The increase mainly reflects an increase in mortgage and mid-corporate lending volumes as well as higher margins for savings in Poland. In Romania, income increased driven by higher lending volumes and improved margins. In January 2011, ING Bank Turkey introduced the Orange Savings account. ING is taking a cautious investment approach for inflows on the Orange Savings account until client behaviour is better evidenced, which resulted in margin pressure, during the first half of 2011.

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Operating expenses increased to EUR 398 million from EUR 379 million in the first half of 2010. The cost increase mainly reflects increased client activity, higher marketing spending and investments in Poland.

The addition to the loan loss provisions was EUR 41 million versus EUR 37 million a year ago, mainly due to increases in Turkey and Romania.

Retail Asia

Retail Asia's underlying result before tax was EUR 25 million versus EUR 34 million in the first half of 2010, due to lower income and higher expenses.

Total underlying income decreased 3.1% to EUR 126 million compared with EUR 130 million a year ago, due to lower interest results and lower dividend received from Kookmin Bank. Interest results decreased 18.6% to EUR 70 million reflecting margin pressure and higher funding costs in India. This was partly offset by higher other income, supported by higher hedge results in India.

Operating expenses increased to EUR 86 million versus EUR 80 million in the first half of 2010 reflecting investments to expand the branch network. The addition to the loan loss provision was EUR 16 million versus EUR 17 million a year ago.

Commercial Banking excl. Real Estate

Commercial Banking excluding Real Estate posted strong results in the first half year of 2011. The underlying result before tax was up 13.3% to EUR 1,418 million from a year ago driven by a strong performance in the specialised lending activities of Structured Finance which benefitted from higher income and lower risk costs.

Total underlying income increased EUR 112 million or 4.3% from the first half year of 2010, mainly due to higher income from Structured Finance and Leasing & Factoring, partly offset by lower income from Financial Markets and General Lending & PCM.

The total interest result increased 3.9% on the first six months of 2010, mainly fuelled by higher interest results from Financial Markets. The interest margins in Structured Finance and General Lending and Payment & Cash Management (PCM) declined, which was compensated by volume growth in mainly Structured Finance.

Commission income rose 24.2% supported by a 50.8% increase in fees in Structured Finance and higher fees from Corporate Finance and Equity Markets. Investment income increased to EUR 67 million from EUR 46 million last year despite a decline in Financial Markets, which included EUR 9 million of impairments on Greek government bonds in the first half of 2011. Other income dropped by EUR 72 million (-12.7%), reflecting lower trading income following the wind-down of the proprietary trading book in the US last year in part offset by improved sales results from the car lease activities.

Operating expenses amounted to EUR 1,157 million, an increase of 9.7% compared with the same period in 2010 due to higher staff costs and selective investments in Financial Markets and PCM. The underlying cost/income ratio in the first half of 2011 was 43.0%, compared with 40.9% a year ago.

Net additions to loan loss provisions declined 57.4% to EUR 116 million, mainly due to net releases in Structured Finance combined with lower net additions in General Lending. Risk costs in first six months of 2011 were equivalent to annualised 19 basis points of average risk-weighted assets.

Real Estate

ING Real Estate's underlying result before tax improved to EUR 83 million from a loss of EUR 119 million in the first half of 2010. This improvement was driven by lower negative fair value and impairments, as well as lower expenses and risk costs.

The negative fair value changes, which are booked in income, were EUR 21 million compared with EUR 40 million last year. Impairments on real estate development projects, which are booked in expenses, declined to EUR 92 million from EUR 236 million in the prior year.

Corporate Line

The Corporate Line Banking reported an underlying result before tax of EUR -35 million compared with EUR 25 million in the first half of last year, which included a EUR 86 million capital gain on the sale of an equity stake. Fair value changes on part of ING Bank's own Tier 2 debt turned to a negative EUR 42 million in the first six months of 2011, compared with EUR 25 million positive a year ago. These impacts were partly offset by EUR 102 million higher 'income on capital surplus' as a result of higher average book equity due to retained earning and lower benefits paid to the business units as a result of a decline in average economic capital.

Consolidated assets and liabilities

Balance sheet

ING Bank's balance sheet increased by EUR 10 billion, including EUR 16 billion negative currency impacts, to EUR 943 billion at 30 June 2011 from EUR 933 billion at the end of 2010. The transfer of balance sheet items of ING Direct USA (excluding IABF) and ING Car Lease to assets and liabilities held for sale in June caused large changes per item. The adjusted loan-to-deposit ratio (excluding securities at amortized costs and the IABF receivable) increased to 1.14 from 1.05 at year-end 2010, mainly due to the transfer of loans and advances to customers of ING Direct USA (excluding IABF) to assets held for sale. The asset leverage ratio, defined as total assets divided by shareholders' equity, increased to 29.0 from 27.1 at the end of 2010, due to the EUR 3 billion payment to the Dutch State to repurchase a second tranche of core Tier 1 securities in May 2011.

Assets
Excluding currency impacts, total assets increased by EUR 26 billion, due to EUR 58 billion higher assets held for sale, partly compensated by EUR 20 billion lower investments and EUR 12 billion loans and advances to customers. Adjusted for the transfers of ING Direct USA and Car Lease and excluding currency impacts, the growth was driven by EUR 18 billion higher loans and advances to customers and EUR 6 billion higher amounts due from banks.

Loans and advances to customers
Loans and advances to customers decreased by EUR 22 billion to EUR 566 billion at 30 June 2011 from EUR 587 billion at 31 December 2010. The decrease was for EUR 30 billion due to transfer of lending assets of ING Direct USA and for EUR 10 billion attributable to negative currency impacts. Excluding these impacts, the EUR 18 billion growth (mainly ING Direct and Retail Banking) was due to EUR 11 billion higher loans to '(mid)-corporates, SMEs and other' (major growth in as well Retail Banking as Commercial Banking) and EUR 13 billion higher residential mortgages, partly offset by EUR 5 billion lower securities at amortized cost and IABF receivable due to repayments, run-off and the selective sale of some positions.

Liabilities
Total liabilities increased at comparable currency rates by EUR 26 billion, due to EUR 57 billion higher liabilities held for sale and EUR 21 billion debt securities in issue (of which EUR 14 billion long-term debt), partly compensated by EUR 46 billion lower customer deposits and other funds on deposit and EUR 13 billion lower financial liabilities at fair value through P&L (due to lower repos & lending and lower derivatives, following higher long-term interest rates). ING Bank issued EUR 17 billion in the debt markets.

Customer deposits and other funds on deposit
Customer deposits and other funds on deposit increased by EUR 12 billion to EUR 465 billion, excluding EUR 8 billion of negative currency impacts and EUR 58 billion of ING Direct USA funds transferred to liabilities held for sale. This growth was driven by EUR 13 billion higher savings accounts, with growth mainly in ING Direct and Retail Benelux.

Shareholders' equity
Shareholders' equity decreased by EUR 2.0 billion to EUR 32.5 billion. The decrease was mainly due to the EUR 3 billion payment to the Dutch State to repurchase a second tranche of core Tier 1 securities in May 2011, partly compensated by a net profit of EUR 2.1 billion. The revaluation reserve equity securities decreased by EUR 0.3 billion after tax to EUR 1.1 billion, driven by a lower book value of ING Bank's stake in Bank of Beijing. The currency translation reserve decreased by EUR 0.7 billion to EUR -0.2 billion, due to the strengthening of the euro against most currencies.

Risk Management
ING's capital ratio's continued to be strong during the first six months of 2011. ING Bank's core Tier 1 ration remained robust at 9.4% well above the 7.5% target, as capital generation mitigated the 13 May 2011 dividend payment to ING Group NV of EUR 3 billion. Due to ING Bank's currency hedging programme, foreign exchange differences in available capital offset the EUR 8.8 billion decrease in risk weighted assets related to currency movements. Therefore, the impact of currency changes on the core Tier 1 ratio is very limited.

Risk costs
ING Bank added EUR 702 million to the loan loss provisions in the first six months of 2011. Risk costs in the first six months of 2011 are at their lowest level in almost three years, and they have been slowly trending back to normalised levels. Gross additions to the loan loss provisions in the first six months of 2011 were EUR 1,139 million, while releases were EUR 437 million.

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Securities portfolio
The value of the securities portfolio was EUR 121.1 billion at the end of June 2011, of which EUR 118.4 billion was in debt securities and EUR 2.7 billion in equity securities. The revaluation reserve after tax on debt securities turned negative in the first six months of 2011, amounting to EUR -117 million from EUR 19 million at the end of December 2010. The main reason for this decrease is the rise of interest rates.

Greece, Ireland and Portugal
Greece, Ireland and Portugal have applied for support from the European Financial Stability Fund ('EFSF'). At 30 June 2011, ING Bank's combined balance sheet value of 'Government bonds' and unsecured 'Financial institutions' bonds to Greece, Ireland and Portugal was EUR 1.3 billion. Of this amount, EUR 1.1 billion was classified as available-for-sale (at fair value) and EUR 0.2 billion at amortised cost. This amount includes EUR 0.4 billion of Greek government bonds (classified as available-for-sale), EUR 0.2 billion of Irish financial institutions bonds (largely classified at amortised cost), EUR 0.5 billion of Portuguese government bonds (classified as available-for-sale) and EUR 0.2 billion of Portuguese financial institutions bonds (largely classified as available-for-sale) and. The total pre-tax revaluation reserve in equity for the abovementioned available-for-sale securities amounted to EUR -0.4 billion at the end of the second quarter of 2011.

On 21 July 2011 a Private Sector Initiative to support Greece was announced. This initiative involves a voluntary exchange of existing Greek government bonds together with a Buyback Facility. The initiative relates to Greek government bonds maturing up to 2020. ING is currently assessing the alternative exchange options in this initiative. Based on this Private Sector Initiative, it was concluded that bonds that are in scope of the initiative (i.e. Greek government bonds maturing up to 2020) are impaired in the second quarter of 2011. As a result, ING Bank recognised EUR 187 million of impairments (pre tax) on Greek government bonds in the second quarter of 2011. The entire amount relates to bonds classified as available-for-sale and is based on the 30 June 2011 market values of these bonds. After this impairment, ING Bank's remaining balance sheet value of Greek government bonds at 30 June 2011 was EUR 0.4 billion, which was fully classified as available-for-sale. The related pre-tax revaluation reserve in equity amounted to EUR -0.1 billion.

Real Estate exposure
The real estate exposure of ING Bank declined to EUR 4.7 billion at 30 June 2011 from EUR 5.4 billion at the end of December 2010. The real estate investments that were subject to revaluation through the profit and loss account declined 10.5% during the first six months of 2011. The fair value changes reflected in the profit and loss account were EUR -18.6 million in the first six months of 2011.

Risk-weighted assets
Total risk-weighted assets (RWA) amounted to EUR 314.8 billion compared with EUR 321.1 billion at the end of 2010. Credit RWA declined by EUR 27.4 billion compared with the first six months of 2010 (EUR 342.2 billion adjusted for divestments). The volume impact on RWA was compensated by the RWA reduction resulting from positive credit risk migration. Compared with the first six months of 2010, Market RWA remained more or less stable, in line with the Value-at-Risk, whereas Operational RWA slightly declined.

Other
Reference is made to the Condensed consolidated interim accounts for information on the most important events in the first half year of 2011, other than the information disclosed in this Interim Report. This disclosure is deemed to be incorporated by reference here.

Looking ahead
ING reached important milestones in the second quarter as we work towards the separation of the Group and the establishment of a strong stand-alone banking company. As the economic environment and financial markets remain uncertain, we will reinforce our vigilance on costs by focusing on structural improvements in our processes and organisation, while continuing to invest responsibly in the growth of our franchise for the long-term benefit of our customers.

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 that are prudent and reasonable. 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 or her knowledge:

- the ING Bank N.V. Interim Accounts for the period ended 30 June 2011 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 2011 gives a true and fair view 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, 2 AUGUST 2011

Jan H.M. Hommen
CEO, chairman of the Management Board

Eric F.C.B. Boyer de la Giroday
Vice-chairman of the Management Board

Patrick G. Flynn
CFO, member of the Management Board

J.V. (Koos) Timmermans
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 2011	31 December 2010
ASSETS		
Cash and balances with central banks	**9,044**	9,519
Amounts due from banks	**56,580**	51,828
Financial assets at fair value through profit and loss 2	**136,540**	137,126
Investments 3	**88,477**	110,893
Loans and advances to customers 4	**565,869**	587,448
Investments in associates	**847**	1,494
Real estate investments	**502**	562
Property and equipment	**2,464**	5,615
Intangible assets 5	**1,905**	2,265
Assets held for sale 6	**58,014**	300
Other assets	**22,360**	26,023
Total assets	**942,602**	933,073
EQUITY		
Shareholders' equity (parent)	**32,486**	34,452
Minority interests	**715**	617
Total equity	**33,201**	35,069
LIABILITIES		
Subordinated loans	**18,924**	21,021
Debt securities in issue	**142,925**	125,066
Amounts due to banks	**81,889**	72,852
Customer deposits and other funds on deposit	**464,953**	519,304
Financial liabilities at fair value through profit and loss 7	**121,423**	136,581
Liabilities held for sale 6	**57,502**	145
Other liabilities	**21,785**	23,035
Total liabilities	**909,401**	898,004
Total equity and liabilities	**942,602**	933,073

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 1 April to 30 June		6 month period 1 January to 30 June	
amounts in millions of euros	**2011**	2010	**2011**	2010
Interest income banking operations	**16,345**	16,170	**33,845**	32,555
Interest expense banking operations	**13,143**	12,875	**27,174**	25,961
Interest result banking operations	**3,202**	3,295	**6,671**	6,594
Investment income 8	**-176**	119	**-105**	168
Commission income	**682**	658	**1,377**	1,317
Other income 9	**273**	357	**655**	995
Total income	**3,981**	4,429	**8,598**	9,074
Addition to loan loss provision	**370**	465	**702**	962
Intangible amortisation and other impairments 10	**48**	118	**126**	287
Staff expenses	**1,441**	1,337	**2,873**	2,699
Other operating expenses	**1,015**	941	**2,063**	1,921
Total expenses	**2,874**	2,861	**5,764**	5,869
Result before tax	**1,107**	1,568	**2,834**	3,205
Taxation	**236**	416	**731**	766
Net result (before minority interests)	**871**	1,152	**2,103**	2,439
Attributable to:				
Shareholders of the parent	**860**	1,135	**2,068**	2,405
Minority interests	**11**	17	**35**	34
	871	1,152	**2,103**	2,439

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 1 April to 30 June		6 month period 1 January to 30 June	
amounts in millions of euros	**2011**	2010	**2011**	2010
Result for the period	**871**	1,152	**2,103**	2,439
Unrealised revaluations after taxation	**-248**	-444	**-404**	-494
Realised gains/losses transferred to profit and loss	**118**	-92	**71**	-111
Changes in cash flow hedge reserve	**44**	-192	**130**	-268
Exchange rate differences	**-194**	849	**-892**	1,651
Other revaluations	**10**	-9	**21**	-2
Total amount recognised directly in equity (other comprehensive income)	**-270**	112	**-1,074**	776
Total comprehensive income	**601**	1,264	**1,029**	3,215
Comprehensive income attributable to:				
Shareholders of the parent	**604**	1,247	**1,008**	3,151
Minority interests	**-3**	17	**21**	64
	601	1,264	**1,029**	3,215

For the three month period 1 April 2011 to 30 June 2011 the Unrealised revaluations after taxation comprises EUR 2 million (1 April 2010 to 30 June 2010: nil) related to the share of other comprehensive income of associates.

For the six month period 1 January 2011 to 30 June 2011 the Unrealised revaluations after taxation comprises EUR -4 million (1 January 2010 to 30 June 2010: nil) related to the share of other comprehensive income of associates.

For the three month period 1 April 2011 to 30 June 2011 the Exchange rate differences comprises EUR -23 million (1 April 2010 to 30 June 2010: EUR 61 million) related to the share of other comprehensive income of associates.

For the six month period 1 January 2011 to 30 June 2011 the Exchange rate differences comprises EUR -61 million (1 January 2010 to 30 June 2010: EUR 129 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 2011	30 June 2010
Result before tax		**2,834**	3,205
Adjusted for	– depreciation	**758**	745
	– addition to loan loss provisions	**702**	962
	– other	**-196**	377
Taxation paid		**-653**	-86
Changes in	– amounts due from banks, not available on demand	**-5,501**	-5,814
	– trading assets	**-1,476**	-22,591
	– non-trading derivatives	**-820**	-3,414
	– other financial assets at fair value through profit and loss	**262**	784
	– loans and advances to customers	**-16,793**	-13,492
	– other assets	**-2,012**	5,576
	– amounts due to banks, not payable on demand	**2,705**	709
	– customer deposits and other funds on deposit	**13,380**	18,363
	– trading liabilities	**-10,733**	22,791
	– other financial liabilities at fair value through profit and loss	**-391**	1,284
	– other liabilities	**-1,126**	-5,487
Net cash flow from (used in) operating activities		**-19,060**	3,912
Investments and advances	– available-for-sale investments	**-85,403**	-44,536
	– other investments	**-1,136**	-998
Disposals and redemptions	– available-for-sale investments	**80,030**	44,733
	– other investments	**2,938**	4,196
Net cash flow from (used in) investing activities		**-3,571**	3,395
Proceeds from borrowed funds and debt securities		**159,497**	166,303
Repayments of borrowed funds and debt securities		**-138,703**	-171,108
Dividends		**-3,000**	
Net cash flow from financing activities		**17,794**	-4,805
Net cash flow		**-4,837**	2,502
Cash and cash equivalents at beginning of period		**17,188**	18,170
Effect of exchange rate changes on cash and cash equivalents		**-394**	882
Cash and cash equivalents at end of period		**11,957**	21,554
Cash and cash equivalents comprises the following items:			
Treasury bills and other eligible bills		**3,808**	6,083
Amounts due from/to banks		**-895**	5,508
Cash and balances with central banks		**9,044**	9,963
Cash and cash equivalents at end of period		**11,957**	21,554

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 shareholders' equity (parent)	Minority interests	Total
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**
			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**

amounts in millions of euros	Share capital	Share premium	Reserves	Total shareholders' equity (parent)	Minority interests	Total
Balance at 1 January 2010	525	16,542	13,155	30,222	995	31,217
Unrealised revaluations after taxation			-494	-494		-494
Realised gains/losses transferred to profit and loss			-111	-111		-111
Changes in cash flow hedge reserve			-268	-268		-268
Exchange rate differences			1,621	1,621	30	1,651
Other revaluations			-2	-2		-2
Total amount recognised directly in equity			746	746	30	776
Net result for the period			2,405	2,405	34	2,439
			3,151	3,151	64	3,215
Changes in the composition of the group					63	63
Employee stock option and share plans			27	27		27
Balance at 30 June 2010	525	16,542	16,333	33,400	1,122	34,522

Notes to the condensed consolidated interim accounts

1 BASIS OF PRESENTATION

These condensed consolidated interim accounts have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting'. The accounting principles used to prepare these condensed consolidated interim accounts comply with International Financial Reporting Standards as adopted by the European Union and are consistent with those set out in the notes to the 2010 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 2010 Annual Accounts.

The following standards, interpretations and amendments to standards and interpretations became effective in 2011:

- Classification of Rights Issues (Amendment to IAS 32);
- Amendment to IAS 24 'Related Party Disclosures';
- Amendment to IFRIC 14 'Prepayments of a Minimum Funding Requirement';
- IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments';
- Amendment to IFRS 1 'Limited Exemption from Comparative IFRS 7 Disclosure for First-time Adopters';
- 2010 Annual improvements to IFRS.

None of these new or revised standards and interpretations had a significant effect on the condensed consolidated interim accounts for the period ended 30 June 2011.

The following new or revised standards and interpretations were issued by the IASB, which become effective for ING Bank as of 2012, unless otherwise indicated, if and when endorsed by the EU:

- Amendments to IFRS 7 'Disclosures – Transfers of Financial Assets';
- Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters (Amendments to IFRS 1);
- Deferred tax: Recovery of Underlying Assets (Amendments to IAS 12);
- 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 27 'Separate Financial Statements', effective as of 2013;
- IAS 28 'Investments in Associates and Joint Ventures' effective as of 2013; and
- Amendments to IFRS 1 'Presentation of Financial Statements – Presentation of Items of Other Income', effective as of 2013.

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 the condensed consolidated interim accounts.

Furthermore, in 2010 IFRS 9 'Financial Instruments' was issued, which was initially effective as of 2013. However in July 2011 the International Accounting Standards Board tentatively decided to postpone the mandatory application of IFRS 9 until 2015. This standard was 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 if endorsed by the EU. At this moment, the revised standard is being analysed and the full impact is not yet known. One of the changes in the revised standard results in immediate recognition in equity of 'unrecognised actuarial gains and losses' as of the effective date. Unrecognised actuarial gains and losses as at 31 December 2010 are disclosed in Note 18 'Other liabilities' in the 2010 Annual Accounts and amount to EUR -996 million. The impact of the revised standard will be impacted by movements in the unrecognised actuarial gains and losses until the effective date and the impact of other changes in the revised standard.

International Financial Reporting Standards as adopted by the EU provide several options in accounting principles. ING 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 2010 Annual Accounts.

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

Notes to the condensed consolidated interim accounts continued

The presentation of, and certain terms used in, the consolidated balance sheet, the consolidated profit and loss account, consolidated statement of cash flows, consolidated statement of changes in equity and certain notes 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.

The comparison of balance sheet items between 31 December 2010 and 30 June 2011 is impacted by the held for sale classification as disclosed in Note 6 'Assets and liabilities held for sale'.

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 2011	31 December 2010
Trading assets	127,330	125,070
Non-trading derivatives	6,259	8,990
Designated as at fair value through profit and loss	2,951	3,066
	136,540	137,126

3 INVESTMENTS

Investments

amounts in millions of euros	30 June 2011	31 December 2010
Available-for-sale		
– equity securities	2,688	2,741
– debt securities	76,857	96,459
	79,545	99,200
Held-to-maturity		
– debt securities	8,932	11,693
	8,932	11,693
	88,477	110,893

Exposure to debt securities

ING Bank's total exposure to debt securities included in available-for-sale investments and assets at amortised cost of EUR 118,356 million (31 December 2010: EUR 144,140 million) is specified as follows by type of exposure:

Debt securities included in available-for-sale investments and assets at amortised cost by type

amounts in millions of euros	30 June 2011	31 December 2010
Government bonds	52,599	51,960
Covered bonds	26,808	28,947
Corporate bonds	1,285	1,066
Financial institution bonds	18,902	25,863
Bond portfolio (excluding ABS)	99,594	107,836
US agency RMBS	376	10,930
US prime RMBS	15	706
US Alt-A RMBS	163	2,431
US subprime RMBS	30	87
Non-US RMBS	12,523	14,677
CDO/CLO	481	574
Other ABS	3,747	4,490
CMBS	1,427	2,409
ABS portfolio	18,762	36,304
	118,356	144,140

Notes to the condensed consolidated interim accounts continued

Greece, Ireland and Portugal

Greece, Ireland and Portugal have applied for support from the European Financial Stability Fund ('EFSF'). At 30 June 2011, ING Bank's balance sheet value of 'Government bonds' and unsecured 'Financial institutions' bonds to Greece, Ireland and Portugal and the related pre-tax revaluation reserve in equity was as follows:

	30 June 2011		
amounts in millions of euros	Balance sheet value	Pre-tax revaluation reserve	Pre-tax impairments in the first half of 2011
Greece			
Goverment bonds – available-for-sale	406	-143	-187
Ireland			
Financial institutions – available-for-sale	50	-9	
Financial institutions – at amortised cost	154		
Portugal			
Goverment bonds – available-for-sale	469	-163	
Financial institutions – available-for-sale	193	-39	
Financial institutions – at amortised cost	50		
Total	1,322	-354	-187

On 21 July 2011 a Private Sector Initiative to support Greece was announced. This initiative involves a voluntary exchange of existing Greek government bonds together with a Buyback Facility. The initiative relates to Greek Government Bonds maturing up to 2020. ING is currently assessing the alternative exchange options in this initiative. Based on this Private Sector Initiative, it was concluded that bonds that are in scope of the initiative (i.e. Greek government bonds maturing up to 2020) are impaired in the second quarter of 2011. The impairment relates to bonds classified as available-for-sale and is based on the 30 June 2011 market values of these bonds.

Reference is made to Note 8 'Investment income' for impairments on available-for-sale debt securities.

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

Notes to the condensed consolidated interim accounts continued

Reclassifications to Loans and advances to customers and Amounts due from banks		
amounts in millions of euros	Q1 2009	Q4 2008
As per reclassification date		
Fair value	22,828	1,594
Effective interest rate (weighted average)	2.1%–11.7%	4.1%–21%
Expected recoverable cash flows	24,052	1,646
Unrealised fair value losses in shareholders' equity (before tax)	–1,224	–69
Recognised fair value gains (losses) in shareholders' equity (before tax) between the beginning of the year in which the reclassification took place and the reclassification date	nil	–79
Recognised fair value gains (losses) in shareholders' 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
2011		
Carrying value as at 30 June	**15,481**	**721**
Fair value as at 30 June	**14,690**	**742**
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 30 June	**-536**	**-11**
Effect on shareholders' equity (before tax) as at 30 June if reclassification had not been made	**-791**	**21**
Effect on result (before tax) for the six month period ended 30 June if reclassification had not been made	**nil**	**nil**
Effect on result (before tax) for the six month period ended 30 June (mainly interest income)	**216**	**15**
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**
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 shareholders' equity (before tax) as at 31 December	–633	–65
Effect on shareholders' equity (before tax)as at 31 December if reclassification had not been made	–807	32
Effect on result (before tax) if reclassification had not been made	nil	nil
Effect on result (before tax) for the year (mainly interest income)	467	34
Recognised impairments (before tax)	nil	nil
Recognised provision for credit losses (before tax)	nil	nil
2009		
Carrying value as at 31 December	20,551	1,189
Fair value as at 31 December	20,175	1,184
Unrealised fair value losses recognised in shareholders' equity (before tax) as at 31 December	–902	–67
Effect on shareholders' 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 shareholders' equity (before tax) as at 31 December		–79
Effect on shareholders' equity (before tax) as at 31 December if reclassification had not been made		–28
Effect on result (before tax) if reclassification had not been made		nil
Effect on result (before tax) after the reclassification until 31 December (mainly interest income)		9
Recognised impairments (before tax)		nil
Recognised provision for credit losses (before tax)		nil

Notes to the condensed consolidated interim accounts continued

4 LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers by type		
amounts in millions of euros	**30 June 2011**	31 December 2010
Loans to, or guaranteed by, public authorities	**53,780**	55,953
Loans secured by mortgages	**317,181**	334,739
Loans guaranteed by credit institutions	**8,771**	8,664
Personal lending	**22,800**	21,743
Asset backed securities	**15,947**	18,605
Corporate loans	**152,006**	152,918
	570,485	592,622
Loan loss provisions	**-4,616**	–5,174
	565,869	587,448

Changes in loan loss provisions		
amounts in millions of euros	**6 month period ended 30 June 2011**	year ended 31 December 2010
Opening balance	**5,195**	4,399
Changes in the composition of the group	**-3**	
Write-offs	**-606**	–1,166
Recoveries	**62**	105
Increase in loan loss provisions	**702**	1,751
Exchange rate differences	**-131**	155
Other changes	**-595**	–49
Closing balance	**4,624**	5,195

The loan loss provision at 30 June 2011 of EUR 4,624 million (31 December 2010: EUR 5,195 million) is presented in the balance sheet under Loans and advances to customers and Amounts due from banks for EUR 4,616 million (31 December 2010: EUR 5,174 million) and EUR 8 million (31 December 2010: EUR 21 million) respectively.

Other changes mainly relate to ING Direct USA that classifies as a disposal group held for sale as per 30 June 2011. Reference is made to Note 6 'Assets and liabilities held for sale'.

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

5 INTANGIBLE ASSETS

Intangible assets		
amounts in millions of euros	**30 June 2011**	31 December 2010
Goodwill	**1,278**	1,502
Software	**521**	589
Other	**106**	174
Closing balance	**1,905**	2,265

Goodwill impairment testing
Goodwill is tested for impairment at the lowest level at which it is monitored for internal management purposes. This level is defined as the so called 'reporting units' as set out in the 2010 ING Bank Annual Accounts. Goodwill is tested for impairment by comparing the book value of the reporting unit to the best estimate of the recoverable amount of that reporting unit. The book value is determined as the IFRS-EU net asset value including goodwill. The recoverable amount is estimated as the higher of fair value less cost to sell and value in use. Several methodologies are applied to arrive at the best estimate of the recoverable amount.

Notes to the condensed consolidated interim accounts continued

As a first step of the impairment test, the best estimate of the recoverable amount of reporting units to which goodwill is determined separately for each relevant reporting unit based on Price to Earnings, Price to Book, and Price to Assets under management ratios. The main assumptions in this valuation are the multiples for Price to Earnings, Price to Book and Price to Assets under management; these are developed internally but are either derived from or corroborated against market information that is related to observable transaction in the market for comparable businesses. Earnings and book values are equal to or derived from the relevant measure under IFRS-EU. If the outcome of this first step indicates that the difference between recoverable amount and book value may not be sufficient to support the amount of goodwill allocated to the reporting unit, an additional analysis is performed in order to determine a recoverable amount in a manner that better addresses the specific characteristics of the relevant reporting unit.

No goodwill impairment was recognised in the first half year of 2011 (first half year of 2010: 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 2011 this relates mainly to activities in ING Real Estate Investment Management (ING REIM) and Clarion Real Estate Securities (CRES) (except for Clarion Partners), ING Direct USA, ING Car Lease and the part of ING Real Estate Investment Management Australia (ING REIMA) that has not yet closed. As at 31 December 2010 this related to ING REIM and CRES. Reference is made to Note 12 ‘Acquisitions and disposals’.

Assets held for sale

amounts in millions of euros	**30 June 2011**	31 December 2010
Cash and balances with central banks	**2,367**	
Amounts due from banks	**308**	
Financial assets at fair value through profit and loss	**2**	5
Available-for-sale investments	**20,478**	
Held-to-maturity investments	**508**	
Loans and advances to customers	**28,590**	100
Investments in associates	**40**	43
Property and equipment	**3,256**	9
Intangible assets	**178**	15
Other assets	**2,287**	128
	58,014	300

Liabilities held for sale

amounts in millions of euros	**30 June 2011**	31 December 2010
Amounts due to banks	**154**	
Customer deposits and other funds on deposit	**56,739**	
Financial liabilities at fair value through profit and loss	**1**	
Other liabilities	**608**	145
	57,502	145

Cumulative other comprehensive income includes EUR 303 million (2010: EUR 1 million) related to Assets held for sale.

In addition to the entities presented as Held for sale above, ING is considering potential divestments, including those that are listed under the European Commission Restructuring plan in Note 30 ‘Related Parties’ in the ING Bank 2010 Annual Accounts. However, none of these businesses qualify as held for sale as at 30 June 2011 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 2011**	31 December 2010
Trading liabilities	**97,320**	108,049
Non-trading derivatives	**11,868**	15,825
Designated as at fair value through profit and loss	**12,235**	12,707
	121,423	136,581

The change in the fair value of financial liabilities designated as at fair value through profit and loss attributable to changes in the credit risk of that liability in the first half year of 2011 was EUR -9 million (first half year of 2010: EUR 30 million; entire year 2010: EUR 28 million) and EUR 58 million (31 December 2010: EUR 67 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	**2011**	2010	**2011**	2010
Income from real estate investments	**8**	34	**16**	74
Dividend income	**13**	14	**15**	17
Realised gains/losses on disposal of debt securities	**40**	19	**54**	125
Impairments of available-for-sale debt securities	**-215**	-31	**-222**	-106
Reverals of impairments of available-for-sale debt securities	**1**		**43**	
Realised gains/losses on disposal of equity securities	**9**	111	**22**	115
Impairments of available-for-sale equity securities	**-13**	-14	**-14**	-22
Change in fair value of real estate investments	**-19**	-14	**-19**	-35
	-176	119	**-105**	168

Impairments of available-for-sale debt securities include EUR 187 million in the second quarter of 2011 (second quarter of 2010: nil) of impairments on Greek government bonds that are impacted by the restructuring proposals of July 2011.

Impairments of available-for-sale debt securities include EUR 187 million in the first half year of 2011 (first half year of 2010: nil) of impairments on Greek government bonds that are impacted by the restructuring proposals of July 2011.

Impairments/ reversals of impairments on investments per operating segment				
3 month period	Impairments		Reversal of impairments	
	1 April to 30 June		1 April to 30 June	
amounts in millions of euros	**2011**	2010	**2011**	2010
Retail Belgium	**8**			
ING Direct	**197**	27		
Commercial Banking (excluding Real Estate)	**23**	18	**-1**	
	228	45	**-1**	0

Notes to the condensed consolidated interim accounts continued

Impairments/ reversals of impairments on investments per operating segment

6 month period	Impairments		Reversal of impairments	
	1 January to 30 June		1 January to 30 June	
amounts in millions of euros	**2011**	2010	**2011**	2010
Retail Belgium	**8**			
ING Direct	**203**	78		
Commercial Banking (excluding Real Estate)	**25**	49	**-43**	
Corporate Line Banking		1		
	236	128	**-43**	0

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	**2011**	2010	**2011**	2010
Net result on disposal of group companies	**43**	-10	**50**	385
Valuation results on non-trading derivatives	**26**	14	**406**	-408
Net trading income	**146**	252	**-6**	843
Result from associates	**33**	5	**47**	15
Other income	**25**	96	**158**	160
	273	357	**655**	995

Result from associates

	3 month period		6 month period	
	1 April to 30 June		1 January to 30 June	
amounts in millions of euros	**2011**	2010	**2011**	2010
Share of results from associates	**34**	6	**61**	17
Impairments	**-1**	-1	**-14**	-2
	33	5	**47**	15

10 INTANGIBLE AMORTISATION AND OTHER IMPAIRMENTS

Intangible amortisation and (reversals of) impairments

3 month period	Impairment losses		Reversals of impairments		Total	
	1 April to 30 June		1 April to 30 June		1 April to 30 June	
amounts in millions of euros	**2011**	2010	**2011**	2010	**2011**	2010
Property and equipment	**3**	5	**-1**	-2	**2**	3
Property development	**36**	84			**36**	84
Software and other intangible assets		19				19
(Reversals of) other impairments	**39**	108	**-1**	-2	**38**	106
Amortisation of other intangible assets					**10**	12
					48	118

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

Notes to the condensed consolidated interim accounts continued

Intangible amortisation and (reversals of) impairments						
6 month period	Impairment losses		Reversals of impairments		Total	
	1 January to 30 June		1 January to 30 June		1 January to 30 June	
amounts in millions of euros	**2011**	2010	**2011**	2010	**2011**	2010
Property and equipment	**7**	11	**-3**	-2	**4**	9
Property development	**102**	236			**102**	236
Software and other intangible assets		18				18
(Reversals of) other impairments	**109**	265	**-3**	-2	**106**	263
Amortisation of other intangible assets					**20**	24
					126	287

In the first half year of 2011 EUR 102 million impairments are recognised on Property development (in the segment ING Real Estate) 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 operating segments relate to the internal segmentation by business lines. ING Bank identifies the following operating segments:

Operating segments of ING Bank
Retail Netherlands
Retail Belgium
ING Direct
Retail Central Europe (CE)
Retail Asia
Commercial Banking (excluding Real Estate)
ING Real Estate
Corporate Line 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 operating segments are the same as those described in the Annual Accounts 2010. 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, and/or on the basis of income/assets of the segment.

ING Bank evaluates the results of its operating 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. Underlying result is analysed in a format that is similar to the IFRS profit and loss account.

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

Notes to the condensed consolidated interim accounts continued

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. The main products offered are current and savings accounts, business lending, mortgages and other consumer lending.
Retail Belgium	Income from retail and private banking activities in Belgium. The main products offered are similar to those in the Netherlands.
Retail CE	Income from retail and private banking activities in Central Europe. The main products offered are similar to those in the Netherlands.
Retail Asia	Income from retail activities in Asia. The main products offered are similar to those in the Netherlands.
ING Direct	Income from direct retail banking activities. The main products offered are savings accounts and mortgages.
Commercial Banking (excluding Real Estate)	Income from wholesale banking activities. A full range of products is offered from cash management to corporate finance.
ING Real Estate	Income from real estate activities.
Corporate Line Banking	Corporate Line Banking is a reflection of capital management activities and certain expenses that are not allocated to the banking businesses. ING Bank 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.

ING Bank evaluates the results of its operating 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. Underlying result is analysed in a format that is similar to the IFRS profit and loss account. Disclosures on comparative periods also reflect the impact of current period's divestments.

Operating segments Banking

3 month period

1 April to 30 June 2011 amounts in millions of euros	Retail Nether-lands	Retail Belgium	ING Direct	Retail CE	Retail Asia	Commer-cial Banking	ING Real Estate	Cor-porate Line Banking	Total Banking
Underlying income									
– Net interest result	889	389	996	167	32	788	125	55	3,441
– Commission income	112	83	40	67	13	290	80	-3	682
– Total investment and other income	18	35	-215	18	11	193	-11	4	53
Total underlying income	1,019	507	821	252	56	1,271	194	56	4,176
Underlying expenditure									
– Operating expenses	597	352	485	203	41	569	100	34	2,381
– Additions to loan loss provision	90	50	96	21	9	56	48		370
– Other impairments *	1		5			1	33	8	48
Total underlying expenses	688	402	586	224	50	626	181	42	2,799
Underlying result before taxation	331	105	235	28	6	645	13	14	1,377
Taxation	84	27	65	1	3	105	26	12	323
Minority interests				8	3	8	-7		12
Underlying net result	247	78	170	19	0	532	-6	2	1,042

* analysed as a part of operating expenses.

Notes to the condensed consolidated interim accounts continued

Operating segments Banking

3 month period 1 April to 30 June 2010 amounts in millions of euros	Retail Nether-lands	Retail Belgium	ING Direct	Retail CE	Retail Asia	Commer-cial Banking	ING Real Estate	Cor-porate Line Banking	Total Banking
Underlying income									
– Net interest result	937	392	948	177	44	723	107	-22	3,306
– Commission income	123	93	41	73	13	225	93	-2	659
– Total investment and other income	-3	29	-59	-6	8	301		186	456
Total underlying income	1,057	514	930	244	65	1,249	200	162	4,421
Underlying expenditure									
– Operating expenses	569	329	433	196	43	514	110	10	2,204
– Additions to loan loss provision	124	44	88	20	7	167	15		465
– Other impairments *	10		3				85	8	106
Total underlying expenses	703	373	524	216	50	681	210	18	2,775
Underlying result before taxation	354	141	406	28	15	568	-10	144	1,646
Taxation	94	22	136	6	2	135		41	436
Minority interests		-7		5	5	9	5		17
Underlying net result	260	126	270	17	8	424	-15	103	1,193

* analysed as a part of operating expenses.

Reconciliation between Underlying and IFRS-EU income and net result

3 month period 1 April to 30 June amounts in millions of euros			2011			2010
	Income	**Expenses**	**Net result**	Income	Expenses	Net result
Underlying	**4,176**	**2,799**	**1,042**	4,421	2,775	1,193
Divestments	**44**	**11**	**25**	8	2	4
Special items	**-239**	**64**	**-207**		84	-62
IFRS-EU	**3,981**	**2,874**	**860**	4,429	2,861	1,135

Divestments in the second quarter of 2011 reflect the results on the sale of Clarion Partners.

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. Special items in the second quarter of 2010 include costs related to the combination of the Dutch retail activities, the Belgium retail transformation program and costs related to the separation of Banking and Insurance.

Notes to the condensed consolidated interim accounts continued

Operating segments Banking

6 month period 1 January to 30 June 2011 amounts in millions of euros	Retail Nether-lands	Retail Belgium	ING Direct	Retail CE	Retail Asia	Commer-cial Banking	ING Real Estate	Cor-porate Line Banking	Total Banking
Underlying income									
– Net interest result	1,787	790	1,959	340	70	1,596	242	124	6,908
– Commission income	239	182	90	133	29	533	177	-5	1,378
– Total investment and other income	49	62	-225	49	27	560	16	-73	465
Total underlying income	2,075	1,034	1,824	522	126	2,689	435	46	8,751
Underlying expenditure									
– Operating expenses	1,194	708	969	397	86	1,156	200	66	4,776
– Additions to loan loss provision	169	68	234	41	16	115	59		702
– Other impairments *	4		13	1		1	92	15	126
Total underlying expenses	1,367	776	1,216	439	102	1,272	351	81	5,604
Underlying result before taxation	708	258	608	83	24	1,417	84	-35	3,147
Taxation	178	69	208	9	8	280	59	9	820
Minority interests			1	17	11	14	-8		35
Underlying net result	530	189	399	57	5	1,123	33	-44	2,292

* analysed as a part of operating expenses.

Operating segments Banking

6 month period 1 January to 30 June 2010 amounts in millions of euros	Retail Nether-lands	Retail Belgium	ING Direct	Retail CE	Retail Asia	Commer-cial Banking	ING Real Estate	Cor-porate Line Banking	Total Banking
Underlying income									
– Net interest result	1,848	783	1,815	352	86	1,537	216	-24	6,613
– Commission income	266	188	79	144	26	429	187	-6	1,313
– Total investment and other income	-2	65	-108	-8	18	611	16	127	719
Total underlying income	2,112	1,036	1,786	488	130	2,577	419	97	8,645
Underlying expenditure									
– Operating expenses	1,116	639	889	379	80	1,051	231	43	4,428
– Additions to loan loss provision	265	83	217	37	17	272	71		962
– Other impairments *	16		5			1	236	29	287
Total underlying expenses	1,397	722	1,111	416	97	1,324	538	72	5,677
Underlying result before taxation	715	314	675	72	33	1,253	-119	25	2,968
Taxation	183	68	218	13	9	309	-9	6	797
Minority interests		-8		9	11	18	8		38
Underlying net result	532	254	457	50	13	923	-116	20	2,133

* 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 2011	Expenses 2011	Net result 2011	Income 2010	Expenses 2010	Net result 2010
Underlying	8,751	5,604	2,292	8,645	5,677	2,133
Divestments	86	25	35	429	11	409
Special items	-239	135	-259		181	-137
IFRS-EU	8,598	5,764	2,068	9,074	5,869	2,405

Divestments in the first half year of 2011 reflect the results on the sale of IIM Phillipines, two real estate funds of REIM Australia and Clarion Partners. Divestments in the first half year of 2010 reflect the impact of divestments including the gain on the sale of Private Banking Asia and Switzerland and the operating result of the divested units in 2010.

Special items in the first half year 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. Special items in the first half year of 2010 include costs related to the combination of the Dutch retail activities, the Belgium retail transformation program and costs related to the separation of Banking and Insurance.

12 ACQUISITIONS AND DISPOSALS

Acquisitions

There were no acquisitions in the first half year of 2011.

Disposals and expected disposals

ING REIM and CRES (except for the sale of Clarion Partners), ING Direct USA, the part of ING Real Estate Investment Management Australia that has not yet been disposed and ING Car Lease, qualify as disposal groups held for sale at 30 June 2011 as ING expects to recover the carrying amount principally through the sale transactions. They are available for sale in their immediate condition subject to terms that are usual and customary for sales of such assets and the sales are considered to be highly probable.

ING REIM Europe, ING REIM Asia and Clarion Real Estate Securities (CRES)

ING announced in February 2011 that it has reached agreement with CB Richard Ellis Group, Inc., to sell ING REIM Europe, ING REIM Asia and Clarion Real Estate Securities (CRES), ING REIM's US-based manager of listed real estate securities, as well as part of ING's equity interests in funds managed by these businesses. The proceeds for these REIM businesses and the equity interests amount to approximately USD 1.0 billion. ING REIM Europe, ING REIM Asia and CRES combined have EUR 44.7 billion in assets under management as of 31 December 2010. In a separate transaction, ING has agreed to sell the private market real estate investment manager of its US operations, Clarion Partners, to Clarion Partners management in partnership with Lightyear Capital LLC for USD 100 million. This sale was completed in June 2011. Clarion Partners was previously included in the segment ING Real Estate. Clarion Partners has EUR 15.9 billion in assets under management as of 31 March 2011. The Real Estate Investment Management business in Australia (ING REIMA), with EUR 4.8 billion in assets under management as of 31 December 2010, is not included in these transactions. Combined, the transactions are expected to result in an after-tax gain on disposal of approximately EUR 500 million at the date of announcement. The final terms are subject to potential adjustments at closing, customary for this kind of transaction. ING Real Estate Development and ING Real Estate Finance are not impacted by the transactions and will continue to be part of ING Bank.

In July 2011 ING announced the completion of the sale of CRES to CB Richard Ellis. CRES was previously included in the segment ING Real Estate. ING continues to expect the rest of the transaction with CB Richard Ellis to close in the second half of 2011. Until the closing of the transaction the part that is not yet disposed is included in the segment ING Real Estate.

ING Direct USA

In June 2011 ING announced that it had reached an agreement to sell ING Direct USA for a total consideration of USD 9.0 billion (EUR 6.3 billion at the date of announcement) to Capital One Financial Corporation, a leading US-based financial holding company. Under the terms of the sale agreement ING will receive USD 6.2 billion in cash and USD 2.8 billion in the form of 55.9 million shares of Capital One. With its pro forma 9.9% stake, ING will become the largest single shareholder in Capital One. After closing ING has the right to be represented by one member of the Board of Directors of Capital One. The sale of ING Direct USA is expected to result in a net positive result of USD 0.7 billion and a capital release at closing of USD 4.1 billion (approximately EUR 2.9 billion). ING Direct USA is included in the segment ING Direct. The sale of ING Direct USA to Capital One is expected to close in the fourth quarter of 2011 and is subject to regulatory consent.

In connection with the sale of ING Direct USA, ING has reached an agreement with the Dutch State to amend the structure of the Illiquid Assets Back-up Facility (IABF) in June 2011. The amendment serves to delink 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.

Under the original transaction terms agreed between ING and the State in January 2009 the State assumed the risk on 80% of the Alt-A mortgage securities of ING Direct USA and ING Insurance Americas. Only the part covering ING Direct USA, which currently covers approximately 85% of the total portfolio, is amended in the agreement and the text below only refers to this part. The ING Insurance part of the IABF remains unaltered.

Notes to the condensed consolidated interim accounts continued

Under the terms of the original transaction the Dutch State receives 80% of all cash flows from the portfolio and a guarantee fee from ING. In return, the State pays a funding fee and management fee to ING. ING Direct USA held on its balance sheet a receivable from the Dutch State along with the remaining 20% of the Alt-A portfolio, ensuring an alignment of interests between ING and the Dutch state regarding the performance of the portfolio.

Under the terms of the agreement the government receivable will be transferred from ING Direct USA to ING Bank. In return, ING Direct USA will receive on its balance sheet an amount in cash from ING Bank. Also, after the sale of ING Direct USA, ING Bank will receive the funding fee and management fee from the Dutch State and pay the guarantee fee.

The 20% of the Alt-A portfolio not covered by the IABF will remain on the balance sheet of ING Direct USA and will move to Capital One as part of the sale of ING Direct USA. In order to ensure continued alignment between the interests of ING and the Dutch State with regard to the Alt-A portfolio, ING will provide a counter guarantee to the Dutch State covering 25% of the 80% part of the Dutch State. This guarantee will cover realised cash losses if they would exceed the 35% that is implied by the current market value of the portfolio. This amendment will therefore lower the risk exposure for the Dutch State. The potential capital and P&L impact of the alignment for ING Bank is expected to be limited.

ING Car Lease
In July 2011 ING announced that it has reached an agreement to sell ING Car Lease for an expected total consideration of EUR 700 million to BMW Group fleet management division Alphabet. Expected total proceeds of EUR 700 million at closing will include purchase price of EUR 637 million based on 2010 year end book value and estimated 2011 earnings until closing. The sale of ING Car Lease will result in a net transaction result of approximately EUR 335 million and a capital release of around EUR 530 million. ING Car Lease is included in the segment Commercial Banking.The transaction is expected to close in the fourth quarter of 2011, subject to regulatory approvals.

13 FAIR VALUE OF FINANCIAL ASSETS

The methods used to determine fair value of financial assets and liabilities are disclosed in the 2011 Annual Accounts, including a breakdown of fair value determined by Reference to published price quotations in active markets (Level 1), by using Valuation techniques supported by observable inputs (Level 2) and by using Valuation techniques supported by unobservable inputs (Level 3). The classification by Levels was impacted in the first half year of 2011 as a consequence of the disposal of ING Direct USA. EUR 0.6 billion available-for-sale investments that were classified in Level 3 are no longer subject to disclosure in the fair value hierarchy. There were no other significant transfers between Level 1, Level 2 and Level 3 in the first half year of 2011.

14 DIVIDEND PAID

On 13 May 2011 a dividend of EUR 3 billion was paid to ING Groep N.V.

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

Issue of debt securities in issue
In total ING Bank issued EUR 16.5 billion in the capital markets (including both unsecured debt and covered bonds) during the first half year of 2011. All issues are part of ING's regular medium term funding operations.

Review report

To the Shareholders, 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 2011, of ING Bank N.V., Amsterdam, which comprises the condensed consolidated balance sheet as at 30 June 2011 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 2011 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

AMSTERDAM, 2 AUGUST 2011

Ernst & Young Accountants LLP
Signed by C.B. Boogaart

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